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You are welcome to submit comments and suggestions.

2022 CSR & ESG Report

Stock code: 601825

Convenient Service Experience



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- Mission -

Inclusive Finance Delivers Better Life

- Vision -

Building a service-oriented bank to create value for customers
and an integrated regional financial service group
with the best experience and outstanding brand

- Core values -

Sincerity Responsibility Creation Benefit

- Core spirit of corporate culture -

Value virtue and goodness,
benefit the city and the people,
pursue excellence with diligence,
and realize the shared dream of harmony



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Report Preparation Instructions

This document is the 2022 Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Report (the “Report”) released by Shanghai Rural Commercial Bank Co., Ltd. (“SHRCB”, the “Bank”, “we”) to the public, which discloses the Bank’s main practice and achievements in ESG field to respond to the expectation and concern of stakeholders and promote the sustainable development of the Bank.

The Board of Directors and all directors of the Bank guarantee that the Report contains no false records, misleading statements or material omissions, and jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the content of the Report.

- Report Scope

Time range: The Report covers the period from January 1st to December 31st, 2022, with some statements and data properly traced back to previous years.

Organizational scope: The Report focuses on SHRCB, and partly involves village banks and Yangtze United Financial Leasing Co., Ltd. (“Yangtze Financial Leasing”) established by SHRCB.

Release cycle: The Report is prepared on an annual basis, with the latest one released in April 2022.

Report release: The Report is the Bank’s first CSR & ESG report after it released the CSR report for 15 consecutive years.

- Notes about Data

The financial data in the Report come from the 2022 Annual Report of SHRCB, and other data are from the Bank’s internal documents, statements and statistical information. Unless otherwise specified, the amounts mentioned in the Report are stated in RMB.

- Report Preparation Basis

The Report was prepared in compliance with the Opinions on Strengthening the *Social Responsibility of Banking Financial Institutions* released by former China Banking Regulatory Commission (CBRC), *Corporate Social Responsibility Guidelines for China’s Banking Financial Institutions* released by China Banking Association, and *Self-Discipline Regulation of Listed Companies No.1: Standardized Operation* released by Shanghai Stock Exchange and *Principles for Responsible Banking* released by UNEP. Also, the Report took GRI Standards (2021 Version) for reference.

- Report Assurance Method

The Report was submitted to Ernst & Young Hua Ming LLP, which performed a limited assurance engagement on the selected key data disclosed in the Report in accordance with *ISAE 3000 (Revised)*, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and issued an independent assurance report, which is shown in the section headed “Independent Assurance Report”.

- Report Release Form

The Report is prepared in both Chinese and English, and the Chinese version will prevail in case of any inconsistency between the two versions. The Report is released in printed and electronic versions, with recycled paper used for the printed version and the electronic version available for both reading and downloading at www.shrcb.com.

- Contact Information

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Party Secretary and Chairman: Xu Li

Message from the Chairman

In 2022, at the historical moment when China officially embarked on the new journey toward a modern socialist country in all respects, Shanghai Rural Commercial Bank upheld the new development philosophy, stressed our positioning of serving the people, highlighted the people-oriented principle, and focused on the concerns of the people. Under the new pattern of development, we took developing “people’s finance” as our basic direction and fundamental guideline to seize development opportunities and realize sustainable development.

Keeping in mind the top priorities of the country, serving national strategies and fulfilling responsibilities

As a leader and main force of urban and rural financial services in Shanghai, we have actively seized the development opportunities of Shanghai’s campaigns about “Three Missions” “Five Centers” and “Four Brands”, improvement of governance capability as an international modern socialist metropolis, development of mega urban agriculture, etc. And centering around the building of Pudong Leading Area, “Five New Towns” and “South-North Transformation”, we have accelerated serving the supporting mechanisms of new towns, optimized the urban spatial layout, supported city renewal projects, and continued to promote the harmonious development of the region.

We threw ourselves into the work to maintain stable macroeconomic performance in Shanghai with a strong sense of responsibility and mission and actively performed our duties in winning the “defense of Shanghai”. In 2022, we issued 20 inclusive finance measures and set RMB 20 billion bailout loans, RMB 10 billion municipal- and district-level financing aimed to ensure market supply and a RMB 3 billion consumer credit line, to meet enterprises’ credit needs. We issued 18 implementation plans of financial support and took such measures as fee reduction and profit concession, renewal of loans without repayment of principal, delayed repayment of principals and interests, etc., to fully support the development of the real economy. We especially set a RMB 10 billion credit line to boost the culture and tourism industry. We learned enterprises’ difficulties, pain points and requirements by holding more than 50 online meetings and cloud-visiting nearly 6,000 customers, and promptly provided financial solutions. We organized a squad stationed in the Bank and launched the “dual

circulation” emergency operation mode to ensure the continuity and resiliency of high-quality financial services across the Bank.

In serving major national strategies and supporting the integrated development of the Yangtze River Delta, we released the Three-year Action Plan of SHRCB for Supporting the Integrated Development of the Yangtze River Delta (2020-2022), the first of its kind in the industry, which focuses on infrastructure projects in the Bank’s implementation of the support strategy for the integrated development of the Yangtze River Delta and optimizes resource allocation to support their implementation. In 2022, SHRCB put forth effort to support the integration strategy of the Yangtze River Delta. We joined the Intra-urban Financial Service Innovation and Development Alliance in the Yangtze River Delta Integrated Development Demonstration Area, intensified credit support to key customers in the Yangtze River Delta, and deepened the services for the G60 Science and Technology Innovation Corridor, contributing our bit to the effective promotion of the integrated development of the Yangtze River Delta.

Following strategies in implementation, practicing “people’s finance” and empowering social governance

We have always upheld the mission that “inclusive finance delivers better life”. We have made “building a service-oriented bank to create value for customers” our vision and “serving the agriculture, rural areas and rural residents small and micro enterprises, technological innovation and community residents” our strategic positioning to guide the practices of “people’s finance” from the strategic height.

Seeing it as our inherent duty to serve micro, small and medium-sized enterprises (MSMEs), we have innovated in product mode to solve the difficulties faced by MSMEs in accessing financing and expanded the coverage of inclusive micro and small businesses to support a healthy growth of the economy. Committed to integrating social resources through finance, solving social problems through finance and providing integrated services to meet social needs, we have created a new model of empowering social governance through inclusive finance, including “broad” layout, “intense” focus, “warm” care, “close” connection, “wide” integration and “deep” service. As at the end of 2022,

SHRCB’s balance of loans to inclusive micro and small businesses recorded RMB 64,113 million, an increase of RMB 8,847 million or 16.01% over the prior year-end, and the number of inclusive micro and small business loan accounts was 34,100, an increase of 10,500 over the prior year-end. The increase in both the balance and the accounts indicates that our inclusive finance brand and differentiated competitive edge have taken an initial shape. For such excellent performance, we were awarded “Inclusive Finance Service Bank” by China Times.

We are committed to serving Sannong and put forth effort to tell agricultural stories well in a modern city. We served rural revitalization in a steady and orderly manner. Following the strategy of going to rural areas and providing more comprehensive services, we actively served the building of demonstration villages of rural revitalization, developed the “comprehensive financial service solutions for relatively centralized residence of farmers in beautiful countryside”, supported tech-empowered agriculture and green agriculture projects, promoted the building of the rural credit system, and improved the rural financing and financial service environment. In 2022, with a focus on agricultural digital conversion, SHRCB built the “finance + enterprises + bases + cooperatives + farmer households” agricultural industrial chain finance ecosystem scenarios with core leading enterprises as the pivot, extended the reach of financial services from Shaanxi to corresponding communication and cooperation regions such as Yunnan and Anhui, and supported a number of local pillar industries, continuing to give play to the supporting role of finance. We boosted common prosperity of farmers and improvement of overall value of the industrial chain in all respects, making the vision of people’s well-being happy scenes that can be felt and seen. Meanwhile, we actively explored ways to use Fintech to empower rural revitalization. Based on the financial scenarios of the agricultural industrial chain, we launched the “remote sensing” project and developed a set of embedded technology empowerment services based on remote sensing data to make agriculture more flourishing, farmers richer and countryside more beautiful. As at the end of 2022, the Bank’s balance of agriculture-related loans was RMB 64,422 million, an increase of 11.48%.

Sci-tech innovation enterprises are an important source of vitality of economic development. To address the pain points and blockages encountered by sci-tech innovation enterprises in their growth from small enterprises to strong enterprises, we have built the “Xindongneng” sci-tech innovation enterprise service brand and optimized the “One Xin Four Wings” service model. Together with government entrusted platforms, risk sharing agencies and specialized service agencies, we provide sci-tech innovation enterprises with financial services across their full life cycles and throughout the full process and the whole value chain. We have also rolled out characteristic products including High-tech Enterprise Credit Loan, Science and Innovation Loan in Lingang Park, Credit Loan for Specialized and Sophisticated Enterprises and Sci-tech Innovation Support Loan to improve the financial service system for sci-tech enterprises. As at the end of 2022, the balance of loans to sci-tech enterprises exceeded RMB 71,212 million, an increase of RMB 18,635 million or 35.44% over the prior year-end, and the number of sci-tech enterprise loan accounts was 2,460, an increase of 522 over the prior year-end.

We actively developed the customer-oriented operation system, built a community-centered “bank with a human touch”, and forged excellent featured brands in ageing finance, empowering social governance, practicing “people’s finance”, etc. We launched the “Mental Home” community service brand. Aimed to help community residents live and work happily, the brand focuses on eight categories of services, including health care, culture and entertainment, group purchase of quality products, home life, community public welfare, financial laws, comprehensive housing services, and comprehensive financial services. We optimized the financial services for new urban residents, dug deeper into scenarios of ageing finance and consumer finance, and put forth effort to provide integrated, differentiated, one-stop, package comprehensive financial service solutions to customers. We actively participated in the elevator installation project in Shanghai. As at the end of 2022, we provided financial services for the installation of nearly 1,000 elevators for more than 260 residential communities.

Attaching importance to harmony between humanity and nature and painting a green picture

Paying attention to harmony between humanity and nature, we have implemented the national green development philosophy, supported the goals of carbon peak and carbon neutrality, and actively embraced green transition and reform. We have incorporated the concept of green development into our overall strategy, put forward the strategic goal of “Growing into the most typical green bank in the Yangtze River Delta”, and strengthened green finance branding. We have actively adjusted our asset structure and customer structure to support green and low-carbon transition of the economy, and by linking public and private sectors, investment and credit, and banking and leasing businesses, we have increased support to green and low-carbon urban and rural development, the building of a clean and low-carbon energy system, the development of a green transportation system, the green and low-carbon development of the industrial sector, innovation in green technology and carbon sink. As at the end of 2022, our balance of green credit registered RMB 43,567 million¹, an increase of 120.32% over the prior year-end, and balance of green bond investments was RMB 9,034 million, an increase of 150.94% over the prior year-end. In 2022, SHRCB officially signed the UN Principles for Responsible Banking (PRB) and joined UNEP FI, becoming the first commercial bank in Shanghai committed to observing the UN Principles for Responsible Banking. Meanwhile, we actively participated in environmental protection activities, vigorously promoted green operations, upheld the green procurement concept, and advanced the building of green buildings and green data centers, actively fulfilling environmental and social responsibilities.

Improving governance capability, highlighting value orientation and supporting stable, long-term development

We uphold the integrated development path led by Party building, which provides strong guarantee for high-quality development. We have found an innovation and transition path that maintains our strategic focus, established and refined the strategic OKR evaluation mechanism, and creatively developed the “management tools + organizational guarantee + critical minority” strategic management means. We have strengthened governance responsibility, built the governance brand, and promoted common sustainable development of the Bank and stakeholders with a sound modern corporate governance system.

In 2022, SHRCB launched a comprehensive brand renewal, demonstrated our brand value proposition of “working for a better life, upholding finance for good”, and delivered the concept of “brand building through value creation”. Driven by the “ONE SHRCB” group development strategy, by outputting management modes, we guided 35 village banks controlled by the Bank to improve their value creation capabilities. We deepened integration of banking and leasing businesses to serve enterprises throughout their full life cycles and built “group-wide” service synergy.

Since our founding more than 70 years ago, we have always believed that it is our main strategic direction to serve people and enable people through finance to pursue a better life. Looking into the future, we will uphold the leading role of Party building when providing services, follow the people-oriented principle, commit ourselves to grow into a more inclusive, more humanistic and more responsible bank, and make contributions to improve the people’s well-being.

Party Secretary and Chairman

¹By the statistical standard of China Banking and Insurance Regulatory Commission, including on-balance sheet loans, off-balance sheet letters of credit and acceptance bills.



Deputy Party Secretary, Vice Chairman and President: Gu Jianzhong

Message from the President

Since we were listed on the Main Board of the A-share market in 2021, we have maintained stable and sound development momentum in business operations, with all core operating indicators at a relatively sound level among listed banks. According to the latest ESG rating results by the international authoritative index institution MSCI, the Bank was included in MSCI ESG Ratings for the first time and was assigned to A, the highest rating for listed banks in China, demonstrating our excellent ESG management capability.

In 2022, we implemented in depth the guiding principles from the 20th CPC National Congress and the Central Economic Working Conference as well as regulatory instructions. We carefully studied the economic and financial situation, improved our political stance, seized strategic opportunities, actively advanced innovation and transformation, ensured that no systemic risks arise, and strengthened performance of responsibilities. We practiced the mission that “inclusive finance delivers better life” and put forth effort to build a retail finance service system with wealth management as its engine, a comprehensive financial service system with transaction banking as its engine, an inclusive finance service system featured by Sannong finance, a technology finance service system featured by scientific and technological innovation finance, and a sustainable finance service system featured by green finance.

