



Principles for Responsible Banking

Third Self-Assessment Report



PRB Progress Summary

Principle 1: Alignment

Bank of Jiangsu (BoJ) places sustainability at the heart of its business strategy, committing to the sustainable growth of society and the economy. The bank aligns its strategy, operations, and activities with the national sustainability agenda as well as global initiatives such as the Paris Agreement and the UN Sustainable Development Goals (SDGs). In 2023, BoJ updated its *Strategic Plan (2021–2025)*, reaffirming its sustainability priorities, which have since remained unchanged and continue to guide the bank through 2024.

In 2024, BoJ has been closely following developments in China's national sustainability priorities, particularly the central government's emphasis on promoting financial services in five key sectors: science & technology, green transition, economic inclusion, the silver economy, and digitalization. Recognizing the critical role of these sectors in driving the real economy, BoJ established a Five-Major-Sector Committee, into which the Green Finance Committee was integrated. This restructuring allows the bank to stay up to date with the latest developments in China's sustainability landscape and better focus its resources on key ESG topics.

Additionally, BoJ released the *Work Plan for Advancing Green Finance (2024–2026)* in April 2024. Driven by a bifurcated strategy of ESG and PRB, the plan is structured around five strategic pillars: specialized business, ESG risk, low-carbon operation, in-focus research, and multi-tiered disclosure.

BoJ's performance in sustainable finance has been widely recognized in 2024. The bank's ESG rating by Wind (a major Chinese rating firm) improved from BB to A. Furthermore, its MSCI ESG rating rose from BB to BBB, the highest among Chinese city commercial banks.

Principle 2:

Impact & Target Setting

The impact analysis performed in 2023 identified two key impact areas: circularity and climate stability.

Our SMART targets against these two areas, together with the relevant calculation methodologies, were set out in detail on page 12 of our Second Self-Assessment Report.

Progress against SMART targets

1. Circularity

- As there were 2 large-scale resource & water conservation projects sit on loan book over 2021-2023 but were fully repaid in 2024, BoJ decided to set 2024 as the baseline year for tracking the targets on 'Circularity' (i.e. water saving and reduction of atmospheric pollutants), while the original 2-year targets remain unchanged.
- Following the Green Industry Guidance Catalogue (2019 Edition), issued by the National Development and Reform Commission and other government departments, the bank's loan on circularity still experienced robust growth in 2024: the number of clients surged **34%** (from 538 to 723), while loan balances jumped **70%** (from RMB 34 billion to RMB 58 billion).

2. Climate Stability

- Achieved a 13% increase in reduction (against a target of 50%) in CO₂e emissions in 2024 resulting from BoJ's green corporate loan portfolio.
- In October 2024, BoJ started accounting for group-wide Scope 3 carbon emissions, including emission intensity, as of eoy 2023 according to the Partnership for Carbon Accounting Financials ("PCAF") standard. This work was completed in February 2025. The Scope 3 carbon accounting for 2024 is underway. The bank will continue this effort and build an emissions trajectory to monitor its progress toward its emission-reduction and carbon-intensity reduction targets (i.e. 8%).

Action plan

The above progress was achieved via a clear action plan and financial product innovations, detailed as follows.

1. Tilted Credit Policy Towards Low-Carbon Assets

BoJ revised its Credit Allocation Guidelines (2024 Edition), for the first time incorporating a

dedicated section on Green Finance Credit Allocation. Major changes include:

- Defined the series of regulatory & sectoral policies aligned with the bank's credit policy.
- Prioritized new credit support for conventional businesses transitioning toward low-carbon operations, whilst restricting additional credit to borrowers in high-energy-consuming and high-emission industries (i.e. electricity, petrochemicals, chemicals, building materials, steel, non-ferrous metals, pulp and paper, and aviation).
- Tightened credit access and limits for the above-mentioned industries via checklists and lending caps to direct more credit toward to low-carbon operations.
- Integrated requirements for environmental and social risk management across all stages of the credit process.
- Enhanced mitigation of compliance and credit risks associated with energy-intensive and high-polluting projects.
- Centralized approval authority at the head office for carbon-intensive industries, ensuring consistent and rigorous oversight.

2. Refined Framework for ESG Risk Management

In 2024, BoJ initiated a top-down approach to ESG Risk Management, complementing its bottom-up approach at the transaction level. In December 2024, its *ESG Risk Management Policy* was formally released and integrated into its overall risk management framework.

As per the ESG Risk Management Policy, all major business lines will develop their ESG risk management processes, respectively. Corporate banking will take the lead and leverage existing transaction-level practices to refine its ESG risk management processes in 2025.

3. Upgraded ESG Rating Methodology

BoJ utilizes ESG ratings to manage the ESG risk of balance sheet-based lending. The ESG rating methodology for corporate clients was first launched in 2020 and has since been updated as the number of rated clients steadily increased. In 2024, the bank updated its methodology to Version 3.0. Key features include the enhanced use of external data (i.e. environmental credit ratings, regulatory penalties, patents, etc.) and real-time recalibration of key ESG metrics.

