

Principles for Responsible Banking

Second Self-Assessment Report

江苏银行
BANK OF JIANGSU

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.

Bank of Jiangsu (BoJ) was established on 24th January 2007 and headquartered in Nanjing of Jiangsu Province, China. Its businesses comprise banking, leasing, wealth management and consumer finance. It operates primarily in China, focusing on 3 major economic regions, i.e. the Yangtze River Delta, the Pearl River Delta (Guangdong-Hong Kong-Macau) and the Bohai Rim (Beijing-Tianjin-Hebei). With a total asset of RMB 3.4 trillion (end of 2023), it is one of China's 20 systemically important banks and one of 24 major banks directly supervised by China's central bank, People's Bank of China (PBOC), ranking 69th in Global Top 500 Banking Brand Value jointly created by the British magazine The Banker and Brand Finance. BoJ has a vision of becoming an intelligent, specialised, internationalised and comprehensive commercial bank, underpinned by implementation of a three-pronged strategy, i.e. expertise cultivation, endogenous growth and innovation-driven development, over China's 14th Five-Year Plan period (2021-2025). This vision has translated into detailed goals and actions across BoJ's three core business areas, i.e. corporate finance, retail finance and capital market.

Corporate Finance is to build its strong sectoral expertise. BoJ puts real economy at the heart of its financial services, and seeks to develop strong technical and financial capacity to serve key sectors, e.g. advanced manufacturing, emerging strategic industries, low carbon technologies and environmental services. The bank optimises a combination of resources to provide one-stop innovative financial solutions with respect to five key areas, i.e. technological finance, green finance, inclusive finance, pension finance, and digital finance, continuously improving the quality and efficiency of its financial services to the real economy.

'Bank of Jiangsu Co., Ltd. Annual Report 2023'

'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report'

'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

Retail Finance is to build and leverage on wealth management. Aspiring to create a comprehensive retail business with high quality, BoJ is applying finance technologies rigorously in order to resolve the bottlenecks, overcome the obstacles and bridge the gaps encountered during retail business development.

Capital Market business is to entrench its leading edge across China's three major economic regions. BoJ strives to increase its research & trading capacity, strengthen peer cooperation and improve its fintech-augmented IT systems. It is envisioned that Capital Market will bring about more growth opportunities via increased integration with other businesses of the Bank.

Business Areas	Assets	Outstanding Balance eoy 2023 (RMB billion)	Growth Rate (yoy%)
Corporate Finance	Loans to manufacturers	240.2	24.30
	Green loans	287	42.50
	Inclusive loans to SMEs	173.5	25.27
Retail Finance	Retail deposits	708.1	27.55
	Retail loans	645.5	6.79
	Assets under management	1240	16.11
Capital Market	Financial investment assets	1,229	16.59
	Escrowed assets	4350	10.14

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: *The Green Finance Guidelines for the Banking and Insurance Industry* issued by China's National Financial Regulatory Administration, *The Comprehensive Evaluation Pilot Work for Green Finance of Financial Institutions in 2023* issued by the China's central bank, PBOC. ☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ---------- ☐ None of the above	
BoJ places sustainability at the heart of its business and strives to do its bit for the sustainable growth of society and economy. The Bank aims to bring its strategy, operations and activities in line with Paris Agreement and UN SDGs. Whilst China moves forward to implement its Carbon Peak and Carbon Neutrality strategy, BoJ undertakes to integrate ESG into its strategic plans over the national 14th Five-Year Plan period. The Bank gives its foremost priority to green finance business and keeps honing its capacity in environmental and social risk management. In 2023, BoJ updated its *Strategic Plan (2021-2025)*, with increased emphasis on Environmental, Social, and Governance, in order to better align with the UN SDGs, the Paris Climate Agreement, and latest policy agenda of China's Carbon Peak and Carbon Neutrality strategy. **(Environmental)** BoJ has undertaken to mobilise more finance into climate mitigation & nature conservation by dynamically adjusting its sectoral credit & investment policies in response to latest changes in the sectoral landscape. It has established a framework for managing environmental risk, referring to the *IFC Performance Standards*. In 2023, it has commissioned a taskforce to evaluate the emissions from daily operations (Scope 1 & 2) using the carbon inventory method. This will lead to the creation of a bank-wide carbon footprint management system, and is thus critical to ultimately achieving operation-level net-zero emissions. **(Social)** BoJ is committed to supporting SMEs and rural populations, which are vital to any prosperous economies. It has endeavoured to make its service more accessible with increased channels and bespoke products. It has developed innovated approaches to minimise the associated risks in order to balance growth and safety, which ultimately benefiting the real economy. It believes in "Finance for Good", actively involved in charity and public welfare activities. (**Governance)** BoJ places great importance on strict compliance with banking regulations, public listing rules and governmental supervision requirements. It has anchored its Investor Relationship Management on public disclosure, audited financial reporting,	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

market engagement and external consultation to effectively safeguard the interests of investors.	

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 regularly and fulfil the following requirements/elements (a-d):

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.

BoJ has performed an impact analysis of its portfolio as of end of 2023 using UNEP FI's *Portfolio Impact Analysis Tools for Banks (Version 3)*. The underlying assets accounted for over 85% of the bank's total assets across corporate banking, business banking, investment banking and retail banking. Those assets have been originated entirely from its operations in the Yangtze River Delta, the Pearl River Delta, and the Bohai Rim of China.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

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 & industries 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.