Applying the people-oriented finance philosophy and empowering social governance through inclusive finance

We focused on our strategic positioning of serving the agriculture, rural areas and rural residents, micro and small businesses, scientific and technological innovation and community residents, upheld the principles of “strengthening online and offline services, earlier stage in science and innovation, more comprehensive coverage of science, more solid services for Sannong, and more benefits to the people”, supported the real economy and served the people’s well-being. We continued to optimize the Sannong service system, accelerated Fintech empowerment of rural development, and pushed for implementation of rural revitalization related work on all fronts. With supporting industry revitalization as the means, we strengthened the point-to-surface radiation effect of industrial chains; with credit extension to whole villages as the vehicle,

we participated in the development of the rural credit system; and with Sannong products as the key feature, we built a characteristic financial product system. Meanwhile, we stepped up efforts to increase the volume, lower the cost, expand the coverage and improve the quality of services for micro and small businesses. We expanded the coverage of inclusive finance, innovated in products and services for micro and small businesses, and refined the inclusive finance service system.

Addressing global climate change and incorporating green development into the overall strategy

We actively built a green brand and released environmental information disclosure reports to the public. We were the first bank in Shanghai to sign the United National Principles for Responsible Banking (PRB). We fully implemented the national strategy of carbon peak and carbon neutrality through three-in-one (management, business and operation) actions and drew a green finance service roadmap. In terms of business development, we refined our organizational structure and working mechanism and promoted the development of green services in a coordinated manner by issuing a credit orientation policy, setting up a green approval channel and rolling out matching evaluation and incentive measures. In terms of risk management, we established and improved the environmental risk management system and gradually integrated climate risk management into the Bank’s operation management and into the whole business and risk management processes. Meanwhile, we optimized management approaches and developed the forward-looking climate risk assessment method to support sustainable, high-quality development. In terms of green operation, we incorporated the idea of sustainable development into our daily operations, actively explored green transformation of data centers, outlets, etc., and reduced energy consumption and carbon emissions from our operations through actions like the green office action, the green purchase action, etc.

Intensifying financial services for the real economy to boost its high-quality development

As a local financial institution that has been rooted in Shanghai for more than 70 years, we deepened regional development. We fully leveraged our advantages as a Shanghai-based state-owned financial enterprise and actively responded to the “Make a new start” strategy of the Shanghai government. We focused on Shanghai’s “Five New Towns” and “South-North Transformation”, served the building of the Shanghai Scientific and Technological Innovation Center, and applied the new development philosophy to promote coordinated development of the region. Urban renewal and renovation of old urban residential communities are projects that concern the people’s well-being and the long-term development of cities. Staying true to our original aspiration of serving the people, we leveraged our financial advantages to actively support major projects for the people’s well-being. By participating in the design of financing solutions, opening up a green approval channel, giving priority to such projects in credit resource allocation, etc., we ensured smooth implementation of key projects for the people’s well-being and practiced the philosophy of “finance for the people”. Moreover, we actively explored development paths for cross-border trade business. Based on Shanghai’s development positioning of Shanghai International Financial Center and Shanghai Trade Center, centering around the pain points in international trade at the current stage, we increased resource input, enriched cross-border services and functions, refined our cross-border financial service system, and continued to provide proper cross-border financial services to enterprises, striving to make contributions to high-quality opening up and the formation of the “dual-circulation” development landscape.

Upholding digitalization and empowering financial services for the people through technology

We used our Fintech strengths to conduct the top-level design for digitalization, laid down the working mechanism for digitalization, continued to increase investment in Fintech, further refined the IT governance system, and successfully put into service the corporate credit management system, accelerating the pace of digitalization. We strengthened the building of the IT team and stressed protection of intellectual property rights, which effectively consolidated the basic guarantee for digitalization. We deepened the development of the middle offices of business, data and technology, and established a structure featuring “a lightweight front office, a sound middle office, and a strong back office” and an “agile, powerful and stable” IT system. Through mobile finance, open banking and other means, we integrated financial services deeply into people’s livelihood and government services, provided financial services in a wider range of scenarios such as agriculture and rural areas, necessities of life, healthcare and education, e-commerce, and Internet + government affairs, and benefited people with financial services and innovative service. In 2022, we launched the satellite remote sensing project to aid customer management during and after lending through precise remote monitoring. Meanwhile, we initiated the development of the first online “intelligent consumer protection management platform” in the industry, hoping to make the control of the whole process (before, during and after) of consumer protection lighter and more efficient and empower business development with big data by uploading modern intelligent technologies.

Focusing on customer experience and safeguarding consumers’ rights and interests in all respects

We upheld the strategy of “focusing on customers”, deeply integrated the protection of financial consumers’ eight rights with corporate governance, corporate culture construction, and business development strategies, and earnestly fulfilled the primary responsibility of consumer protection. We kept improving the consumer protection system, promoted the whole-process management of consumer protection in all respects, intensified consumer privacy protection and consumer complaint management, and strengthened the primary responsibility of consumer protection. We built the organizational structure for consumer protection from top to bottom, established and refined internal control policies, streamlined the working process, and held public education activities based on regional characteristics to maintain the

financial order and prevent and defuse financial risks. In 2022, no material incidents regarding network security, information security or privacy leakage occurred in the Bank, and we responded to 100% of consumer complaints. Besides, we continued to develop the consumer protection brand of “SHRCB Consumer Protection”, foster the team of publicists and lecturers, and establish an all-round, in-depth, and multi-platform financial knowledge publicity and education system. We set basic requirements for sales compliance and carried out responsible marketing and compliance marketing related training. Meanwhile, we improved our service environment by setting caring windows, seats and channels and providing caring supplies. We optimized our service processes by transforming outlets into intelligent ones, provided a barrier-free environment and convenient door-to-door services for special customers, and launched various publicity activities to educate the public to provide considerate services to customers.

Upholding the people-oriented principle and striving to become a people-oriented bank and a responsible SOE

We safeguarded employees’ basic rights and interests, cared for employees’ life and physical and psychological health, listened to employees’ voices by conducting employee surveys, and improved employee satisfaction. We implemented the online integrated recruitment process and established a multi-layered training system to attract and cultivate talents. We provided targeted assistance to employees in need, actively organized cultural and sports activities, and carried forward our corporate culture’s core spirit of “valuing virtue and goodness, benefiting the city and the people, pursuing excellence with diligence, and realizing the shared dream of harmony”. In an active effort to develop public welfare culture, we took public welfare activities as part of inclusive finance to empower social governance, focused on charitable donations, poverty alleviation and care for special groups to build into a “responsible bank”, and volunteered for public welfare to perform our responsibility as a state-owned enterprise. In 2022, the public donations totaled RMB 21.261 million.

Upholding compliance and following the general principle of stable operation

We incorporated the leadership of the Party into corporate governance, strove for actual effect, and kept exploring ways of law-based governance and compliant operation. We implemented the requirements of “Four Strictness and One Improvement”, defined the red line of operation, ensured compliance, adopted rigorous operating procedures, strengthened inspection and supervision, kept improving the level of governance, and enhanced internal control and compliance management. We took anti-money laundering, anti-corruption, intellectual property protection and responsible purchase measures to strengthen risk prevention capability in all respects and promote stable operation.

The year 2022 was the final year of the 2020-2022 strategic development of the Bank, and in the year, we made a new round of strategic for the Bank. We continued to promote high-quality development of the Bank and balanced the relationships between business development speed and asset quality, business earnings and operating cost, and traditional business and emerging business. In future, we will stay true to the general principle of pursuing progress while ensuring stability, fully and faithfully applying the new development philosophy on all fronts, and moving faster to create a new pattern of development. Meanwhile, by leveraging our core competitive advantages featuring a broad and solid customer base, characteristic inclusive finance, transitional retail business, and stable and sound asset quality, we will continue to intensify support to micro and small businesses, scientific and technological innovation and green development and fulfill our social responsibilities and missions as a state-owned financial enterprise.

Deputy Party Secretary,
Vice Chairman and President

About Us

Company Profile

Established on August 25th, 2005, SHRCB is a state-controlled corporate bank headquartered in Shanghai, as well as the first provincial-level commercial bank born from the joint-stock reform of rural credit cooperatives in China. On August 19th, 2021, the Bank was successfully listed on Shanghai Stock Exchange (stock abbreviation: SHRCB; stock code: 601825). On October 18th, 2022, SHRCB officially signed the *UN Principles for Responsible Banking* (PRB), and joined UNEP FI, becoming the first commercial bank that commits to observe the *UN Principles for Responsible Banking* in Shanghai. As at the end of 2022, the Group recorded total assets of RMB 1,281.399 billion, deposit principals of RMB 943.485 billion, total loans and advances of RMB 670.623 billion, and net profit of RMB 11.393 billion, and had 364 branches and over 9,000² employees at the Head Office.

Aligned with Shanghai’s three new missions and efforts to build “five centers” (the world’s economic, financial, trade, shipping, and science and technology innovation centers) and boost “four brands” (Shanghai Services, Shanghai Manufacturing, Shanghai Shopping and Shanghai Culture), SHRCB upholds the mission that “inclusive finance delivers better life”, and practices the core values of “sincerity, responsibility, creation and benefit”. Guided by the core strategy of “insisting on customer-oriented, being committed to inclusive finance and staying firm in digital transformation”, we work to build a service-oriented bank to create value for customers, and an integrated regional financial service group with the best experience and outstanding brand.

As at the end of 2022, the Group recorded total assets of RMB

1,281.399 billion



Deposit principals of RMB

943.485 billion



Total loans and advances of RMB

670.623 billion



Net profit of RMB

11.393 billion



Had branches

364



Employees at the Head Office

over 9,000



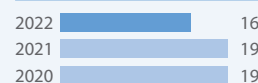
²[Statistical standards] The employees are labor contract employees and dispatched employees of the company.

Key Performance in 2022

Governance

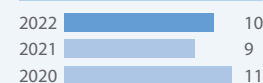
Number of board members in 2022

16 Person



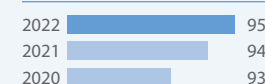
Number of board meetings in 2022

10 Time



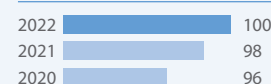
Average attendance rate of board meetings in 2022

95 %



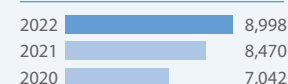
Average attendance rate of supervisory board meetings in 2022

100 %



Compliance case prevention warning education training attendance in 2022

8,998 Person-time



Economic

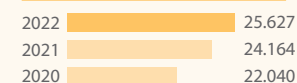
Total assets in 2022

1,281.399 RMB1 billion



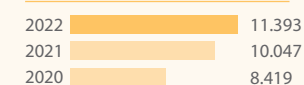
Operating income in 2022

25.627 RMB1 billion



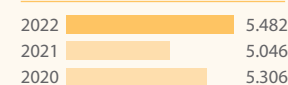
Net profit in 2022

11.393 RMB1 billion



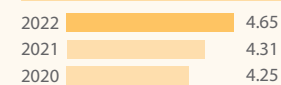
Total tax payment³ in 2022

5.482 RMB1 billion



Social contribution value per share in 2022

4.65 RMB/share



Social

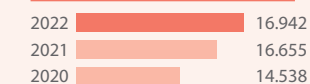
Balance of loans to small and medium-sized enterprises in 2022

372.142 RMB1 billion



Loans to farmers in 2022

16.942 RMB1 billion



Amount of public charity donations in 2022

21.261 RMB1 million



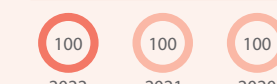
Number of employee trainees in 2022

362,712 Person-time



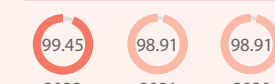
Customer complaint handling rate in 2022

100 %



Intelligent counter coverage rate in 2022

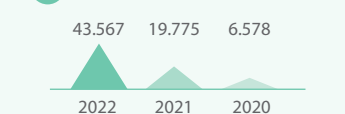
99.45 %



Environmental

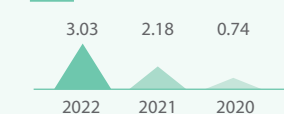
Green credit balance⁴ in 2022

43.567 RMB1 billion



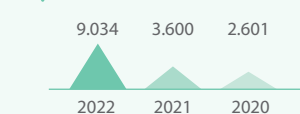
Scale of green bonds underwritten in 2022

3.03 RMB1 billion



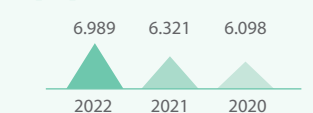
On-balance sheet balance of green bond investments in 2022

9.034 RMB1 billion



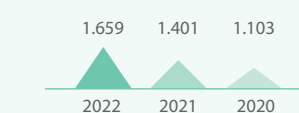
Balance of green leasing in 2022

6.989 RMB1 billion



Balance of green financial management in 2022

1.659 RMB1 billion



Videoconferencing in 2022

4,384 Time





³ The total tax amount includes withholding and paying individual income tax.

⁴ [Statistical Caliber] Starting from 2022, the Bank discloses the green credit balance to the public based on the criteria of the CBIRC, covering that of on-balance sheet green loans, off-balance sheet letters of credit and promissory notes. The balance of green credit disclosed in the 2022 and 2021 reports was calculated based on the criteria of the CBIRC, covering that of on-balance sheet green loans, off-balance sheet letters of credit and promissory notes. The green credit balance disclosed in the 2020 report was based on the criteria of the PBOC. In the 2021 CSR Reported disclosed, the green credit balance was based on the criteria of the PBOC, where the data here is based on the criteria of the CBIRC. That is the reason for the data differences.