Product Innovation

- **Circularity:** BoJ has leveraged its close partnership with the Jiangsu Provincial Department of Ecology and Environment (JS-DEE) to secure government-backed interest subsidies on loans provided for wastewater treatment, waste utilization, and air pollution control. In total, RMB 3.6 million in interest subsidies was granted to its corporate clients in the above sectors in 2024.

- **Climate Stability:** For loans, BoJ actively utilized the monetary tools of China's central bank (PBoC), e.g. relending and rediscounting facilities, to provide more affordable financing. For carbon financing, BoJ accepted carbon assets, i.e. emission allowances and certified emission reductions, as collateral. It also underwrote climate-related capital market products, including sustainability-linked loans and carbon neutrality bonds. In addition, BoJ issued RMB 10 billion in green bonds in alignment with the China-EU Common Ground Taxonomy, the largest issuance of its kind in H1 2024.

Outcome

The above-mentioned efforts have resulted in a 27% yoy growth in BoJ's green loan portfolio, reaching RMB 364 billion by eoy 2024. In particular, the three in-focus segments achieved significantly higher year-on-year growth rates: ecology finance (35%), energy finance (32%), and transition finance (46%).

Principle 3:

Clients & Customers

Client engagement

Corporate clients

BoJ has been working with corporate clients to improve their ESG performance:

- We continued refining the ESG rating methodology to capture the key drivers of clients' ESG performance. This enabled us to gain deeper insights into ESG topics with the highest material impact on clients. Clients, in turn, gained clearer insights into their strengths and improvement areas.
- We also provided expertise to clients eager to enhance their sustainability capacities. For example, we assisted China Communications Construction Company (the largest state-owned engineering and construction company) in developing tools for ESG rating and disclosure of their bridge and road projects. In addition, we contributed to the Guidelines for Project ESG Evaluation – Highway Operation Projects (T/CERDS 11-2024).
- To help SMEs comply with sustainability disclosure requirements, we developed a module within our digital banking platform that automatically generate ESG reports, primarily using data from SMEs' credit applications.
- As requested by JS-DEE, BoJ developed an ESG rating methodology for clients in specific categories subject to mandatory clean production requirements. This added value to the monitoring and oversight of those clients and streamlined the JS-DEE's management processes.

Retail customers

- BoJ ramped up its engagement with retail customers through targeted campaigns, personalized financial services, educational programs, and incentive schemes designed to promote green and responsible consumption. For details, please refer to Section 2.6.2 Retail and wealth management business and Section 5.1.4 Environment-related products and services of the Bank of Jiangsu Annual Report 2024.

Principle 4:

Stakeholders

BoJ identifies regulators, investors, employees, suppliers, and customers & communities as its key stakeholders. For general information on BoJ's broader stakeholder engagement, please refer to Section 5.2 Fulfillment of Social Responsibilities of the Bank of Jiangsu Annual Report 2024.

This section highlights BoJ's regulatory engagement efforts in 2024. As a key member of the Sustainable Finance Research Group convened by the PBoC and the China Green Finance Committee, BoJ actively participated in research initiatives, including the development of sustainable finance guidance and standards. In 2024, BoJ contributed to 14 research assignments and 5 sustainability standards, covering ESG ratings, carbon finance, transition finance and biodiversity, etc. Through these efforts, effective two-way communication channels have been gradually established. By engaging in these research activities, BoJ has gained deeper insights into regulatory intentions and has effectively communicated practical challenges encountered during implementation to regulators. These efforts have significantly strengthened BoJ's regulatory engagement, ensuring a more aligned and responsive approach to evolving regulatory frameworks.

Principle 5:

Governance & Culture

Governance Structure for Implementation of the Principles

BoJ has established a comprehensive governance framework to implement PRB and address sustainability-related impacts and risks.

1. Board Level

- The Strategy and ESG Committee under the Board oversees the bank's sustainability strategy, PRB implementation, and material ESG matters.

2. Executive Level

- In 2024, BoJ closely followed development in China's national sustainability priorities, particularly the central government's emphasis on promoting financial services to five key sectors: science & technology, green transition, economic inclusion, the silver economy, and digitalization. Recognizing the critical role of these sectors in driving the real economy, BoJ established a Five-Major-Sector Committee, into which the Green Finance Committee had been integrated. This restructuring allows the bank to stay updated on the latest developments in China's sustainability landscape and better focus its resources on key ESG topics.
- A Green Finance Working Group, led by the bank's President, executes the strategic decisions of the Five-Major-Sector Committee.

3. Operational Level

- The Green Finance Department at the headquarter leads PRB implementation, supported by dedicated committees and green finance teams across all 17 Tier-1 branches.