The portfolio, subjected to impact analysis, can be broken down into the following two categories. **Corporate finance and Capital market** The top five industries that, based on *Chinese industrial classification standard (GB/T4754-2017)*, have been included in the impact analysis for this year are as follows: 1. Leasing and Business Services (14.1%) 2. Manufacturing (13.3%) 3. Water Conservancy, Environment, and Public Facilities Management (7.0%) 4. Wholesale and Retail (6.7%) 5. Real Estate (4.6%) Put together, the top five industries account for 45.7% of total assets at the end of 2023. **Retail finance** The impact analysis covers all types of deposit and loan products provided to individual customers, encompassing deposit varieties (e.g. current accounts and checks, certificates of deposit, passbooks, and structured deposits) and loan varieties (e.g. credit cards, consumer loans, home mortgages, and digital lending).	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

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? 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.*	
BoJ has no overseas operations and its financial transitions took place predominantly within China. China has a very strong and explicit agenda for sustainability, giving top priority to the implementation of the UN 2030 Agenda for Sustainable Development. Over the past 8 years, China has implemented the 2030 Agenda across the board with *a people-centred approach* and *a philosophy of innovative, coordinated, green, open, and shared development*. An interministrial coordination mechanism comprising 45 government agencies has been put in place. The SDG implementation has been integrated into China's medium and long-term national strategies such as the 13th and 14th Five-Year Plans as well as the 2035 Vision Goals. BoJ is actively supporting the implementation of SDGs both at national and provincial/municipal levels focusing on the following three topics.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

Carbon Peak and Carbon Neutrality

In response to the Paris Agreement, China has launched its so-called *double-carbon* strategy in late 2020, i.e. reaching peak carbon by 2030 and targeting carbon neutrality by 2060. This strategy has sparked a new wave of green and transition practices by its enterprises and communities. In line with this, China's banking regulator, the National Financial Regulatory Administration (NFRA), issued *the Green Finance Guidance for the Banking and Insurance Industries* in June 2022. This Guidance underscores the enhancement of ESG performance of banks/insurers as well as ESG risk management of their assets, in addition to reiterating the mandate to support the green/low-carbon and circular economic activities.

Beautiful China Initiative

Another principal theme of China's sustainability agenda since 2015 is the *Beautiful China* initiative, which underscores the importance of balancing out ecological conservation and environmental protection with economic development. In January 2024, the State Council issued *the Guidelines to Comprehensively Promote the Development of a Beautiful China*. The Guidelines envisage a continuous decrease in total discharge of major pollutants and improve the quality of its ecological environment by 2027, and that the country's ecological environment will have achieved fundamental improvements by 2035. In particular, China aims to roll out zero-waste city construction throughout the country and increase the national forest coverage to 26% by 2035.

Common Prosperity

Common Prosperity refers to affluence shared by everyone both in material and cultural terms, which has been envisioned as an indispensable element of Chinese modernisation. Since 2012, China has gradually placed common prosperity in a more prominent position following its success in poverty alleviation. As the country marches towards its second centenary goal, the focus on promoting people's well-beings entails boosting common prosperity. Actions are already underway. In 2021, China rolled out a guideline to build the Zhejiang Province into a demonstration zone in pursuit of common prosperity. Two years later, the central government called on the Yangtze River Delta (comprising Shanghai and 3 adjacent provinces) to take the lead in promoting common prosperity and to strive for major breakthroughs in the integrated development of this region. The Delta is also the most important region for BoJ's operation and business.

Actions taken by BoJ

With respect to the first two sustainable topics, BoJ has prioritised its support to three vitally important segments, i.e. ecological conservation, energy decarbonisation and industrial transition, in order to deliver real impacts across targeted pivotal sectors. These segments accounted for a total of RMB 174 billions of green loans by end of 2023, which has played a pivotal role in driving fast growth of the bank's green finance business. BoJ's green loans have grown by a stunning rate of 42.5%, reaching an outstanding balance of RMB 287 billion by the end of 2023. Regarding Common Prosperity, BoJ places great importance on its financial services to SMEs and rural clients/customers. It has launched innovative digital offering, e.g. SME e-finance and farmer e-loan, for enhanced efficiency and convenience. By the end of 2023, the inclusive finance loan balance for SMEs has grown by 25.3% to RMB173.5 billion. To counter the adverse impact of the Covid pandemic, BoJ has actively facilitated a total of RMB4.4 billion in relief loans to aid vulnerable groups of businesses and individuals in 2023. Moreover, BoJ has ramped up its investment in rural revitalization efforts, with agricultural loan balance exceeding RMB260 billion by the end of 2023. This substantial financial support has been instrumental in propelling the growth of the rural economy. **Engagement with Stakeholders** BoJ places a high premium on research in sustainable finance and has engaged in collaborative efforts with key financial regulators and governmental bodies, including the PBOC, the National Green Finance Committee, and the Finance Department of Jiangsu Province. BoJ is undertaking active and frequent engagement with its clients via its ESG rating exercise. More than 14, 000 corporate clients have been rated during 2023. Additionally, BoJ seeks to engage on project finance transactions to minimize adverse impact due to construction and operation of finance projects. For example, BoJ has pioneered in its collaborated research efforts with a Fortune 500 construction company on ESG rating of infrastructure projects.	
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)? Please disclose.	
Based on the results of impact analysis, BoJ has identified 'availability, accessibility, affordability, quality of resources & services' and 'healthy economies' as significant positive impact areas, whilst 'climate stability' and 'circularity' have been designated as significant negative impact areas.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report