Honors and Awards

Award category	Awarded by	Honors
 Comprehensive	UK <i>The Banker</i> magazine	124 th among the "2022 Top 1,000 World Banks"
	<i>Forbes</i> magazine	194 th Top 500 World Banks by Brand Value
	<i>Fortune</i> magazine	951 st among the "2022 The Global 2000"
	State-owned Assets Supervision and Administration Commission of the State Council	469 th among the "2022 Fortune 500 Enterprises in China"
	China Banking Association	97 th among the "Vanguard 100 Index of Local State-owned Enterprises by CSR"
	China Association for Public Companies	23 rd among "2022 China's Top 100 Banks", and 2 nd among China's rural commercial banks
	Shanghai Banking Association	Included into the Excellent ESG Practice Cases of Listed Companies
	China Social Responsibility 100 Forum	2022 Outstanding Banking Institution in Fintech Services in Shanghai
	China Central Depository & Clearing Co., Ltd.	2022 ESG Golden Bull Award for Emerging Enterprises
 Environmental	UNEP	Signed the <i>Principles for Responsible Banking</i>
	Green Finance Forum of 60	Best Innovation Practice Award
	Shanghai Pudong New Area Financial Work Bureau	SHRCB won a "Top-Ten Case of Green Financial Innovation in Pudong (2022)" for the issuance of the first Affordable Housing and Carbon Neutrality Bond in China
	Shanghai Financial Society	<i>Research on the Supporting Model of Rural Financial Institutions for Rural Green Finance</i> honored the 2022 Excellent Project Award
 Social	Shanghai Municipal Commission of Agriculture and Rural Affairs, Shanghai Municipal Human Resources and Social Security Bureau	Shanghai Rural Revitalization Advanced Unit
	Shanghai Intellectual Property Administration	2022 Shanghai Outstanding Contribution Award in IPR Finance
	Science and Technology Commission of Shanghai Municipality	2022 Excellence Award for Shanghai's Fintech Partner Bank
	Joint Office for Rule of Law Publicity	First Prize of the 6 th Shanghai Enterprise Legal Skill Competition Excellent Organizing Award at the 6 th Shanghai Enterprise Legal Skill Competition
	The Office of the Commission for Law-based Governance Under the CPC Shanghai Municipal Committee, Shanghai Municipal Bureau of Justice, Shanghai Municipal Human Resources and Social Security Bureau,	Excellent Institution in Rule of Law in Shanghai

Award category	Awarded by	Honors
 Social	Organizing committee of the 15th Shanghai Financial Services Fair	2021 "Shanghai Excellent Finance Application Scenario Award" for better people's livelihood empowered by finance in the appraisal of Shanghai's Financial Industry Promoting Urban Construction Outcomes
	China Association for Public Companies	2022 Best Practice of Board Office in Listed Companies
	National Internet Finance Association of China	A leader in <i>Online Banking Services Standards</i>
	Shanghai Banking Association	Excellent Innovation Institution with Inclusive Financial Services in Shanghai's Banking Industry (integrated financial solution of credit granting for "integrity villages")
	Organizing Committee of China's Top 100 Listed Companies Summit, Warton Economic Institute	2022 China's Top 100 Listed Company Award and China's Ethical Enterprise Award
	<i>China Rural Finance</i> magazine and China Academy of Information and Communications Technology	SHRCB's <i>Practice of Driving High-Quality Development of the Agricultural Industry through Digital Transformation</i> honored Top 10 Case Award for Promoting Rural Revitalization through Fintech by China's Rural Small and Medium-Sized Banks
	PY standard, Trust and Wealth Management Research Institute of Southwestern University of Finance and Economics	"Excellent Rural Commercial Bank in Wealth Management" at the 2022 China's Asset Management and Wealth Management Annual Summit & 2 nd "Golden Reputation Award" Appraisal
	PY standard	"Excellent Rural Commercial Bank in Asset Management" "Excellent Large-sized Rural Commercial Bank in Asset Management" "Excellent Banking Wealth Management Product with Fixed Income"
	Securities Times	2022 Phecda Award for Golden Banking Brand 2022 Phecda Award for Inclusive Finance Banking Services
	<i>China Securities Journal</i>	3 rd "Golden Bull Award for Wealth Management Banking" in China's banking industry
	<i>Financial Computerizing</i> magazine	2022 Outstanding Contribution Award in Business Innovation Empowered by Fintech
	51job.com	Graduate Favorite Employer
	zhaopin.com	2022 China's Best Employer of the Year – Campus Recruitment Case Award
	China Banking Association	1 st among rural commercial banks in 2022 "GYROSCOPE" rating
 Ratings	S&P	S&P global long-term corporate credit rating of "BBB"
	S&P China Ratings	S&P China corporate credit rating of "AAspc-" with a "stable" outlook
	MSCI	MSCI ESG rating of A
	Wind	Wind ESG rating of A

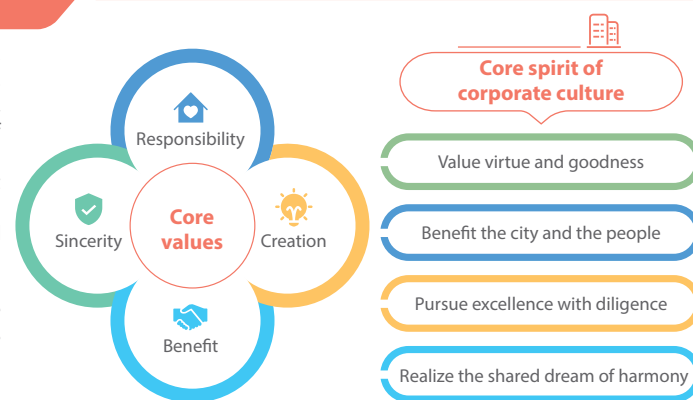
ESG Management

Building of the ESG Management System

As the first commercial bank that commits to observe the *UN Principles for Responsible Banking* in Shanghai, SHRCB incorporates the philosophy about responsibility into its operations and management, resorts to financial means to deal with climate change and protect biodiversity, values the protection of the legitimate rights of stakeholders, and supports the equality, soundness and sustainability of economy and society.

Philosophy about responsibility

Committed to fostering a sound outlook on social responsibility, the Bank upholds the mission that “inclusive finance delivers better life”, and practices the core values of “sincerity, responsibility, creation and benefit”. Guided by the vision of “building a service-oriented bank to create value for customers and an integrated regional financial service group with the best experience and outstanding brand”, the Bank honors the core spirit of “valuing virtue and goodness, benefiting the city and the people, pursuing excellence with diligence, and realizing the shared dream of harmony”. The Bank incorporates CSR into operations and management, works to build an effective mechanism for stakeholder participation, and actively takes up ESG responsibility, so as to promote the common and sustainable development of itself and stakeholders.



Objectives for responsibility

The Bank gives full play to its financial strength, upholds the philosophy about green development, and actively fulfills its ESG responsibility. With a focus on high-quality development, the Bank facilitates the development of strategic emerging industries, and provides strong support for real economy. The Bank leverages its advantages in agriculture, rural areas, rural residents finance, small and micro finance, science and technology innovation finance and community finance, and honors its responsibility in inclusive finance. Being customer centric, the Bank works to improve service quality and protect the rights of financial consumers. The Bank cares about employees, takes an active part in public welfare activities, and empowers social governance through financial services. Also, the Bank promotes green finance, creates more channels for green services, and drives the protection and building of ecological environment, so as to maximize its positive impact on the society and environment.

Governance structure

To further implement China's decisions and plans, improve the ideological awareness of and political stance on sustainability and environmental protection, and strengthen the top-level design of CSR, green finance and other aspects of sustainability in corporate governance, in 2021, the Bank renamed the “Strategy Committee” of the Board of Directors as “Strategy and Sustainability Committee”, which is responsible for guiding, supervising and coordinating the efforts on sustainability across the Bank.

Areas of responsibility

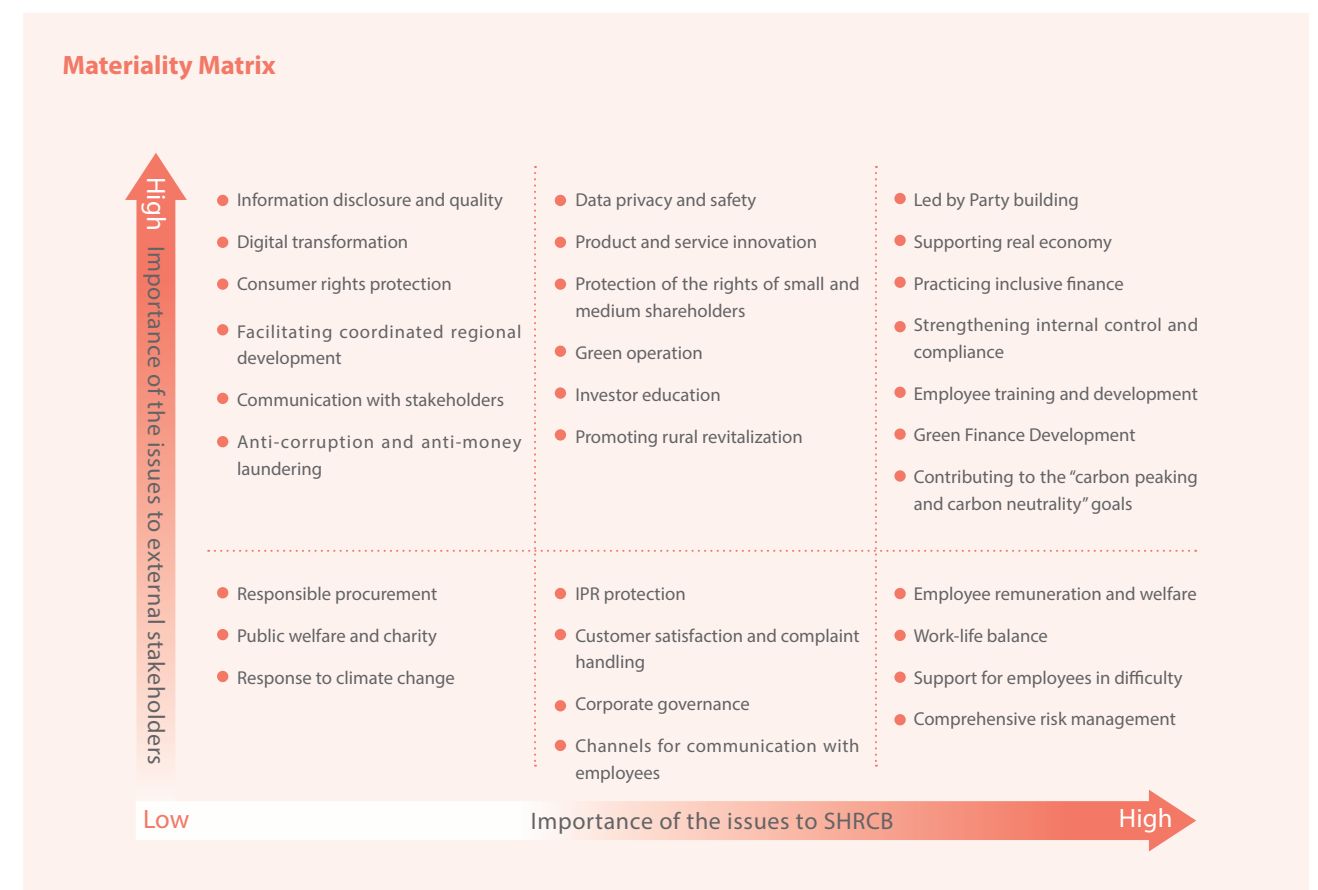
Focusing on economic, environmental and social development, the UN's SDGs identified the challenges facing mankind associated with poverty, inequality, climate change, environmental degradation, prosperity, peace and justice, and drew a blueprint for the sustainable development of mankind. The Bank will align its operations with UN SDGs, and keep developing the ways to perform duties and the ESG management system. Also, based on its major products and services, technologies and strategic plans, the Bank will highlight 14 SDGs as the directions for future development.

Response to UN's SDGs		The Bank's action
Goal 1 No poverty		<ul style="list-style-type: none"> Set up 35 rural banks to support local economy and promote common prosperity for local people.
Goal 2 Zero hunger		<ul style="list-style-type: none"> Deepen services for small and micro-sized enterprises and expand the coverage of inclusive finance. Increase input in micro, small and medium-sized enterprises, and improve the system of inclusive financial services.
Goal 3 Good health and well-being		<ul style="list-style-type: none"> Organize caring service festival activities for all employees, and care about employees' health. Hold the health care session of the “Investment Banking Lectures” and “Xindongneng” Biopharmaceutical Forum, to improve social health care services.
Goal 4 Quality education		<ul style="list-style-type: none"> Value employee training, and launch the HEROS training platform to improve the penetration rate of employee training. Organize financial knowledge related classes together with communities and universities to establish a correct view on money and spread the power of finance for the good.
Goal 5 Gender equality		<ul style="list-style-type: none"> Explicitly forbid treating job applicants differently because of gender or other reasons in the principles for recruitment. Improve the proportion of female members in the Board of Directors, and ensure female employees' rights in work.
Goal 7 Affordable and clean energy		<ul style="list-style-type: none"> Build a clean and low-carbon energy system by linking public and private sectors, investment and credit, and banking and leasing businesses. Stimulate small and micro enterprises in energy conservation and carbon reduction by providing credit funds, and promote R&D of new energy vehicles by providing working funds.
Goal 8 Decent work and economic growth		<ul style="list-style-type: none"> Actively respond to the industrial policy orientations at the state and municipal levels, offer strong support for real economy, and provide credit particularly for the areas that concern national economy and people's livelihood.