Skills, culture and training

1. BoJ has implemented mandatory training programs on PRB, ESG and green finance for all new hires.
2. BoJ provides employees with access to thematic training sessions organized by professional organizations. For example, in 2024, BoJ supported its employees from the Green Finance Department in participating in training on Green Finance Assessment conducted by the Chinese Banking Association.
3. BoJ has developed a comprehensive library of over 70 online courses focused on sustainability topics. These courses are accessible via the bank's e-learning platform and mobile applications, offering employees flexible and diverse learning opportunities.
4. In 2024, BoJ launched the Green Finance Lecture Series, led by the Green Finance Department. The series covers essential topics such as ESG, climate risk management, and innovative green finance products, driving widespread engagement across the bank.

5. BoJ has incorporated internationally recognized ESG certifications (e.g., CFA-ESG) into its reimbursable certification program, encouraging employees to obtain credentials aligned with their roles and responsibilities.

Principle 6:

Transparency & Accountability

Our sustainability disclosures are rigorously aligned with evolving global standards and regulatory frameworks. We actively adhere to the latest requirements set forth by the International Sustainability Standards Board (ISSB), China's Ministry of Finance, and major Chinese stock exchanges. Furthermore, our Green Finance Report incorporates internationally recognized frameworks, such as the TCFD recommendations and MSCI ESG metrics, to ensure comprehensive, forward-looking transparency and accountability.

For detailed sustainability-related disclosures, please visit our official website (<https://www.jsbchina.cn/EN/aboutus/aa/index.html?flag=1>).

Deloitte Touche Tohmatsu has carried out an independent third-party limited assurance work on selected responses (Principle 2 and Principle 5 Governance Structure only) included in this progress statement in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

INDEPENDENT LIMITED ASSURANCE REPORT

DTTHK(25)BAR00052

To: The Board of Directors of Bank of Jiangsu Co., Ltd. (the “Bank”)

We have undertaken a limited assurance engagement over the following responses (“the Subject Matter Information”) within the Bank’s *Responsible Banking Progress Statement* (“the PRB Progress Statement”) for the year ended December 31, 2024:

- Principle 2: Impact & Target Settings; and
- Principle 5: Governance & Culture – Governance Structure for Implementation of the Principles.

The Subject Matter Information is set out under the heading of *Principle 2: Impact & Target Setting* and under the heading of *Principle 5: Governance & Structure – Governance Structure for Implementation of the Principles* (Skill, culture and training is not included) in the RPB Progress Statement, respectively.

The Applicable Criteria

Management of the Bank is responsible for the preparation of the Subject Matter Information within the PRB Progress Statement, and for measuring and reporting qualitative information and data in accordance with the *Responsible Banking Progress Statement for PRB Signatories*, published by The United Nations Environment Programme Finance Initiative (UNEP FI) in November 2024 (“the Applicable Criteria”).

Management’s responsibilities

Management of the Bank is responsible for designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the PRB Progress Statement, to ensure it is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies *International Standard on Quality Management 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”* issued by the International Auditing and Assurance Standards Board which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. Our responsibility is to express our limited assurance conclusion in relation to the Subject Matter Information and issue an independent limited assurance report. We planned and performed our work to obtain all the information and explanations which we considered necessary in order to provide sufficient evidence to form conclusions.

Procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about the Subject Matter Information.

Our procedures

Our procedures included:

- We conducted interviews with process owners to understand the processes for measuring, reporting, and presenting information in the PRB Progress Statement, in accordance with the Applicable Criteria.
- We obtained and reviewed supporting evidence to assess whether disclosures within the Subject Matter Information in the PRB Progress Statement reflect the Bank's assessment of the stage of implementation of the Principles for Responsible Banking.
- Inspect of **Principle 2: Impact & Target Setting**, we obtained an understanding on:
 1. The priority areas of target setting;
 2. The actions taken and progress made against targets set;
 3. How the particulars of relevant loans are classified and extracted from the accounting records; and
 4. How the environmental benefits arising from the green corporate loan portfolio are calculated.
- Inspect of **Principle 5: Governance & Culture – Governance Structure for Implementation of the Principles**, we obtained an understanding on:
 1. The relevant governance structure, policies and procedures of the Bank; and
 2. How these structure, policies, procedures are put in place to manage potential positive and negative impacts and support implementation of the Principles for Responsible Banking.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared for the year ended December 31, 2024, in all material respects, in accordance with the Applicable Criteria.

Restriction On Use

This report has been prepared to assist the Bank's management to prepare and publish the PRB Progress Statement under the UNEP FI Principles for Responsible Banking, and as a result the Subject Matter Information may not be suitable for another purpose. Our report is intended solely for the use of the Bank. We do not assume responsibility or accept liability to any other person or third party other than the Bank, for our work, for this report, or for the conclusion we have reached.



Deloitte Touche Tohmatsu

Hong Kong

18 April 2025



金融之美, 美在绿色
Financial Beauty from Green



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