Through a comprehensive analysis of 12 potential positive and negative impact areas and 38 related topics, BoJ has prioritised '**climate stability**' and '**circularity**' as the two most significant impact areas.	and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'
d) *For these (min. two prioritized impact areas)*: ***Performance measurement***: 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. 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. 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. *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.*	
For the convenience of data gathering and reporting, the bank follows the Chinese Green Finance Taxonomy[1] to determine which sectors and industries are causing the strongest impacts. As such, a mapping between the International Standard Industrial Classification of all Economic Activities (ISIC) and the Industrial Classification for National Economic Activities (GB/T 4754-2017) has been undertaken with the best possible efforts and accuracy. On the one hand, BoJ has identified that sectors like energy conservation, environmental protection, clean energy, and ecological environment positively influence 'climate stability'. These sectors contribute to the reduction of greenhouse gas emissions, which is essential for mitigating climate change. Additionally, they promote the use of renewable resources and sustainable practices, leading to a more resilient and balanced ecosystem. Increasing financing and investment in these areas not only supports environmental goals, but also drives innovation and economic growth. On the other hand, the BoJ has identified eight high-emission industries that significantly negatively impact 'climate stability': electricity, petrochemicals, chemicals, building materials, steel, non-ferrous metals, pulp and paper, and aviation. These sectors are recognized by the Chinese government as the major high-emission industries. By reducing financing and investment in	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

[1] The green finance taxonomy referred to in this report is *the Green Industry Guidance Catalogue (2019 Edition).*

these industries, BoJ aims to decrease their financed emissions, thereby mitigating the bank's negative impact on climate stability.

Moreover, BoJ has determined clean energy, clean production, and resource recycling as sectors positively impacting "circularity," as outlined in NFRA 's guideline, *the Notice on the Work Related to the Green Financing Statistics System*. Financing and investment in these areas bolsters sustainable development and aligns with global waste reduction and resource efficiency goals.

BoJ will continue to refine targets for each of the above sectors in order to make more specific, measurable contributions in both impact areas.

Performance measurement

Impact Area	Metric	Unit
Climate Stability	CO_e emission reduction	tonnes per annum
	Financed CO_{2e} emission intensity	tonnes per RMB billion
Circularity	Water savings	tonnes per annum
	Reduction of atmospheric pollutants[2]	tonnes per annum

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?

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ 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

[2] Atmospheric pollutants include sulfur dioxide, nitrogen oxides, fine particulate matter (PM2.5), and volatile organic compounds.

‘Climate stability’ and ‘Circularity’

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)*

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 targets 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 with 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.

BoJ aims to align its strategic framework, operational practices, and initiatives with UN SDGs and Paris Agreement. In 2023, the bank set two SMART targets: ‘Enhancing climate stability’ and ‘ Promoting circularity development’. These objectives are consistent with the UN SDGs goals of ‘sustainable supply and demand’ and ‘climate action’. They also resonate with China’s national strategic initiatives, including Carbon Peak and Carbon Neutrality. BoJ has fully integrated sustainable development into its core strategy by establishing a Strategy and ESG Committee at the board level and forming a green committee and a working group at the executive level. These arrangements are designed to mobilise resources across the bank to vigorously drive the development of green finance. BoJ is highly committed to enrich its sustainable financial services to sectors that are vital to climate change and circular economy. It has gradually built up a variety of green finance products across loans, bonds, leasing and investment.	‘Bank of Jiangsu Co., Ltd. Annual Report 2023’ ‘Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report’ ‘Bank of Jiangsu Co., Ltd. 2023 Green Finance Report’

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 indicators and the corresponding indicator codes:

Impact area	*Indicator code*	*Response*
Climate change mitigation	*A.1.2*	*In 2021, BoJ formulated the Action Plan to support Carbon Neutrality* (April 2021).
	A.4.1	*The amount of carbon dioxide emission reduction (tonnes) in 2023*
	A.4.1	*The carbon emission intensity of financing in the eight major high-carbon industries in 2023 (tonnes per RMB billion)*

Impact area	*Indicator code*	*Response*
Financial health & inclusion	*…*	
	…	
	…	

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

In addition, BoJ has designated 'Circularity' as the second critical impact area. Drawing upon the *Guidance on Resource Efficiency and Circular Economy Target Setting* from UNEP FI, the bank has derived SMART targets to expedite the transition towards a circular economy. To measure progress in this respect, BoJ has chosen 'annual water savings (tonnes)' and 'annual reduction in atmospheric pollutant emissions (tonnes)' as key performance indicators. The baseline year for these indicators is 2023.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

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

BoJ has set clear targets for 'Climate stability' and 'Circularity', supported by the following national policies: 1. *The 14th Five-Year Plan for Industrial Green Development* (2021-2025) proposes a reduction of 18% in CO_2 emissions per unit of industrial added value and a reduction of 13.5% in energy consumption per unit of added value in industrial enterprises above designated sizes by 2025 compared to 2020. 2. *The 14th Five-Year Plan for Water-Saving Society Construction* (2021-2025) proposes a 16% reduction in reduce water consumption per 10,000 RMB of GDP and a 16% decrease in water consumption per 10,000 RMB of industrial added value by 2025 compared to the respective rates in 2020. 3. *The 14th Five-Year Comprehensive Work Plan for Energy Conservation and Emission Reduction* (2021-2025) sets targets for reducing the total emissions of chemical oxygen demand, ammonia nitrogen, nitrogen oxides, and volatile organic compounds by more than 8%, 8%, 10%, and 10%, respectively, by 2025 compared to 2020. Based on the insight gained from impact analysis, BoJ has derived the following SMART targets (Baseline year: 2023) : **Climate stability** By the end of 2025, BoJ aims to: (1) Deliver a 50% reduction in CO_{2e} emissions of its green corporate loan portfolio; (2) Achieve a 8% decrease in the CO_{2e} emission intensity of the asset portfolio across the eight high-emission industries (electricity, petrochemicals, chemicals, building materials, steel, nonferrous metals, pulp and paper, and aviation) . (Note: the CO_2 emissions are to be calculated in accordance with *the Technical Guidelines for Carbon Accounting of Financial Institutions (provision)* issued by PBOC in 2021, which is aligned with the PCAF methodology.) **Circularity** By the end of 2025, BoJ aims to leverage its green loan portfolio to: (1) Increase the quantity of conserved waster by 10%; (2) Reduce the emissions of atmospheric pollutants by 10%. (Note: the water conservation and emissions of atmospheric pollutants are to be calculated following *the Notice on the*	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