Response to UN's SDGs	The Bank's action
Goal 9 Industry, innovation and infrastructure 	<ul style="list-style-type: none"> Provide targeted support for the “3+6” advanced manufacturing industries in Shanghai. Deepen integrated financial services in scenarios like “adding lifts for old communities” and “adding charging poles in communities”. Prioritize credit lines for the construction of affordable rental housing projects in new urban areas, and highlight support for resettlement of farmers in tall buildings and rural revitalization projects.
Goal 10 Reduced inequalities 	<ul style="list-style-type: none"> Identify seven key tasks and five major mechanisms for supporting rural revitalization, go all out to ensure financial services for agriculture, and implement the strategic plans about rural revitalization. Provide public welfare education for rural schools, elderly people and new urban residents to protect financial consumers' right to be educated.
Goal 11 Sustainable cities and communities 	<ul style="list-style-type: none"> Propose the “Mental Home” community integrated service solution to help residents pursue a better life. Facilitate the reconstruction of old houses, urban village renovation and other urban renewal projects to solve problems related to housing, employment and other livelihood areas and promote urban harmony.
Goal 12 Responsible consumption and production 	<ul style="list-style-type: none"> Disclose whole-process product and service information through diverse channels, define the bottom line for sales compliance, and carry out responsible marketing and compliance marketing related training.
Goal 13 Climate action 	<ul style="list-style-type: none"> Include green and low-carbon development into the overall strategy, actively respond to climate change, vigorously develop green finance, and practice green operation. Forge a green brand, disclose environmental information and release reports, sign PRB, and draw up a blueprint for green financial services.
Goal 16 Peace, justice and strong institutions 	<ul style="list-style-type: none"> Follow the principles of openness, fairness and justice in ESG system building, supplier selection, employee recruitment and remuneration, etc.
Goal 17 Partnerships for the goals 	<ul style="list-style-type: none"> Advance responsible procurement, build an honest, stable and long-term partnership with suppliers across a complete range of areas, and ensure the efficient progress of procurement in compliance with laws and regulations.




Materiality Analysis

The Bank combines the philosophy about responsibility with its development strategy and operating characteristics and identifies, evaluates and discloses material issues based on the model for materiality analysis. Through management interviews and surveys and external expert consultation, we identified the material issues of importance to the Bank and its stakeholders, and disclosed them and responded to relevant concerns in the Report.



Communication with Stakeholders

Valuing communication with all stakeholders, the Bank kept enriching the channels for communication, carefully listened to the opinions and feedback of stakeholders, and took effective measures to sincerely respond to the expectations and demands of stakeholders in time. In doing so, the Bank aimed to fulfill its CSR and forge its image as an excellent corporate citizen.

Stakeholders	Expectation and demands	Communication channels	Response
 Governments and regulators	<ul style="list-style-type: none"> Serving real economy Promoting rural revitalization Contributing to the “carbon peaking and carbon neutrality” goal Preventing financial risks Developing inclusive finance Regulating corporate governance Fighting corruption and money laundering Tax payment according to law Promoting employment and entrepreneurship 	<ul style="list-style-type: none"> Researching and implementing relevant financial policies Supporting the formulation of industrial policies Participating in surveys, visits and meetings Receiving regulatory inspections and assessment Submitting statistic statements 	<ul style="list-style-type: none"> Observing laws and regulations, paying taxes in full and creating more jobs Serving rural revitalization and promoting inclusive finance Keeping an eye on climate change and developing green finance Implementing national and local policies and serving real economy Strengthening compliance management and education and establishing the awareness of compliance among all employees Tightening risk management in all aspects and accelerating the building of the risk protection system
 Customers	<ul style="list-style-type: none"> Improving customer experience Meeting customer demands Protecting customer rights Popularizing financial knowledge Information safety and privacy protection 	<ul style="list-style-type: none"> Online business handling Customer demand survey Customer satisfaction survey Complaint hotline Customer care activities Convenience services 	<ul style="list-style-type: none"> Optimizing business processes, creating new financial products and providing convenience services Improving the complaint process, conducting investor education and protecting consumers' rights Strengthening fintech building, and highlighting information safety and privacy protection
 Investors and shareholders	<ul style="list-style-type: none"> Sustaining sound operation Improving probability Increasing returns for shareholders Increasing corporate values Regulating corporate governance Preventing financial risks 	<ul style="list-style-type: none"> Regular reports Information disclosure Road shows Investor meetings Visitor reception Analyst meetings Shareholders' meetings Investor service hotline and email 	<ul style="list-style-type: none"> Ensuring the steady, healthy and sustainable development of various businesses, and protecting shareholders' rights and interests Disclosing information in a timely, authentic and accurate manner, and increasing the quality of information disclosure Managing investor relations through multiple channels, platforms and means, and increasing communication with investors Improving the corporate governance mechanism, and operating soundly and in compliance with laws and regulations

Stakeholders	Expectation and demands	Communication channels	Response
 Employees	<ul style="list-style-type: none"> Providing a healthy and safe working environment Protecting employees' rights Caring about employees' life Paying attention to employees' growth 	<ul style="list-style-type: none"> Employee congresses Employee satisfaction survey Cultural and sports activities for employees Training class 	<ul style="list-style-type: none"> Improving the remuneration and welfare system to protect employees' legitimate rights Improving the promotion mechanism for employees to achieve the common growth between the Company and employees Improving the training system and tapping employees' potential
 Suppliers and partners	<ul style="list-style-type: none"> Enriching cooperation channels Fair and just procurement Honest contract fulfillment Business ethics and anti-corruption 	<ul style="list-style-type: none"> Daily communication Peer exchanges and cooperation Bidding activities Supplier investigation and visits 	<ul style="list-style-type: none"> Friendly cooperation and mutual respect Fair contracting and honest contract fulfillment Fair competition and sunshine purchase
 Community & public	<ul style="list-style-type: none"> Contributing to public welfare and charity Supporting community development Building brand image 	<ul style="list-style-type: none"> Public welfare activities Employee voluntary services Community services Media promotion 	<ul style="list-style-type: none"> Increasing engagement with communities and carrying out voluntary activities Strengthening community publicity and training to popularize financial knowledge Joining public welfare causes to build good word of mouth in the fulfillment of CSR Pursuing low-carbon operation and implementing energy conservation and carbon reduction policies

Column

**Upholding Finance for Good
and Developing Inclusive Finance**

Guided by the philosophy of finance for the people, SHRCB upholds the mission that “inclusive finance delivers better life”, and commits to develop inclusive finance. We created a new model of empowering social governance through inclusive finance, including “broad” layout, “intense” focus, “warm” care, “close” connection, “wide” integration and “deep” service, and focused on services for “agriculture, rural areas and rural residents”, small and micro enterprises, technological innovation and community residents, to support real economy and benefit the people at large. In 2022, the Bank saw the initial formation of its inclusive finance brand and advantages in differentiated competition.

1 - Promoting Rural Revitalization in All Aspects	21
2 - Increasing Support for Micro, Small and Medium-sized Enterprises	29
3 - Providing Convenience Services for the People	33

1 Promoting Rural Revitalization in All Aspects

Led by Party building in the services for rural revitalization, the Bank optimized the service system for “agriculture, rural areas and rural residents”, ensured steady and orderly financial services for rural revitalization, and accelerated the empowerment of rural development with fintech, with the aim to promote common prosperity and build its brand as the “main financial force supporting agriculture” in Shanghai. As at the end of 2022, the balance of agriculture-related loans was RMB 64.422 billion, an increase of 11.48%, from the end of last year. The Bank continued to deepen financial services for rural revitalization, scaled the agricultural industrial chain model to 6 branches/sub-branches, and launched the satellite remote sensing project to aid customer management during and after lending through precise remote monitoring.

As at the end of 2022, the balance of agriculture-related loans was RMB

64.422 billion
↑ 11.48%



Strengthening Top-Level Design

Financial services for rural revitalization led by Party building

Guided by the strategy of rural revitalization, the Bank gave play to the leading role of Party building, formulated the *Opinions on Thoroughly Implementing the Guiding Principles of “No. 1 Central Document of 2022”* and supporting implementation plan, defined the seven key tasks and five major mechanisms for its efforts to serve rural revitalization, made all-out efforts to ensure financial services in support of agriculture, and implemented the plans to deliver on the strategy of rural revitalization.

Seven key tasks supporting rural

- Build the featured brand as the main force providing financial support for agriculture;
- Stay true to its original aspiration of promoting rural development and common prosperity;
- Steadily advance rural construction;
- Improve rural governance with focus on actual effects;
- Introduce something new to the matrix of agricultural-related products;
- Drive the formation of the agricultural ecosystem;
- Leverage agricultural think tanks and foster talents for rural revitalization.

Five major mechanisms supporting

- Give play to the leading role of party building and strengthen the “ONE SHRCB” concept;
- Give further play to the coordinating role of the Rural Revitalization Leading Group;
- Improve corporate governance and the institutional support for rural revitalization;
- Establish the statistical system for the financial services supporting rural revitalization;
- Strengthen the building of a professional and interdisciplinary talent team for rural revitalization.

Strategic cooperation with government agencies

The Bank signed a strategic cooperation agreement on serving rural revitalization with Shanghai Municipal Committee of Communist Youth League to provide faster and better financial services to the youths engaging in the innovation and entrepreneurship associated with rural revitalization. The Bank signed a strategic cooperation agreement on financial services in support of rural revitalization with the Commission of Agriculture and Rural Affairs of Pudong New Area, for cooperation in inclusive finance, distinctive towns, collective economy, Internet plus agriculture, and other areas. Under a strategic cooperation framework, the Bank and the Commission of Agriculture and Rural Affairs of Shanghai Municipality jointly launched the “2022 Shanghai Style Farm Food Competition”, at which the Bank also tailored exclusive financial services for customers. The Bank increased cooperation with Shanghai Agricultural Assets & Equity Exchange, and developed the Comprehensive Financial Service Solution for the Transfer of Land Operating Rights in Shanghai. Also, the Bank signed a strategic agreement with Shanghai Union Credit Co., Ltd., and became the first financial institution that uses the agriculture-related data of the latter, further contributing to the building of the rural credit system in Shanghai.



The “2022 Shanghai Style Farm Food Competition” that the Bank launched jointly with the Commission of Agriculture and Rural Affairs of Shanghai Municipality

Strategic cooperation with Policy financial institutions

In September 2022, the Bank Signed a strategic cooperation agreement with the Shanghai Branch of the Agricultural Development Bank of China, to work further on agricultural industrialization, the construction of beautiful home, green field and happy paradise projects, inclusive agriculture-related credit and digital transformation in agriculture, further promote food security and agricultural product supply side financial services, and boost farmers’ income for common prosperity. Under the framework of the strategic agreement, both sides will work to see policy-based finance and commercial finance complement each other’s advantages, jointly meet the financial demand arising from rural revitalization, and support China’s food security, agriculture modernization, integrated development of urban and rural areas and other strategies.

Optimizing the Service System

(I) Promoting Operations across the Industrial Chain with the Support for Industrial Revitalization as the Starting Point

Expand the customer base and constantly enrich the connotation of the agricultural industry chain

- Since the launch of the first pilot project supporting the industrial chain of Luochuan apples with a leading biochemical enterprise at the core, the Bank has tailored fully online inclusive financial services for the industrial chains of more core enterprises, encouraging more local rural credit institutions to support local agriculture. As at the end of 2022, the Bank has granted loans of RMB 1.063 billion to upstream and downstream customers across industrial chains and served nearly 2,000 rural households and other new-type agricultural businesses.

Conduct industrial research to promote business development across the industrial chain

- Start research on agricultural technologies in an all-round way, and explore the deeper integration between agriculture technologies and operations across agricultural industrial chains under the theme of "Research on and Analysis of Promoting Seed Technologies and Their Market Application to Modern Agricultural Industrial Chains".
- Collaborate with agricultural science institutes and strengthen research on edible mushrooms, flowers, seeds and other segments of strategic importance to the country.
- Support agricultural wholesale, agricultural trade and other markets that concern the people's livelihood, and expand financial services for the industrial chains of agricultural enterprises.

Enable agile linkage among the Bank's Head Office, branches and sub-branches and expand customer acquisition channels across the industrial chain

- Tap the resources of leading agricultural industrialization enterprises in the region and match them with the Bank's resources, explore the mechanism of agile linkage among the Bank's Head Office, branches and sub-branches, and provide differentiated and integrated services solutions for specific customer groups.



Case

The Bank Grants Its First-Ever Loan to an Agricultural Industrial Chain Project under Its fully Online Account System

In May 2022, the Bank granted its first-ever loan to an agricultural industrial chain project under its fully online account system, successfully finding a path to financially supporting agriculture through fully online operation. The loan went to a white-feathered broiler industrial chain project, with the core enterprise as a leader of poultry rising in the Yangtze River Delta. The white-feathered broiler industrial chain project was based on the trading, logistical and fund flow data provided by the core enterprise and the Bank's big data risk control system. Fully leveraging its advantage in online operation and introducing new features online to complete due diligence, approval and loan granting procedures for remote customers, the Bank provided credit support for breeding farmers to purchase baby chicks and feedstuffs, effectively meeting the financial demand in agricultural production.



The Bank's empowering the white-feathered broiler industrial chain project through fintech was included into the 2022 typical cases of inclusive finance by China Banking Association.

(II) Driving the Building of the Rural Credit System by Granting Credit to Integrity Villages

Further optimize credit granting services for towns and villages



- Launch the "Whole-Village Credit Granting" 2.0 Solution, to enlarge the customer base in both Shanghai and the Yangtze River Delta and expand the coverage of credit granted to enterprises and individuals in rural areas at a faster pace.
- Detail and upgrade services for integrity towns and villages, , strengthen the building of integrity towns and villages, and use digital means to upgrade the whole-village credit granting model into whole-village finance model. As at the end of 2022, the Bank had rated 58 integrity villages and 3 integrity towns, and actively granted credit of nearly RMB 175 million to more than 840 rural households. The Bank was honored by Shanghai Banking Association as the "Excellent Innovation Institution with Inclusive Services in Shanghai's Banking Union" for its integrated financial solution of credit granting for "integrity villages".

The Bank had rated **58** integrity villages and **3** integrity towns, and actively granted credit of nearly RMB **175** million to more than **840** rural households.



Grid-based partnership between banking outlets and observation sites in villages



- Collaborate with Shanghai Rural Revitalization Research Center on the action of developing fixed observation sites for promoting rural revitalization through financial services.
- Formulate the *Prompt on the Joint Party Building at Fixed Observation Sites for Rural Revitalization*, and mobilize outlets to carry out grid-based Party building jointly with the fixed observation sites for rural revitalization within respective jurisdiction, to forge grid-based Party building brands and make inclusive finance more available, affordable and sustainable (the coverage rate of that is 90%).

To forge grid-based Party building brands and make inclusive finance more available, affordable and sustainable

the coverage rate of that is **90%**



Advance the building of financial service stations



- Advance the building of deposit withdrawal service points in support of rural residents to further ease the problem of inadequate financial infrastructures in suburbs. In 2022, the Bank set up 69 financial service stations, making it the first financial institution offering deposit withdrawal services for rural residents in Shanghai.
- Promote the collaboration between the "Mental Home" community customer service system and financial service stations to build the "soft power" supporting rural revitalization.

In 2022, the Bank set up **69** financial service stations



(III) Creating a Distinctive Financial Product System with the Focus on Products Related to “Agriculture, rural areas and rural residents”

Promote family farms through active credit granting	Develop the “Xinnongledai” Non-Special Solution for Family Farms, establish a family farm directory with agricultural authorities, and advance the credit business for family farms through the list-based marketing to solve the financing difficulty facing small-scale agricultural producers represented by family farms and meet the demand of family farm owners for small loans.
Strengthen financial services for employment and entrepreneurship by “new urban residents” in the countryside	Launch the “Xinnongledai” special solution for “new farmers” returning or moving to the countryside. In 2022, the Bank granted 718 loans worth RMB 155 million and covering 625 new urban residents under the “Xinnongledai” program for “new farmers”.
Optimize financial solutions to promoting the building of agricultural product brands	Release the financial service solution for “Nanhui Juicy Peach”, a quality agricultural product, marking a big step in credit granting based on geographical indications.
Leverage debt financing instruments to promote rural revitalization	Fully support the issue of corporate bonds in rural revitalization areas. In 2022, the Bank additionally invested in RMB 460 million of rural revitalization themed bonds; as at the end of 2022, the Bank had successfully underwritten four rural revitalization themed bonds for three customers, raising RMB 2.837 billion for the enterprises.



Case

Fengxian Sub-branch Grants the Bank's First-ever Rural Ecology Loan

In June 2022, Fengxian Sub-branch granted RMB 8 million of rural ecology loan to Shanghai BC Industrial Development Co., Ltd., the first of its kind across the Bank, to help the latter better serve the overall operation and maintenance of rural revitalization in Xidu Sub-district. The loan helped the Bank build a closer tie with villages and towns, and reflected the Bank's original mission of serving “Agriculture, rural areas and rural residents”.



Case

The Bank Successful Launches of the First Rural Revitalization Themed Asset-Backed Commercial Note in Shanghai

In December 2022, as a lead underwriter, the Bank issued the Tranche I asset-backed commercial note under the notice of registration, also the first asset-backed commercial note for rural revitalization in Shanghai, to a leasing enterprise. With the underlying asset as the creditor's right to the leased assets related to rural revitalization, the project met the requirements for rural revitalization themed asset-backed commercial notes in terms of both the “underlying asset” and “purpose of raised funds”, supporting leaps in both the output and quality of the planting and breeding industry in rural areas.



Case

The Bank Co-underwrites Tranche I Medium-term Note (Rural Revitalization) of a Logistical Company

In January 2022, the 2022 Tranche I medium-term note (rural revitalization) of a logistical company, with the Bank as a co-lead underwriter, was successfully issued. The bond was a RMB 300 million size and a 2-year term. Funds raised will be used to secure services for moving the commodities of Taobao villages and agricultural products out of villages and into cities, and speed up the building of an efficient logistical service system aligned with the need for rural revitalization.

(IV) Providing the “Last Mile” Financial Services through Rural Banks

Since 35 rural banks were set up, the Bank, committed to “making solid efforts to build a specialized, strong and beautiful bank with steady and refined operations”, has worked to support local economy and promote common prosperity among local people. As at the end of 2022, the 35 SHRCB rural banks reported RMB 13.349 billion of outstanding agriculture-related loans, and representing 67.87% of the 35 SHRCB rural banks in total loan balance.



As at the end of 2022, the 35 SHRCB rural banks reported RMB

13.349 billion of outstanding agriculture-related loans



Case

Guiyang SHRCB Rural Bank Promotes Development of Agricultural Products Like Tea-oil Trees, Tobacco Leaves and TCM Materials

To facilitate the development of agricultural products like tea-oil trees, tobacco leaves and TCM materials, Guiyang SHRCB Rural Bank conducted field investigations in more than 300 villages of 23 local townships, learnt about farmers' demand for credit funds and difficulties arising from the planting process through “chatting”, and successively launched credit products such as “Tea-oil Tree Loan”, “Tobacco Leaf Loan” and “Polygonatum Loan”. As at the end of 2022, Guiyang SHRCB Rural Bank saw its business cover 221 administrative villages (built 27 integrity villages, established files for over 2,000 filed customers, granted credit for more than 1,000 customers, and granted loans exceeding RMB 180 million).



Staff of Guiyang SHRCB Rural Bank visit local agricultural product planting farmers



Case

Liaocheng SHRCB Rural Bank Provides the “Last Mile” Financial Services

With beef cattle breeding as the main industry, Wangtong Village, Shazhen Town, Liaocheng, Shandong Province has more than 150 cattle breeding households that raise about 5,000 cattle. Many major cattle breeding households in the village moved because of expansion, but lack funds to buy cattle as they invested much in the construction of cowsheds and other infrastructures at the early stage of development. Leveraging the opportunity, Liaocheng SHRCB Rural Bank granted over RMB 6 million of credit to 20 local cattle breeding households. As at the end of 2022, Liaocheng SHRCB Rural Bank saw its business cover 136 villages, granting nearly RMB 150 million of credit to more than 600 households.



Staff of Liaocheng SHRCB Rural Bank visit local cattle breeding households



Empowerment through Fintech

Making digital transformation a major driver for and inevitable path to future development, the Bank stepped up fintech capability building, set up an agile development team for digital transformation to inclusive services, and kept upgrading the online process for inclusive business, online account system and smart big data risk control models, in an effort to strengthen the digital support for inclusive services.

Collaborate with ecosystem partners and launch satellite remote sensing projects



- Work with excellent suppliers to develop the satellite remote sensing data analysis technology and use big data about agricultural and natural resources to gradually achieve senseless credit granting for new agricultural business entities.
- The Bank's research and practice about the financing platforms provided by small and medium banks for agricultural industrial chains based on big data and remote sensing technology were honored by China Academy of Information and Communications Technology as the “Most Socially Beneficial Case of Innovative Fintech Applications”.

Collaborate with guarantee providers to smoothen online batch guarantee channels



- Launch “Xinnong Guarantee Loan”, the first fully online batch guarantee product for rural households in Shanghai. Connected to the municipal guarantee center, the product enabled online batch business connection between individual agricultural business entities like family farms and rural households and the guarantee center, and improved loan handling efficiency.



Case

Satellite Remote Sensing Technology Supports Financial Services for Luochuan Apple Production

In 2022, the Bank saw the successful operation of Phase I of its agricultural fintech project, and launched the “Agricultural Financial Risk Management Platform”, on which a time-space asset database was established using the “new data” from satellite remote sensing to describe both the past and future of “agriculture, rural areas and rural residents”. The satellite remote sensing technology has been successfully applied in Luochuan County in southern Yan'an, Shaanxi Province.



Satellite remote sensing technology empowers Luochuan apple production

Luochuan County is among the first core counties rated in China as distinctive industrial clusters of apple production on the Loess Plateau, as well as the place that hosts the Bank's first project of providing financial services for agricultural industrial chains. The successful application of the satellite remote sensing technology in Luochuan, Shaanxi Province provides a more efficient and objective way of obtaining agricultural data for the Bank to handle agricultural loans, shortening the on-site due diligence from 1-3 days to a minimum of 3 minutes and thus improving the efficiency of pre-lending investigations. Besides, the 100% coverage of monitoring enabled by satellite reduces burdens on regular post-lending field inspections. As at the end of 2022, the Bank has helped 550 apple planting households in Luochuan through the service, benefiting over 30,000 fruit farmers, covering more than 90,000 mu of planting areas and increasing income by nearly RMB 46 million. The Bank's financial services for agricultural industrial chains have extended from Luochuan to several other areas that receive targeted assistance from the Bank, including Yunnan and Anhui province, supporting development of local pillar industries like the planting of apples, coffee, wheat, sorghum, corn and paddy rice.



In 2022, SHRCB's Practice of Driving High-Quality Development of the Agricultural Industry through Digital Transformation honored the Top 10 Case Award for Promoting Rural Revitalization through Fintech by China's Rural Small and Medium-Sized Banks

2 Increasing Support for Micro, Small and Medium-sized Enterprises

The Bank continued to deepen services for small and micro enterprises by increasing quantities, cutting prices, expanding coverage and improving quality, enlarge the coverage of inclusive finance, beef up support for micro, small and medium-sized enterprises, create new products and services for micro, small and medium-sized enterprises and improve the inclusive financial service system. As at the end of 2022, the balance of inclusive small and micro loans was RMB 64.113 billion, an increase of RMB 8.847 billion, or 16.01%, from the end of last year; the number of customers to which the Bank granted inclusive small and micro loans was 34,100, up 10,500 from the end of last year.

As at the end of 2022, the balance of inclusive small and micro loans was RMB

64.113 billion,
an increase of RMB **8.847** billion,

↑ **16.01** %



Reinforcing Policy Support

In line with the operational strategy of “small and scattered businesses”, the Bank sped up the development of inclusive business, and successively rolled out policies and systems including the *Guiding Opinions of SHRCB for the Three-Year (2020-2022) Development Goals for Inclusive Finance*, *Marketing Guiding Opinions for Serving Real Economy and Further Increasing Inclusive Finance Support*, *Plan of SHRCB for Promoting the Small and Micro Business in 2022*, *Detailed Rules of SHRCB for the Implementation of the Long-term Mechanism to Strengthen Commitment*, *Initiative, Capacity and Expertise in Providing Financial Services to Small and Micro-sized Enterprises*, *Management Measures of SHRCB for Loans Without Repayment of Principals to Small and Micro Enterprises*, *Implementation Plan of SHRCB for the Business of Loans Without Repayment of Principals*, and *Implementation Plan of SHRCB for Providing “Relief Financing” for Micro, Small and Medium-sized enterprises in Shanghai*, to give full play to the role of policies in guiding micro, small and medium-sized enterprises, and provide them with institutional guarantee.

Consolidating the Organizational Structure

Defining the Responsibility of the Inclusive Finance Department for the Inclusive Finance Business across the Bank

In compliance with the requirements of the Strategy and Sustainability Committee e, the Bank’s Inclusive Finance Department leads the formulation of development plans for inclusive finance, leads the drafting of relevant business plans and management systems; leads the development of work plans for promoting inclusive finance business across the Bank, and facilitates the fulfillment of various indicators about inclusive finance; continuously improves the inclusive finance product and service system based on business needs, market changes and customers’ financial demands; leads the formulation and implementation of inclusive finance assessment and incentive measures across the Bank; and maintains and expands relevant channels of cooperation.

Setting up the Small and Micro Loan Center

The Bank set up the Small and Micro Loan Center and built a directly operated team. Dedicated to providing credit services for local small and micro enterprises through flexible and efficient operations, the center focuses on the financing demand of self-employed individuals and small and micro enterprises, and provides customers across Shanghai with small-amount, efficient and standardized credit products, to fill the gap in small and micro customer groups and resolve the pain point of self-employed individuals that have no access to financial institution loans due to the lack of standard collaterals.

Building a Team Dedicated to Small and Micro Finance

SHRCB commits to build financial talent teams that understand agriculture, have close relations with rural areas and care for farmers, and works to transform its traditional teams into teams dedicated to small and micro finance. As at the end of 2022, the Bank had set up 91 such teams consisting of 479 members, with outstanding small and micro loans topping RMB 9.1 billion.

SHRCB’s teams dedicated to small and micro finance varied services with customer groups, such as the “rent installation loan for new urban citizens” launched by Chongming SHRCB Rural Bank, “talent loan for new urban citizens” by Shenzhen SHRCB Rural Bank and other financial products tailored for specific scenarios. They designed grid-based marketing maps, and pursued all-sided marketing by building five chains, namely the industrial chain, enterprise chain, household chain, social community chain and Party and masses chain. They moved risk control steps forward, connected its micro loan system to the PBOC’s credit investigation system and other external data, and optimized business processes, to improve risk prevention and control.

Optimizing Products and Services

The Bank stepped up financial support for micro, small and medium-sized enterprises, focused on the pain points of such enterprises in fundraising, introduced new financial products and services and improved its product and service system.