Statistics of Green Finance issued by China's banking regulator, NFRA, in June 2020)	
d) ***Action plan:*** which actions including milestones have you defined to meet the set targets? Please describe. 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.	
Climate Stability 1. Strategic alignment: BoJ is expediting the implementation of its *Action Plan to support Carbon Neutrality* issued in April 2021. The bank is also integrating climate finance and climate risk management into its *Strategic Plan (2021-2025)*. 2. Credit policy optimisation: BoJ updates its credit policies regularly in response to the changes of industrial landscape. In 2023, the credit policies have been promoted towards the following key sectors: energy conservation and environmental protection, clean energy, carbon emission reduction technologies, and ecological restoration. 3. Product innovation: BoJ is looking to develop innovative financial products with multiple approaches. For loans, it has made use of PBOC's monetary policy instruments, including relending and bill-rediscounting facilities. It also provided loans collateralised on carbon allowances traded on the National Carbon Market. For bonds, it has pioneered in a number of climate-related capital market products created by NAFMII(the National Association of Financial Market Institutional Investors), including sustainability-link loans and carbon neutrality bonds. 4. Risk management: BoJ is dedicated to refining the process of identifying, monitoring, and assessing climate risks. The bank conducts regular climate risk stress tests and gradually reduces the carbon emission intensity of its loan portfolio. 5. Transparency and disclosure: BoJ is improving its disclosure of climate-related information in its annual reports, ESG reports, and Green Finance Reports, ensuring that stakeholders have access to clear and detailed information on the bank's climate stability efforts. **Circularity** 1. Credit policy prioritization: BoJ is reinforcing its credit policies to robustly back the development of a circular economy. To this end, eight sectors have been targeted as the most critical ones to resource & water conservation and recycling. 2. Industry-specific marketing and product innovation: BoJ has refined its loan products to cater for key sectors, including	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

wastewater treatment and reuse, kitchen waste resource utilization, domestic waste classification and resource utilization, sludge disposal, and air pollution control. It also collaborated with the Department of Environment and Ecology of the Jiangsu Province to offer a bespoke loan product to SMEs based on a risk-sharing mechanism. This product has accumulated to nearly RMB15 billion. 3. Enhanced disclosure: BoJ is to disclose its actions on circularity, and committed to be transparent and comprehensive about the progress made in this regard.	

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: … *(please name it)*	… second area of most significant impact: … *(please name it)*	*(If you are setting targets in more impact areas)* …your third (and subsequent) area(s) of impact: … *(please name it)*
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action plan	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ 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.

Well-coordinated implementation BoJ has taken a systemic and rigorous approach to implement the set targets and monitor the progress. 1. Dedicated execution team: To undertake the first impact analysis during 2021-2022, a dedicated internal PRB Taskforce has been gradually assembled with 23 departments (incl. 4 subsidiary companies) involved. This Taskforce, led by the Green Finance Department, is responsible for executing the action plan. 2. Task breakdown and assessment: The tasks of target implementation have been allocated to relevant departments. Their performance to execute the task is reviewed and integrated into their annual KPIs. The tasks will be updated as the bank moves along its PRB journey. 3. Capacity enhancement: A series of PRB capacity building events have taken place for different targeted groups of audiences. In 2023, the focus was on medium-level managers of all front office departments and key members of the internal PRB Taskforce. Furthermore, the bank has optimized its credit resources to support relevant business lines to execute the action plan. It is also envisaged that some adjustments will be needed to the risk processes in the coming years. 4. Transparent disclosure: BoJ is committed to the transparency of its PRB implementation journey. As such, the progress of its PRB implementation has been publicly disclosed in its annual reports, ESG reports, and Green Finance Reports, in addition to the PRB Self-Assessment Report. All reports have been submitted to the board for approval before being published. **Progress since last report** Two financial targets, i.e. >RMB200 billions of climate finance and investment as well as higher growth of SMEs finance than total loan growth by 2025, have been set in BoJ's last self-assessment report. Owing to the huge drive of China's double-carbon strategy	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

and the mandate of PBOC on green finance, BoJ has quite comfortably accomplished these targets in 2023, ahead of plan, with the climate finance/investment totalled RMB292.6 billion and a growth rate of 25.2% for SMEs loans (viz 13.7% of total loan growth). **Revision to Targets** BoJ has now made two important revisions to the initial targets, as follows. The first was to replace the *Inclusive and Healthy Economy* with *Circularity* as the second priority impact area. This was mainly due to outcome from the new version of the UNEP FI Impact Analysis Tool, which showed the bank has far more positive impact (57.1%) than negative impact (0.5%) on *Inclusive and Healthy Economy*. Moreover, the analysis showed that *Circularity* turned out to be the most significant impact area for the Bank.	

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 customers 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 activities). 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).

Client & Customer Engagement

Each of the business lines engages with clients and customers in different ways. For corporate banking, most of the engagement is undertaken by the relationship managers during information gathering for ESG rating of the clients. More than 14,000 clients have been rated to date. For retail banking, the engagement is integrated into a number of thematic campaigns, e.g. the *3·15 Consumer Rights Protection Education and Promotion Week*, *Promoting Financial Literacy to Safeguard Wallets*, *Consumer Rights Protection Education and Promotion Month, etc.,* reaching more than 8.3 million consumers.

The bank is planning for a better coordinated client & customer engagement policy. It will tap into the related guidance of UNEP FI and build on the best practices of peer banks.

Policies on Sustainable Finance

BoJ focused on key areas such as green finance, SMEs, rural revitalization, and consumer rights through providing a comprehensive package of sustainable financial services. This

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comprehensive approach is designed to proactively engage with clients and customers in pursuit of sustainable development. **(Green financial services)** BoJ is continuously refining its green credit policy by clearly defining priority support sectors, including environmental protection, energy conservation, clean energy, and decarbonisation technologies. Additionally, BoJ has designed targeted marketing guidelines for key sectors, such as new energy vehicles, energy storage, and lithium batteries. BoJ has also provided favourable FTP (Funds Transfer Pricing) rates and reduced economic capital rates in order to mobilise more financing into those sectors. Its green investment and financing reached RMB450.1 billion by end of 2023. **(SMEs financial services)** BoJ has implemented loan support mechanisms and phased interest rate reductions to continuously improve and expand support for SMEs. BoJ has conducted in-depth special actions such as *Expanding First-time Loans to Alleviate Difficulties and Stabilize the Economy* and *Expanding First-time Loans for New Agricultural Entities* continuously enhancing the service coverage for SMEs and individual costumers. By the end of 2023, the outstanding balance of loans for SMEs reached RMB623.7 billion. **(Rural revitalization)** BoJ has ramped up policy support and optimized resource allocation, actively steering credit towards rural areas and agricultural sectors, in order to promote the sustainable and healthy development of the rural economy. BoJ has encouraged its branches to engage with townships, enterprises, and industrial parks to establish a long-term service mechanism for rural clients. By the end of 2023, the outstanding balance of loans for agricultural sectors surpassed RMB260 billion, serving nearly 9,000 new agricultural entities. **(Consumer rights and interests)** BoJ has strictly adhered to regulatory standards to protect the consumer rights & interests. The Key Points of Consumer Rights Protection Work (2023) was released last year as the internal code of conduct for protection of the legitimate rights & interests of consumers. In addition, BoJ has rolled out thematic campaigns, e.g. the *3·15 Consumer Rights Protection Education and Promotion Week*, *Promoting Financial Literacy to Safeguard s* and *Consumer Rights Protection Education and Promotion Month,* reaching more than 8.3 million consumers. Other events, such as *Financial Literacy in Communities*, *Financial Literacy in Schools* and *Warming 'Newcomers' with Financial Knowledge*, have been organised to target the elderly, the youngsters and new urban residents, to increase their awareness of financial services and their rights & interests.	

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.).

1. Innovative green financial service

BoJ has been focusing on three business segments, i.e. ecology finance, energy finance and transition finance, to grasp the opportunities arising from green and low-carbon transition of the economy and society. These segments accounted for a total of RMB174 billions of green loans by the end of 2023.

(Ecology finance) This segment covers green urban & rural development, ecological conservation, biodiversity protection and sustainable agriculture. The innovative financial products include the Ecosystem Oriented Development (EOD) based loan and the Ecological Asset Value collateralised loan. The outstanding balance of loans provided to this segment reached RMB111 billion by the end of 2023.

(Energy Finance) BoJ has taken renewable energy (incl. electric vehicles) as one of its prime areas over the past three years. Owing to the abundance of the solar power and offshore wind power in Jiangsu province, the bank's renewables portfolio has grown at a stunning average rate of 94% per year, reaching RMB54.6 billion by end of 2023.

(Transition Finance) It is noted that transition finance is still in its nascent stage and the PBOC is to publish the national transition finance taxonomy. BoJ has just started out on transition finance, and released its Transition Finance Framework in December 2023. It is now focusing on the eight sectors covered by China's national carbon trading market. In addition, it prioritise its support to the so-called green factories shortlisted by the Ministry of Industry and Information Technology. The innovative financial products include the Carbon Account Linked Loan, ESG Linked Loan and Carbon Allowance Collateralised Loan. The outstanding balance of transition finance portfolio climbed to RMB8.8 billion by the end of 2023.

2. Smart microfinance services

A number of thematic products have been created to support targeted SMEs. BoJ has pioneered digital financial services to 12 industrial parks, with the support from 31 chambers of commerce, providing bespoke financial services to over 20,000 SMEs. An innovative Micro e-Financing (<RMB 1 million per transaction) has been provided to more than 60,000 micro enterprises and

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households. The Bank also created a fully digital loan product, Easy e-Loan, benefiting 140,000 SMEs with a cumulative loan of RMB250 billion.

3. Lifecycle financial services to start-ups

BoJ has created a holistic package of financial services to start-ups, addressing their multifaceted and varying financial needs along their growth journey.

(**Seed stage**) BoJ serves as the financial mentor, offering all basic banking services such as checking accounts, and closely monitors the growth of these start-ups to ensure their emerging financing needs are met promptly with appropriate products.

(Growth stage) BoJ has optimised its loan products to take into account the stronger credit profiles of start-ups at this stage. In addition, a number of non-loan products, such as collective notes and bonds, have been developed to cater for more diverse financial needs.

(Mature stage) BoJ can provide comprehensive financial services to established start-ups, catering for their sophisticated financial needs, including cross-border financing, merger & acquisition financing, capital market services and wealth management.

4. Financing rural revitalisation

BoJ has launched the Farmers e-Loan that features automated credit approval. This product has been provided to 3,760 agricultural entities with a cumulative loan of RMB2.8 billion. The bank has targeted 201 speciality businesses covered by *the One Village One Business initiative* of the Jiangsu Province, with 30 bespoke financing schemes provided. The Bank also extended RMB700 million of loans to 31 key agricultural projects, including high standard farms, rural water facilities, and pilot agricultural parks.