Supporting Micro, Small and Medium-Sized Enterprises

Promoting fee reduction and profit concession

The Bank established a seamless long-term loan renewal mechanism, helping enterprises renew loans by allowing them to defer repayment of principals and interests or renew loans without repayment of principal to enable seamless financing and stabilize the “fund chain”. The Bank collaborated with Shanghai Administration Center of Policy Financing Guarantee Funds for MSMEs and opened express channels to handle applications by micro, small and medium-sized enterprises, providing countless asset-light small and micro enterprises with seamless online loan renewal services. The Bank introduced the move of “exempting fees for six service items and halving fees for three service items for worry-free settlement”, in which it exempted the fees for opening corporate current deposit accounts, maintaining small-amount corporate accounts and intra-bank settlement via corporate online banking and mobile banking, and halved the annual service fees for customer certificates in corporate electronic banking, annual services fees for corporate telephone banking and service fees for corporate mobile banking, so as to ensure fee reduction and profit concession.

Opening express channels

The Bank conducted active and careful investigations of enterprises’ operation conditions, upheld the principle of handling special cases with special methods and prioritizing the response to emergencies, established express channels for credit approval and granting, simplified internal business processes, and launched online review and approval through remote video conferences and image and document transmission to faster meet the demand of micro, small and medium-sized enterprises for financial services.

Enriching the means of granting loans

The Bank constantly increased the proportions of first loans, credit loans and medium and long-term loans, expanded the coverage of inclusive finance, paid continued attention to the financial demand of new urban citizens who started business in Shanghai, such as small and micro business owners and self-employed individuals, and increased effective financial supply. Meanwhile, the Bank gave further play to the role of the re-lending policy in stimulating and magnifying the financing services for small and micro enterprises, explored new models for the sub-loan business, and collaborated with the Shanghai Branch of the Export-Import Bank of China to provide targeted financial support for small and micro foreign trade enterprises. In 2022, based on the PBOC’s re-lending policy, the Bank granted RMB 24.7 billion of loans, benefiting over 6,000 enterprises in total.

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Increasing financial products

Leveraging the VAT credit refund policy, the Bank launched the “tax refund loan”, the first of its kind in the industry, to ease the pressure of fund turnover on market participants. The Bank tailored supply chain services to drive coordinated development and technological innovation among small and medium-sized enterprises across industrial chains, and worked out online instant discount and commercial note discount white lists to ease the financing difficulty for enterprises. To facilitate salary distribution by small and medium-sized enterprises and salary collection by employees, the Bank launched the “Xinzidai” financial service special solution, to provide relief for micro, small and medium-sized enterprises. As at the end of 2022, the Bank granted over RMB 70 million of credit and nearly RMB 50 million of loans through the product.

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Case

“Xinzidai” Helps Manufacturing Enterprises Scale up Production

Shanghai QJ Electronic Co., Ltd., a high-tech enterprise dedicated to circuit board manufacturing, needed funds to pay employees salaries as it took some time to recover accounts receivable. Learning the operating reality of the company, the Bank tailored an exclusive financial service solution for the customer, granting it an additional RMB 1 million of credit, which included RMB 0.6 million of “Xinzidai” credit for it to pay salaries based on the company’s demand of salary distribution.



Launching the “Entrepreneurship Guarantee Loan”

The Bank partnered with Shanghai Employment Promotion Center and Shanghai Administration Center of Policy Financing Guarantee Funds for MSMEs and launched the “Entrepreneurship Guarantee Loan”, to promote incubation of entrepreneurship projects, help entrepreneurs realize their dreams and increase support for entrepreneurship and innovation. As at the end of 2022, the balance of entrepreneurship guarantee loans was RMB 460 million; the Bank had granted RMB 990 million of loans to 460 customers since the business was launched, and ranked first among banking partners by the size of both granted and outstanding loans in 2022.

the balance of entrepreneurship guarantee

loans was RMB **460** million;

the Bank had granted RMB **990** million

of loans to **460** customers since the
business was launched



Focusing on “Business E Loan” and “Bank Tax Express Loan”

The Bank optimized online products, and combined corporate online banking with online products such as “Xinmiaotie”, “Business E Loan”, “Xinedai”, “Xinkuaidai” and “Yinshuidai” to provide customers with remote, online and contactless financial services. Meanwhile, the Bank built five major “Business E Loan” centers to enable online application for and centralized review and approval of housing mortgage loans. The Bank launched “Bank Tax Express Loan”, the first fully online inclusive finance product, and, by connecting to Shanghai’s big data center and integrating tax and corporate information in multiple dimensions, put the whole business process, like customer application as well as credit approval, granting, utilization and repayment fully online. In 2022, the Bank provided 8,365 small and micro-sized corporate customers with credit services through “Bank Tax Express Loan” and “Business E Loan”, with the balance of loans exceeding RMB 9 billion.

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3 Providing Convenience Services for the People

The Bank pushed for the deeper application of financial services to scenarios like daily life, health care, education, e-commerce, the Internet plus government affairs, to benefit the people through new models of financial services.

Improving Social Security

Introducing services from the “Government Service Hall”

Connected to the big data center to provide relevant government functions in the “Government Online-offline Shanghai”, the Bank pushed the deeper integration between financial services and government services. So far, the Bank sees 71 outlets of 20 branches or sub-branches complete the trial operation of relevant government functions in the “Government Online-offline Shanghai”, providing easier access to social services for the public.

Distributing elderly cards and financial social security cards

To facilitate the application for and collection of the new version of social security cards for elderly people, the Bank launched instant self-service social security card making tools, the first practice in the city, to help customers upgrade cards at home. As at the end of 2022, the Bank issued over 2 million elderly cards and over 1 million financial social security cards.

Providing trade union card support services

The Bank launched pre-made trade union cards, which feature simpler application procedures and faster issuance, making trade union card reissuance, replacement and collection more efficient, and further shortening the time of card collection for trade union members.



Case

Special Accounts for the Distribution of Migrant Workers’ Wages

In response to the policies concerning the agency service for the distribution of migrant workers’ wages, the Bank’s Qingpu Sub-branch actively visited the general contractors within its jurisdiction, and became an agent for a real estate project to distribute migrant workers’ wages through a special account. It guided the customer to handle the application procedure on Shanghai Construction Market Information Service Platform, and opened the Bank’s first special account for the distribution of migrant workers’ wages under the real-name system for house construction in July 2022, helping the customer solve the difficulty in distributing wages to migrant workers in project construction.



Advancing the Improvement of People’s Livelihood

Committed to doing practical things favorable to the people, the Bank works to make quality financial services easily accessible to the people, with the aim to help residents grow wealth and live and work happily and promote social prosperity and stability.

Implementing the “Mental Home” integrated community service solution

In 2022, the Bank launched the “Mental Home” integrated community service brand, and set up the first public welfare service station in Yingzhong Community, Qingpu. Aimed to help community residents live and work happily, the solution focuses on eight categories of services, including health care, culture and entertainment, group purchase of quality products, home life, community public welfare, financial laws, comprehensive housing services, and comprehensive financial services. Fully reflecting the Bank’s philosophy of providing financial services for the people, the solution marks a major exploration by the Bank to empower social governance through financial strength and provide convenience services for communities and residents.

Establishing the “Mental Home” deposit withdrawal points for rural residents

The Bank kickstarted the deployment of deposit withdrawal points in Shanghai’s rural areas, which are distributed in the suburban areas beyond the 2-km reach of its existing outlets, and meant to strengthen the basic financial services in rural areas and facilitate payment by villagers. As at the end of 2022, the Bank has set up 69 “Mental Home” deposit withdrawal points.

Upgrading “Cloud-Based Fees Payment” to facilitate residential life

Connected to the cloud-based fees payment platform, the Bank upgraded fees payment agency services that mainly cover water, electricity and coal bills payment. It launched the “Cloud-Based Fees Payment” service at the counter in June 2022, and made the service available in mobile banking in December, to further improve fee payment efficiency and user experience.

Supporting elevator installation in Shanghai

Targeting at the absence of elevators in local old residential buildings, the Bank offered supporting financial services, and launched the “Xinjiayuan” card, a bank card bound with the elevator ride card to enable elevator ride and fees payment to be done with just one card. As at the end of 2022, the Bank had provided financial services to the installation of nearly 1,000 elevators for more than 260 residential communities in more than 100 subdistricts of 15 administrative jurisdictions, granting nearly RMB 60 million of inclusive small and micro loans to a dozen of elevator installation companies; it had opened about 500 escrow accounts for elevator installation funds, provided management services for over RMB 300 million of elevator installation funds, and issued more than 500 elevator ride bank cards.

Encouraging green traveling

In June 2022, the Bank launched the campaign “Green Travelling for Resumed Work”. With qualified assets, a trade union card customer can get a “Hello Ride” weekly or monthly card through lucky draw, a move meant to boost green travelling among the public that resume work and production. From September to October in 2022, the Bank teamed up with Shanghai Federation of Trade Union and launched the travelling subsidy campaign for trade union members, themed “Green Travelling with Subsidy”, to encourage trade union card customers with cash to travel by subway, bus, ferry, tramcar or other green means, which attracted 40,000 customers in total.



Serving Elderly Customers

As a local commercial bank, SHRCB makes quality financial services for elderly customers one of the defining features in its operations. Based on the demand of elderly customers, the Bank keeps refining services to provide them with caring financial services.

“Anxianghuhuibao” security program

To expand the coverage of medical security among elderly people and provide additional support for their life after retirement, the Bank collaborated with CPIC and launched “Anxianghuhuibao”, a security program of subsidized purchase to maximize the protection of customer rights.

“Elevator Loan” of “Xinedai”

To help improve living environment, the Bank launched the “Elevator Loan”, a special loan under “Xinedai”, to meet the demand for funds in the installation of elevators in old residential buildings. With a special focus on the demand of elderly customers for credit, the Bank expanded the target of loans to the house owners with the need for elevators or their direct relatives within three generations, aiming to improve the living environment of elderly customers through financial services and facilitate their access to elevators.

“Anxiangbanlao” wealth program

The Bank launched Phase I of the “Anxiangbanlao” wealth management and asset allocation section. Through the program, it can tailor pension management solutions with exclusive pension products to customer needs, which marked a good start of the Bank’s pension management business.

Deepening the connotation of the “Anxiangxin Life” brand

In collaboration with SETV, the Bank recorded “Anxiangxin Life”, a program popular with elderly customers, and organized photographing salon activities, enriching the forms of entertainment for elderly people.

Setting up a volunteer team to support elderly people

The Bank continued to build the “Xin Volunteer” team consisting of customers, who provided voluntary services for elderly customers, such as participating in public welfare activities to support the old in communities, guiding the use of intelligent devices by elderly customers, and playing a part in community promotion. Moreover, in August 2022, the Bank officially set up the “Xiaoqingning” volunteer team supporting the old, which consisted of League member volunteers from branches and sub-branches. After trained, they offered voluntary services in outlet halls, neighboring communities and elderly service institutions, etc.



1

Valuing Virtue and Goodness and Improving Corporate Government

SHRCB bears in mind its mission that “inclusive finance delivers better life”, and practices the core values of “sincerity, responsibility, creation and benefit”. Valuing all stakeholders, the Bank works to consolidate the foundation of governance, tighten internal control and management and ensure prudent and compliant operations, in an effort to create both social values and business values.



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1.1 Enhancing the Level of Corporate Governance

Based on its positioning and in pursuit of transition, the Bank strictly abided by applicable laws and regulations, continuously refined the corporate governance structure, and increased information transparency, to make corporate governance increasingly effective, protect the rights and interests of all the stakeholders and drive high-quality development through high-level governance.

Adhering to Leadership by Party Building

The Bank adhered to the Party building leads development. In terms of institutional building, it established the governance mechanism featuring leadership by the Party committee, strategic decision-making by the Board of Directors and implementation by the management. In terms of organizational building, it reinforced the political foundation, and worked to forge distinctive Party building brands and invigorate primary-level Party building. In terms of the selection and use of talents, it both followed the principle of officials supervised by the Party and gave further play to the role of the market mechanism.

Through pre-research on major operation and management matters, the Bank gave further play to the Party committee's role in supervision and guidance, to make sure it focuses on major directions, overall situation, major matters and key issues. In 2022, the Bank held 55 Party committee meetings in total, which decided on 387 issues, including 102 issues based on pre-research; through management of the decision-making chain, it ensured various governance entities to perform respective duties and operate in a coordinated manner. The Bank developed the List of Items Relating to Major Decisions, Appointment and Dismissal of Key Officials, Major Project Arrangements and the Use of Large Amounts of Funds, which specified 78 items under four categories, as well as the governance entities in charge of decision-making for each item and respective decision-making chain, to give full play to the role of each governance entity. The Bank's Party Committee regularly heard reports on the work of strategic, holistic and critical importance involved in operation and management, listened to progress of major pre-research in time, and realized closed-loop management of major matters.