5. Promoting green consumption

BoJ has launched its Individual Carbon Account on its mobile banking APP. This account consolidates data on customers' paperless banking transactions, utility payments, and public transportation rides to quantify and incentivise his/her contribution to carbon reduction. A total of 3,125 customers have registered their carbon accounts by the end of 2023.

As part of the incentives to customers, the bank launched the Green Mobility campaign, offering 50% discounts on taking buses, T3 (hail-and-ride) services, and electric vehicle charging in 2023. Another effort is to introduce the Monthly Cycling Points Redemption to its credit card users. BoJ continued its low-carbon credit card offers, harvesting 168,000 new credit cards in 2023 (c.a.

8.5% of total credit cards issued in the year). The Green Mobility campaign has generated transactions of RMB1.45 billion.

BoJ has allocated resources to promote electric vehicles and eco-friendly home appliances, boosting the outstanding balance of credit cards to RMB2.61 billion by the end of 2023. The Credit Card Department has also begun to promote prolonged use of physical cards or switch to digital cards via SMS, anticipating a reduced use of 2 million physical cards in 2024. This is expected to result in 37.6 tonnes of CO_{2e} per year[3].

6. Financing for convenience

BoJ cares greatly for the convenience of customers using its financial services. A digital *Riding QR Code* service has been launched on its mobile banking APP, enabling electronic payment on public transportation in 12 cities. This has benefited more than 300,000 customers with over 2 million riding payments made by March 2024. A Driving School Payment in Escrow service has also been created on its mobile APP, safeguarding nearly RMB100 millions of payments. The APP also supports contactless payments at petrol stations and online payments for traffic tickets.

Another important life service is payment of utility bills and real estate service fees. The bank has partnered with 1,921 service providers to facilitate frictionless electronic payments, meeting nearly all needs in daily life. It offers standardised payment solutions to 468 real estate service providers, whilst providing bespoke solutions to 6 large service providers.

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 groups) 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

[3] This estimated CO_{2e} reduction is based on the following assumption: 1 tonne of PVC can produce 175 physical cards, whilst 1 tonne of PVS has a carbon footprint of c.a. 3.3 tonne of CO_{2e}.

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.	
BoJ has taken a variety of measures, e.g. questionnaire, interviews and workshops, to understand the concerns and requests of a broad spectrum of stakeholders. In recent years, the bank's engagement with stakeholders has been increasingly leaning to ESG topics. Climate change, climate-related risk management, low-carbon operation, green procurement have been the mostly discussed environmental topics. The social topics generally include financial inclusion, rural development, common prosperity, customer privacy and data safety. **Regulators** BoJ has taken a bifurcated approach for regulator engagement. Firstly, it has participated in a number of specialised committees established or sponsored by China's banking regulator NFRA or central bank PBOC. It is the deputy director of the Green Credit Committee of China Banking Association supervised by NFRA, and a key member of China's Green Finance Committee under the auspices of PBOC. It is also elected as the founding director of the Green Finance Committee affiliated to the Banking Association of Jiangsu Province (where BoJ is headquartered). It has leveraged these roles for strong advocacy on sustainable finance development in China. Secondly, it is actively involved in policy-making and standard-setting in the realm of sustainable finance. As a key member of PBOC Sustainable Finance Research Group, it has contributed to a number of national green standards, e.g. *the Guidance on Environmental Information Disclosure by Financial Institutions*, *Environmental and Social Risk Management Specifications for Commercial Banks' Green Project Loans*, *the Guidelines for Commercial Banks Environmental Risk Stress Testing* and *the Measures for Green Bills Identification and Management*. In addition, BoJ has actively participated in the policy consultations in Shanghai and Jiangsu Provinces, which discussed how green finance could support the 'double-carbon' goals. **Investors** BoJ places a high priority on transparent and effective investor engagement. It strictly follows the regulatory mandates to undertake holistic, unbiased and timely information disclosure. It has also held open dialogues to address specific market concerns and topical issues. A set of internal policies have been developed for this purpose, including the *Measures for Information Disclosure Management*, *the Measures of Accountability for Material Errors in Annual Report Information Disclosure, the Measures for Information Disclosure Delay and Exemption Management, and the*	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

Measures for Investor Relationship Management etc. In 2023, BoJ issued 138 regular and ad-hoc reports, held 3 financial results briefing conferences, and convened 4 shareholder meetings. In addition, over 100 roadshows have been organised to reach out to 1,000 institutional investors. More than 1,400 teleconferences have been held to handle investor enquiries. The bank has also facilitated the publishing of 122 research reports by market analysts.

Employees

BoJ is devoted to create a friendly, harmonious, supportive and positive work place for all its employees. It highly respects employees' rights to information, participation and free expression. It has set up a mechanism to undertake regular appraisal of management by representatives of employees, proactively responding to appeals from subsidiaries and employees. It has established the Congress of Employees and 13 conferences have been held to tackle 14 key issues related to the interests of employees in 2023. Additionally, 12 union meetings have taken place in the year.

A particular attention has been paid to female employees. Both national and provincial polices on female rights have been stringently enforced at all levels in the bank. These include *the Women's Rights and Interests Protection Law of the People's Republic of China* and *the Special Provisions on the Labour Protection of Female Employees in Jiangsu Province.* In its *Management Measures for Employee Compensation* policy, BoJ put in place clear terms to ensure equal pay for equal work, aligned with the *Labour Law of the People's Republic of China*. This also guarantees the welfare for female employees during their significant life events, e.g. marriage, pregnancy, maternity leave, and breastfeeding, with comprehensive benefits provided, such as maternity insurance and allowances.

Suppliers

BoJ upholds strongly the principles for green procurement. Its *Management Measures for Collective Procurement* stipulates the rules for prioritizing and mandating the purchase of green, low-carbon, and energy-saving products, drawing on the *National Government Procurement Catalogue for Energy-saving Products.*

Customers & Communities

BoJ places a strong emphasis on customer services. It has utilised the state-of-the-art fintech to continuously improving the quality of its customer services. Its customer service centre handled over 23 million calls in 2023.

BoJ has also been actively promoting financial literacy through a variety of approaches. In 2023, the bank has launched a number of

campaigns, e.g. the *3.15 Consumer Rights Protection Education Week* and *Safeguarding Wallets with Financial Knowledge*, outreaching over 8.3 million consumers. It runs an online series of BoJ micro-classes for consumer rights protections, with 55 new videos and a third million views in 2023. In particular, BoJ prioritises vulnerable groups, e.g. the elderly, the youngsters, the new urban migrants and the rural communities, in its financial literary promotion. This efforts has led to better understanding of their real needs and the underlying risks involved, allowing for the bank to provide more suitable financial services. BoJ is an active participants in charity events, endeavouring to give back to communities it serves. It has made a significant contribution to the national *Project Hope – Fulfil Dreams* programme and the provincial *Dropping Water Building Dreams* project, which both aim to help students from deprived and rural families to pursuit their college education.	

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.

Bank of Jiangsu was floated to the Shanghai Stock Exchange in 2016, and became a constituent stock of SSE 180 index and the MSCI China A Onshore Financials Index in 2018. As a major listed commercial bank, BoJ believes that sound governance is vital to its sustained business success in a fast-changing banking sector.

At the strategic level, the PRB falls into the remit of the Strategy and ESG Committee under the Board of BoJ. This Committee oversees the bank's sustainability strategy as well as the PRB implementation, and makes decisions on material ESG matters. In 2023, The Board has convened for 12 meetings, in which 89 ESG-related propositions were approved.

An independent Supervisory Board was created to closely monitor the performance of BoJ's Board and Management. The Supervisory Board reports to the General Meeting of the Shareholders and is supported by a Supervision Committee and a Nomination Committee. The Supervisory Board is present in key internal meetings and ensures that the consultation, decision-making and disclosure follow regulations and laws. A total of 10 meetings have been convened by the Supervisory Board to deliberate on 22 propositions and 4 reports in the reporting period.

At the executive level, there is a Green Finance Committee headed by the Chairman of the Board, which comprises 23 internal departments and subsidiaries. The strategic decisions made by the Committee is executed by a Working Group for Green Finance,

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headed by the Bank's president. To better facilitate the implementation, a PRB Taskforce within the Working Group was created in 2023. The Committee and the Working Group has convened 3 times in 2023. At the execution level, the Green Finance Department of the headquarter leads the PRB implementation in the bank. Each of the BoJ's 17 Tier-1 branches also has a committee for green finance supported by a dedicated green finance team.	

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).

1. BoJ has broken down the tasks of PRB implementation into all relevant internal departments. Their performance on the PRB tasks were integrated into their overall performance appraisal. 2. BoJ has created a comprehensive on-line PRB training programme for the employees to gain a deep understanding of PRB and sustainability. More than 60 new web-based courses were made available in 2023. And these became part of mandatory courses for new recruits from colleagues and relationship managers. BoJ also places great importance on recruiting high-end talents in green finance. An experienced overseas talent was recruited into its postdoctoral research station in 2023. 3. BoJ upholds the 'equal pay and equal opportunity' principle for all its employees, regardless gender or ethnicity. In 2023, the 1,000+ new recruits have diverse educational backgrounds across 300 majors in over 10 disciplines. It adheres stringently to the national and provincial policies on female rights & interests. It takes every measures to ensure equal pay for equal work, aligned with *the Labour Law of the People's Republic of China*. This also guarantees the welfare for female employees during their significant life events.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

5.3 Policies and due diligence processes

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

BoJ acknowledges the critical impact of climate risks on its operations and employs an 'Identify-Assess-Integrate' approach for climate risk management. It is working to integrate both climate transition risks and physical risks into its holistic risk management. **To understand climate risks & opportunities** BoJ is taking a phased approach to integrate climate risks into its governance, risk management, internal controls, and strategic planning in order to enhance its resilience to climate change and effectively mitigate the 'green swan' risks. Climate risks constitute an indispensable part of the bank's ESG framework. It utilises risk assessment tools, climate stress test and scenario analysis to identify, assess and manage the climate risks of high emissions assets (a.k.a. brown assets). It is working to reduce the carbon intensity of its loan portfolios. Additionally, the bank has established the disaster recovery plans to ensure rapid restoration of core services during extreme weather events. The long-term impact of climate change on its assets has been reassessed regularly, and the financing and investment strategies adjusted accordingly. The climate risk analysis also leads the bank to new business opportunities in clean, low-carbon industries, traditional industrial transformations, and carbon-negative sectors. These opportunities have prompted the bank into a low-carbon trajectory with a gradually decarbonised portfolio. **To address climate risks** BoJ proactively addresses climate risks throughout the lifecycle of its financial transactions. During the pre-closure due diligence, borrowers are scrutinised for the impacts of their carbon footprint, waste management and, more broadly, their overall ESG performance. This analysis identifies and categorise potential environmental and social risks, informing prudent lending decisions. The bank negotiates with borrowers on their action plans to mitigate the identified climate risks. The terms and conditions related to the action plans are negotiated between both parties and added to the final loan agreements for sign-off. In the post-closure phase, BoJ closely monitors the environmental credit ratings of borrowers, which are issued quarterly by the environmental agencies of provincial governments. Any downgrades or material negative impacts from other sources would trigger alters and credit adjustments to potentially risky borrowers. The bank updates its sectoral credit policies in response to latest development in sectors and regulations. It curtails lending to sectors with high energy intensity and high emissions. More stringent credit criteria are applied to industries with excess	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

capacity. The bank enforces a stringent environmental veto policy, which denies credit to clients failing to comply with environmental standards. Additionally, the bank undertakes a dedicated internal auditing on green finance every two years, focusing on data authenticity and quality to avoid green washing as well as ESG risk management. Inclusive finance is also subjected to internal auditing. For example, the Shanghai branch was audited for the efficacy of inclusive finance practices in 2023.	