In 2022, the Bank held **55** Party committee meetings in total, which decided on **387** issues, including **102** issues based on pre-research



Cases in photos SHRCB Carries out Party Building Activities in Diverse Forms



2022 midyear Party Building Work Conference & Party Building Brand Display and Exchanges



Huangpu Sub-branch organizes the activity of "Learning the Guiding Principle of the 20th CPC National Congress to Unite All in Shanghai and Set Sail for a New Journey"



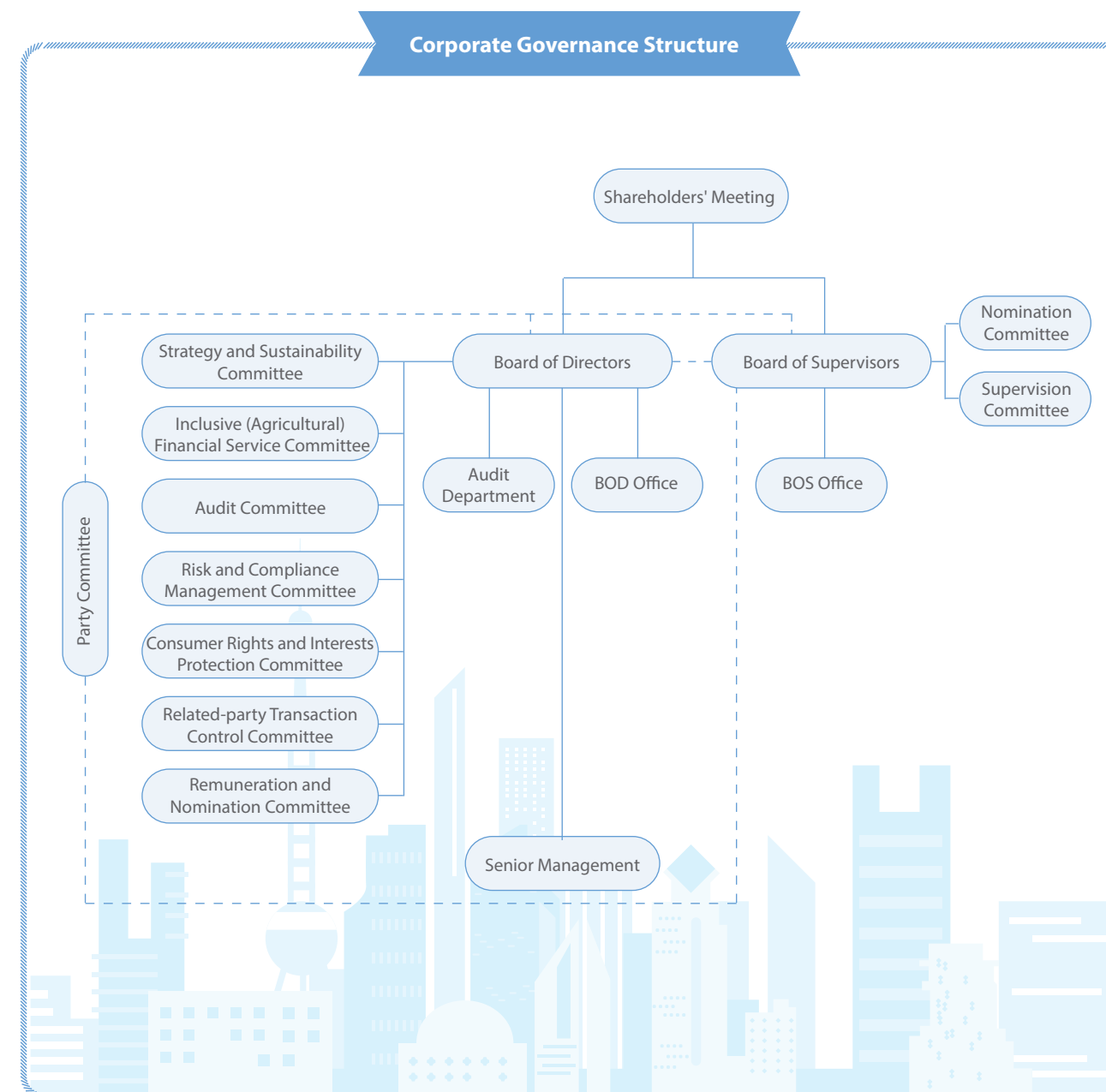
Meeting to Convey and Learn the Guiding Principle of the 20th CPC National Congress







Staff of Jing'an Sub-branch visit the Party Building Innovative Practice Base for Shanghai Internet Enterprises in the New Era

Improving the Corporate Structure

In accordance with the *Corporate Law*, *Securities Law*, *Commercial Banks Law* and other applicable laws and regulations as well as the regulatory requirements of China Banking and Insurance Regulatory Commission (CBIRC) and CSRC, the Bank kept improving its corporate governance structure, which consists of the shareholders' meeting, Board of Directors, Board of Supervisors and senior management and features clear definition of responsibilities, scientific management and effective operation, and established the "1+5+N" corporate governance institution based on the Articles of Association, pillared by the rules regulating the operations of five major governance entities, and supported by systems governing shareholder equity; related party transactions; directors, supervisors and senior management; information disclosure, insider trading and investor relations, and equity investment.



In pursuit of diversification and professionalism, the Bank appoints directors with strong professional abilities, good conduct and reputation and rich management experience for decision-making on corporate governance, and constantly improves the professionalism and independence of the Board of Directors. As at the end of 2022, the Bank had 16 directors, including 12 males and 4 females and 2 executive directors, 7 non-executive directors and 7 independent directors. All the directors performed duties honestly, diligently, professionally and efficiently, without any violations against the code of professional ethics.


<div>  <p>Independence of directors</p> </div>	<p>The Bank has an independent director system to ensure the provision of working conditions necessary for independent directors to effectively perform their duties. As at the end of 2022, independent directors represented more than 1/3 of the total, which is consistent with the provisions of CBIRC, CSRC and Shanghai Stock Exchange.</p>
<div>  <p>Performance of duty by directors</p> </div>	<p>The Bank's directors have adequate time and energy to perform their duties, and attend at least 2/3 of the onsite meetings of the Board of Directors in person each year, with both the entrusted attendance at the Board of Directors meetings and the time of performing duties consistent with regulatory requirements.</p> <p>In 2022, the Bank's directors took active part in the training on the interpretation of new rules on expected credit loss for commercial banks organized by the Bank as well as relevant training organized by CBIRC, China Association for Public Companies and Shanghai Stock Exchange; they actively studied various regulatory policies, guidelines, and internal publications including the <i>References for Directors and Supervisors</i>, <i>Risk Management Updates and Strategy Research</i> forwarded irregularly by the Bank, and have the professional knowledge and ability needed to perform their duties.</p>
<div>  <p>Diversification of directors</p> </div>	<p>The Bank constantly pushes for the diversification of the Board of Directors and increases the proportion of female directors to ensure the structure of the Board of Directors to be reasonable. Members of the Board of Directors have diversified expertise, experience and ability, and can give professional opinions on the matters submitted to the Board of Directors for discussion, thus improving the decision-making quality and supervision capability of the Board of Directors and enhancing the level of corporate governance.</p>
<div>  <p>Professionalism of directors</p> </div>	<p>Members of the Board of Directors have the education background for financial knowledge or the working experience in the financial industry. Dedicated to financial management for a long time, the 2 executive directors have rich experience in bank management; acting as the Deputy Secretary of the Party committee and Chairman of the Trade Union of the Bank, the 1 employee director has rich working experience in protecting employees' interests; coming from large state-owned enterprises and acting as board chairman, general manager, deputy general manager and financial director, etc., the 6 non-executive directors have rich experience in corporate management, finance and accounting; with diversified backgrounds, the 7 independent directors are highly professional and influential respectively in financial management, accounting, audit, legal affairs and information technology.</p>

In 2022, the Bank held 1 shareholders' meeting, which reviewed or heard 13 proposals. The convening and holding of the shareholders' meeting, the qualification of attendees, and voting procedures were all in line with laws, regulations and the Articles of Association. All the resolutions adopted by the shareholders' meeting were legal and valid.

In 2022, the Bank held 10 Board of Directors meetings, which reviewed or heard 113 proposals. Honest, professional, diligent and responsible, all the directors abided by the Company Law, Articles of Association and corporate governance procedures, acted to protect the legitimate rights of shareholders, cared about and safeguarded the interests of depositors and other stakeholders, and effectively performed their entrusted duties. The Bank held 4 Board of Supervisors meetings, which reviewed or heard 56 proposals. Earnest, diligent and responsible, all the supervisors took an active part in the Board of Supervisors' meetings, investigations and visits, attended shareholders' meetings, attended Board of Directors meetings as nonvoting delegates, and aired views independently.

Upholding Finance for Good and Developing Inclusive Finance	Valuing Virtue and Goodness and Improving Corporate Government	Serving Real Economy to Benefit the City and People	Optimizing Customer Service with Excellence and Diligence	Integrating Human and Nature with Shared Vision	Appendix
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The Bank's Board of Directors and senior management attach great importance to ESG work, and work continuously to improve ESG management. In 2022, the Board of Directors and its special committees reviewed and discussed a series of ESG related matters, securing the implementation of work in areas of rural revitalization, green finance, inclusive finance, consumer rights protection and CSR.

ESG management events in 2022	
<div>  <p>Board of Directors</p> </div>	<p>Reviewed the Proposal on Revising Eight Operating Systems for the Special Committees of the Board of Directors Including the Working Rules for the Strategy and Sustainability Committee of the Board of Directors of SHRCB, Proposal on the 2021 CSR Report of SHRCB, Proposal on the 2021 Self-Evaluation Report of SHRCB on Comprehensive Risk Management, Proposal on the 2021 Self-Evaluation Report of SHRCB on Compliance Risk Management, Proposal on Revising the Management Measures of SHRCB for Business Continuity, Proposal on the 2021 Self-Evaluation Report of SHRCB on Money-Laundering Risk from Financial Institutions, Proposal on the 2021 SHRCB Assessment of Directors' Performance of Duty, Proposal on the 2021 Evaluation Report of SHRCB on Strategy Implementation, and Proposal on Revising the Management Measures of SHRCB on Consumer Rights Protection, etc.</p>
<div>  <p>Strategy and Sustainability Committee</p> </div>	<p>Reviewed the Proposal on the 2021 Work Summary and 2022 Work Plan of the Strategy and Sustainability Committee of the Board of Directors, Proposal on Revising the Working Rules for the Strategy and Sustainability Committee of the Board of Directors of SHRCB, Proposal on the 2021 Evaluation Report of SHRCB on Strategy Implementation, and Proposal on Defining the 2022 Strategic OKR Tasks for the Head Office and Strategic OKR Tasks for Bank Leaders; heard the Proposal on the Development of Green Finance at SHRCB in 2021, and Proposal on the 2022 midyear Evaluation of Strategy Implementation by SHRCB, etc.</p>
<div>  <p>Inclusive (Agricultural) Financial Service Committee</p> </div>	<p>Reviewed the Proposal on the 2021 Work Summary and 2022 Work Plan of the Inclusive (Agricultural) Financial Service Committee of the Board of Directors, Proposal on Revising the Working Rules for the Inclusive (Agricultural) Financial Service Committee of the Board of Directors of SHRCB; heard the Report on the Inclusive Finance Work of SHRCB in 2021, Report on the Financial Services for Agriculture, rural areas and rural residents of SHRCB in 2021, Report on the Inclusive Finance Work of SHRCB in the First Half of 2022, and Report on the Financial Services for Agriculture, rural areas and rural residents of SHRCB in the First Half of 2022, etc.</p>
<div>  <p>Risk and Compliance Management Committee</p> </div>	<p>Reviewed the Proposal on the 2021 Work Summary and 2022 Work Plan of the Risk and Compliance Management Committee of the Board of Directors, Proposal on Revising the Working Rules for the Risk and Compliance Management Committee of the Board of Directors of SHRCB, Proposal on the 2021 Self-Evaluation Report of SHRCB on Comprehensive Risk Management, Proposal on the 2021 Self-Evaluation Report of SHRCB on Compliance Risk Management, Proposal on Developing the 2022 Risk Preference Strategy of SHRCBB, Proposal on the Report of SHRCB on Comprehensive Risk Management in 2021, Proposal on Revising the Management Measures of SHRCB for Liquidity Risk, and Proposal on the 2021 Self-Evaluation Report of SHRCB on Money-Laundering Risk from Financial Institutions; heard the Report on SHRCB's Self-Evaluation of Data Governance in 2021, etc.</p>
<div>  <p>Consumer Rights and Interests Protection Committee</p> </div>	<p>Reviewed the Proposal on the 2021 Work Summary and 2022 Work Plan of the Consumer Rights and Interests Protection Committee of the Board of Directors, Proposal on the 2021 Work Summary and 2022 Work Plan of SHRCB for Consumer Rights and Interests Protection, Proposal on Revising the Working Rules for the Consumer Rights and Interests Protection Committee of the Board of Directors of SHRCB, and Proposal on Revising the Management Measures of SHRCB for Consumer Rights and Interests Protection; heard the Report on the Special Audit of SHRCB's Consumer Rights and Interests Protection in 2021, etc.</p>

Protecting Investors' Rights and Interests

Shareholders' equity management

In strict compliance with regulatory requirements, the Bank established an equity management system in time, and continuously improved the Articles of Association and the Equity Management Measures, to reinforce the foundation for equity management. It strictly examined shareholders' qualifications, and put in place a regular equity monitoring mechanism for major shareholding data and behaviors. It guided and regulated shareholders' behaviors, regularly conducted evaluations and information audit targeting major shareholders and large shareholders, sent manuals about rights and obligations, established commitment files, and gave compliance prompts in time. It strictly followed regulatory requirements, strengthened stock right pledge management, built and improved the management architecture for related party transactions in which the Board of Directors takes the charge, the management honors its responsibility, and the business level performs the duty, accelerated the building of the system for related party transaction management, and intensified the dynamic management of related party transactions.

Investor relations management

The Bank put in place complete channels for communication with investors, and answered the questions raised by investors, securities analysts and other participants in the capital market about the Bank's strategic operation and business development through its official website, investor mailbox, hotline, SSE E interactions and other channels and in forms of shareholders' meetings, investor briefings, investor receptions, and roadshows and visits. In 2022, the Bank held 3 operating results briefings, received 226 calls from investors, replied to 94 questions via SSE E interactions, and reached nearly 100 investors through dozens of analyst and investor receptions, roadshows and visits. These efforts secured sound communication with professional investors and small and medium investors, as well as high-frequency, efficient and high-quality interactions with the capital market.



Case

SHRCB's First Operating Results Briefing Focuses on Market Hotspots and Responds to Investor Concerns

On May 11, 2022, the Bank held the 2021 Operating Results Briefing via video link on platforms including SSE Roadshow Center, p5w.net, wind.com.cn and roadshow.cnfin.com. This was the first operating results briefing held after the Bank went public, attracting countless investors and analysts and recording over 480,000 views. While showcasing the Bank's operating results and strategic plans to the capital market, the event also deepened exchanges with investors and increased recognition and understanding from the capital market.