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	*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: ….

The bank's annual 'ESG and Corporate Social Responsibility Report' serves as the primary platform for sustainable information disclosure, prepared in accordance with the Global Reporting Initiative (GRI) standards. In addition, the bank's annual *Green Finance Report* divulges insights into the bank's green finance endeavours. These two reports draws upon the frameworks and metrics from the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

6.3 Outlook

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

The latest impact analysis was undertaken using the latest UNEP FI's impact analysis tool and the end of 2023 data. In the coming years, the bank will look to formulate a strategy, based on the outcome of the 'impact materiality' part of the impact analysis, for aligning its loan portfolio with the set SMART targets. The bank will also continue to refine the mapping of China's *Industrial classification for national economic activities* with the sectoral coding embedded within UNEP FI's impact analysis tool. This is expected to increase the accuracy of impact analysis and gain more insight into where the material impacts arise from.	'Bank of Jiangsu Co., Ltd. Annual Report 2023' 'Bank of Jiangsu Co., Ltd. 2023 ESG Report and Corporate Social Responsibility Report' 'Bank of Jiangsu Co., Ltd. 2023 Green Finance Report'

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:

☐ Embedding PRB oversight into governance

☐ Gaining or maintaining momentum in the bank

☐ Getting started: where to start and what to focus on in the beginning

☐ Conducting an impact analysis

☐ Assessing negative environmental and social impacts

☐ Choosing the right performance measurement methodology/ies

☐ Setting targets

☐ Other: …

☒ Customer engagement

☐ Stakeholder engagement

☒ Data availability

☐ Data quality

☐ Access to resources

☐ Reporting

☒ Assurance

☐ Prioritizing actions internally

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

Annex

Impact area	Practice[4] (pathway to impact)									Impact[5]		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	**Climate strategy:** Does your bank have a climate strategy in place?	In progress. BoJ formulated a carbon neutrality action plan in 2021. For details, please refer to Section 2.2(d). Additionally, BoJ is developing a comprehensive ESG risk management framework, which will encompass a clearer and more detailed climate strategy.	A.2.1	**Client engagement process:** Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (*for business clients*), or towards low(er)-carbon practices (*for retail clients*)?	Setting it up. BoJ is undertaking active and frequent engagement with its clients via its ESG rating exercise. Please refer to Section 3.1 for more details.	A.3.1	**Financial volume of green assets/low-carbon technologies:** How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	BoJ's total green investment and financing is RMB 450.1 billion by end of 2023 as indicated in Section 3.1.	A.4.1	**Reduction of GHG emissions:** how much have the GHG emissions financed been reduced?	According to the BoJ Annual Report 2023 (Page 87) and the BoJ 2023 Green Finance Report (Page 20), BoJ's financed GHG emissions have been reduced by nearly 5 million tonnes of CO2 equivalent in 2023.
	A.1.2	**Paris alignment target:** Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	In progress. BoJ has made efforts aligned with the Paris Agreement and the Sustainable Development Goals (SDGs). However, no official net-zero target is currently in place.	A.2.2	**Absolute financed emissions**: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	In progress. BoJ has made a clear plan to calculate its Scope 3 carbon emissions in 2024. It will follow future regulatory requirements to	A.3.2	**Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:** How much does your bank lend to / invest in carbon-	BoJ is actively mapping its portfolios to identify investments in carbon-intensive sectors in accordance with the Guidelines. Relevant information will be disclosed as	A.4.2	**Portfolio alignment:** How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	BoJ has made a clear plan to calculate its Scope 3 carbon emissions in 2024. BoJ collaborates closely with its clients to gradually align the financed portfolio with the goals and

[4] Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices
[5] Impact: the actual impact of the bank's portfolio

			Please refer to the Strategy Alignment section in Section 1 for detailed strategies implemented by the BoJ.		investment portfolio?	disclose such information.		intensive sectors and activities[6]? How much does your bank invest in transition finance[7]?	deemed appropriate. The outstanding balance of transition finance loan is RMB 8.8 billion by the end of 2023 as indicated in Section 3.2. The industry classification and mapping mechanism are detailed in Section 2.1(d).			timelines of the Paris Agreement.
	A.1.3	**Policy and process for client relationships:** has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Setting it up. BoJ is planning a better coordinated client & customer engagement policy. This will incorporate guidance from UNEP FI and build on best practices from peer banks. The efforts made by BoJ can be found in Section 3.1.	A.2.3	**Sector-specific emission intensity** (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	In progress. BoJ has made a clear plan to calculate its Scope 3 carbon emissions in 2024 and will comply with future regulatory requirements to disclose this information.						

[6] A list of carbon-intensive sectors can be found in the Guidelines for Climate Target Setting.
[7] Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.4	**Portfolio analysis:** Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	In progress. BoJ has made a clear plan to calculate its Scope 3 carbon emissions in 2024 and will comply with future regulatory requirements to disclose this information.	A.2.4	**Proportion of financed emissions covered by a decar-bonization target:** What proportion of your bank's financed emissions is covered by a decar-bonization target, i.e. stem from clients with a transition plan in place?	BoJ is actively engaging its clients to develop transition plans and set decarbonization targets. Actions taken by BoJ can be found in Section 3.1. However, currently, only very few clients have such targets or plans in place.		
	A.1.5	**Business opportunities and financial products:** Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes. Please refer to Section 3.2					



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