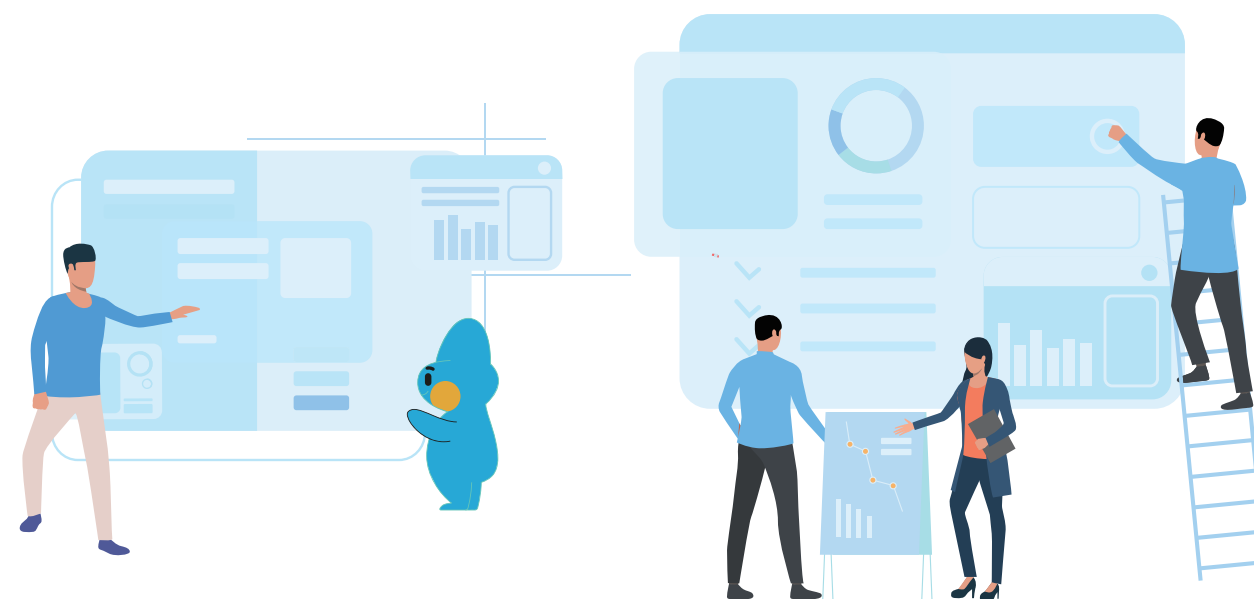


Strengthening Information Disclosure

The Bank continuously improved information disclosure and insider information management, advanced the building of a management mechanism for information disclosure, and strengthened management of insider information, to effectively protect the rights of all shareholders, particularly small and medium investors, to obtain information in a timely, accurate and equal manner. Attaching great importance to protecting investors' right to know, the Bank disclosed various significant information in a true, accurate, complete, timely and fair manner in strict compliance with all the laws and regulations about information disclosure, and implemented all the regulatory requirements. In the principles of openness, justice and fairness, the Bank disclosed information about corporate governance, operation and management truthfully, accurately and completely, ensured the content of disclosure to be concise, clear and easy to understand, and maintained the continuity and consistency of information disclosure. In 2022, the Bank was honored the "2022 Best Practice of Board Office in Listed Companies" by China Association for Public Companies, which fully reflects the recognition of the Bank's high-quality corporate governance and information disclosure from the capital market.

The Bank continued to improve the system for information disclosure management, and strictly observed the information disclosure-related regulatory rules for public companies. It revised the *Management Measures for Information Disclosure*, *Management Measures for Persons Knowing Insider Information*, *Management Measures for Internal Reporting on Major Matters* and other systems related to information disclosure, strengthened management of information disclosure and insider trading, and worked to make the reporting on major and sensitive information timelier and more accurate, so as to prevent risks from insider trading and reinforce the foundation for information disclosure. In 2022, the Bank disclosed 4 regular reports, 55 interim announcements, and 111 announcement documents on a high-quality basis, with the contents covering resolutions of the Bank's shareholders' meetings, Board of Directors and Board of Supervisors, profit distribution, moves to stabilize stock prices, bond issue and changes in the Board of Directors, Board of Supervisors and senior management, etc. The Bank strengthened closed-loop management of information disclosure, and actively conveyed the Bank's investment values to the market through multiple channels and in diverse forms. Besides regular disclosure channels, the Bank also introduced H5 and WeChat long pictures, among other forms, to display the core data in regular reports and improve reading experience. In 2022, no Information disclosure mistakes or omissions occurred.

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4 regular reports,
55 interim announcements,
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 high-quality basis



1.2 Intensifying Internal Control and Compliance

Committed to compliance operations, the Bank, focusing on the prevention and control of risks and aiming to improve risk management quality, worked to build a long-term management mechanism for internal control and compliance and foster an awareness and culture of compliance, and honored the philosophy about compliance operations.

Building a Compliance Culture

To build a model bank for compliance management, the Bank, guided by the philosophy of “active compliance, value compliance and substantive compliance by all”, further deepened the campaign under the theme of “Year of Internal Control and Compliance Management”, pressed ahead with the “1473” (1 goal, 4 improvements, 7 tasks and 3 innovations) program, and carried out a special campaign to ensure compliance, reinforce the foundation and guarantee security. Honoring its primary responsibility, the Bank improved the organizational structure, conducted risk screening, intensified pre-judgment of risks, and improved the quality and effectiveness of the move to screen and eliminate abnormal employee behaviors. Also, it strengthened the philosophy about compliance operations, completed the mechanism for internal control assessment, further sorted and optimized rules and systems, and built an internal supervision mechanism featuring coordination among audit, compliance, credit management, discipline inspection and oversight, business management and other lines to guard against relevant cases.

Valued compliance education and management among employees

Worked to create a sound environment for compliance operation by developing *Compliance Knowledge You Should Know*, *Compliance Bulletin*, *Prompts on Employee Behavior Management*, *Warning Education Comic about Employee Behaviors*, “Red Line” for *Compliance Operation by Commercial Banks and Selected Cases of Punishments and Case Prevention Manual*, and carrying out warning education on compliance culture, integrity culture, employees’ professional ethics and related cases.

Strictly implemented the personal internal control system

Bolstered the foundation for employee behavior management, maintained daily management of the employees from any third party who worked on a dispatched, agency or long-term basis, improved the grid-based framework for behavior management, moved personnel internal control and behavior screening online, created new monitoring rules, models and systems related to employee behaviors, and built an early warning mechanism with more rigorous risk control and more efficient operation.

Unified the standards for accountability

Revised the *Measures of SHRCB for Handling Employee Behaviors Violating Rules*, further improved accounting processes, stepped up efforts in active accountability, established a long-term working mechanism for cross-departmental discussions, and exercised accountability in strict accordance with laws and regulations, to truly give play to the deterrent role of accountability.



The Bank's compliance culture wall, designed to convey the guiding principle of the Head Office, branches and sub-branches about compliance operations, publicize “compliance role models” at primary-level outlets, and remind employees to ensure compliance through the “Warning Words” and “Risk Reminder” parts.

Upholding Finance for Good and Developing Inclusive Finance

Valuing Virtue and Goodness and Improving Corporate Government

Serving Real Economy to Benefit the City and People

Optimizing Customer Service with Excellence and Diligence

Integrating Human and Nature with Shared Vision

Appendix

Stepping up Anti-Money Laundering Efforts



Anti-money laundering measures

The Bank observed anti-money laundering laws and regulations, actively fulfilled various anti-money laundering obligations, and built and improved the organizational structure for money laundering risk management, so as to ensure the effectiveness of money laundering risk management. The Bank pressed ahead with the cooperative project of intelligentizing the anti-money laundering system, strengthened due diligence of customer identities, implemented the strategy of risk-based management, and completed the mechanism for internal supervision and inspection. Also, it improved the quality and effectiveness of suspicious trading monitoring and analysis, and comprehensively upgraded the software and hardware of the anti-money laundering system, to provide strong support for the progress of various anti-money laundering work. The Bank was highly recognized by competent authorities for its remarkable performance in centralized monitoring, and was rated by Shanghai Financial Stability Coordination Joint Conference Office and Shanghai Regulatory Bureau of China Banking and Insurance Regulatory Commission as the “2022 Advanced Unit for Monitoring and Early Warning of Abnormal Changes in Suspected Illegal Fundraising Accounts.”



Anti-money laundering training

The Bank organized various kinds of anti-money laundering themed training sessions, regularly updated materials for anti-money laundering training, and arranged targeted training through online courses or video rebroadcasting to raise the awareness of anti-money laundering among employees at various levels in affiliated institutions and further unify the compliance culture about anti-money laundering. In 2022, the anti-money laundering training covered 3,023 person times from the bank, including senior management personnel, employees in anti-money laundering posts and frontline business personnel, and 1,023 person times from affiliated institutions. All incumbent directors received training about anti-money laundering and anti-terrorist financing organized by the Bank in accordance with regulatory requirements, passed relevant tests and signed letters of commitment to fulfill anti-money laundering and anti-terrorist financing obligations. No incumbent directors were found to seek for improper interests using their positions for themselves or any third party or harm the Bank's interest for the sake of shareholders.



Anti-money laundering publicity

The Bank regularly organized themed publicity and education activities, and launched the publicity month campaign themed anti-illegal fundraising and anti-money laundering across the Bank every June and December. It fully leveraged various online and offline channels to expand the coverage of publicity, give targeted risk prevention prompts, reveal the characteristics and harms of illegal financial activities, and educate the public about preventing money-laundering risk. In 2022, the Bank organized 1,487 anti-money laundering activities, benefiting 58,909 people in total.

Efforts to Fight Corruption and Uphold Integrity



Strengthening institutional building

The Bank resolutely implemented the *Opinions on Strengthening the Building of an Integrity Culture in the New Era* released by the CPC Central Committee, and actively followed the requirements specified in the *Circular of the Committee of Shanghai Regulatory Bureau of China Banking and Insurance Regulatory Commission on Issuing the Opinions on Deepening the Building of a Clean Financial Culture in Shanghai's Banking and Insurance Industries*. By revising and improving the management measures for the remuneration for leaders for their performance of duty and business expenditure, the Bank strengthened budget management and supervision, built a rigorous, standard, open and transparent management system for leaders for their performance of duty and business expenditure, and reinforced integrity risk prevention and control.



Building a supervision mechanism

The Bank deepened and detailed the mechanism for the coordination among supervision through dispatched personnel, patrol supervision and audit supervision, to put in place a scientific, complete and effective supervision system. In 2022, the Bank carried out a special campaign for the prevention and control of integrity risk under the theme of “Upgrading Integrity and Fighting Corruption”, in which it developed effective and practical prevention and control measures and conducted targeted screening across the Bank in six major areas of integrity, including selection and use of talents, credit approval, asset disposal, investment and financing, bulk purchase and project bid invitation.



Deepening the assessment mechanism

The Bank improved and implemented the system for the assessment of the performance of duty in the full and strict governance over the Party and the reporting on the performance of duty and integrity by all affiliated institutions. It organized and carried out assessment of the performance of duty by primary-level Party organizations and middle-level officials, made the performance of duty in Party governance part of the annual assessment for officials, and further included it into the system for assessing the performance of leadership in various institutions.



Organizing education on integrity

The Bank steadily advanced the building of an integrity culture to create a sound atmosphere in which disciplines are observed and integrity is upheld. The Bank organized activities to develop the clean financial culture under the themes of "Creating a New Working Style" and "Embracing the 20th CPC National Congress by Bearing Integrity in Mind". It launched exhibitions advocating clean financial culture both online and offline, themed "Upholding Integrity in Shanghai's Financial Industry", in which warning education cases, comic stories about disciplines, discipline and law theater and lantern riddles guess were arranged to give full play to the role of the integrity culture in guiding the formation of values. In particular, the "Integrity Warning" at All Time" was rated as an excellent work at the "Lecture on Clean Financial Culture Stories among Youths" launched for Shanghai's banking industry. The Bank launched warning education in a deep-going manner, and distributed the *Collection of Typical Cases about Violation of Disciplines and Laws by Practitioners in Shanghai's Banking Industry*, to require all affiliated institutions to raise the awareness of case prevention.

Protecting IPRs

The Bank attaches great importance to the protection and utilization of IPRs, encourages independent innovation, and guards against IPRs disputes. It strictly abides by applicable laws and regulations including the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and *Regulations for the Protection of Computer Software*, and formulated the IPRs Management Measures of SHRCB, which specified the management of the ownership of, application for, maintenance of, license for, transfer of and disputes related to IPRs including patent right, exclusive trademark use right and copyrights, and stated that all employees have the obligation to protect various IPRs of the Bank and it will punish the employees who infringe upon the Bank's IPRs in accordance with the *Regulations of SHRCB for Employees Violating Laws or Disciplines*.

The Bank continuously improved information and management levels, and successfully passed ISO20000, ISO27001 and CMMI3 international certification. To further protect and fully leverage the outcomes of its financial IT system construction, the Bank formulated the *Regulations of SHRCB for the Management of Fintech IPRs*. As at the end of 2022, it had 6 software copyrights and 6 national patents, 3 of which were invention patents, and saw the application for 2 more invention patents underway. In the fintech area, the Bank was honored more than 10 honors at the municipal level or above; won the bronze prize at the 2nd China RPA+AI Developer Competition; took the first place at the World Congress on Artificial Intelligence in credit card fraud transaction identification and the second place in anti-telecom fraud design, and reaped four awards for excellent performance at the "Zhenxing" National Youth Vocational Skill Competition (Shanghai Competition Zone) and some other awards at fintech competitions or for innovation.

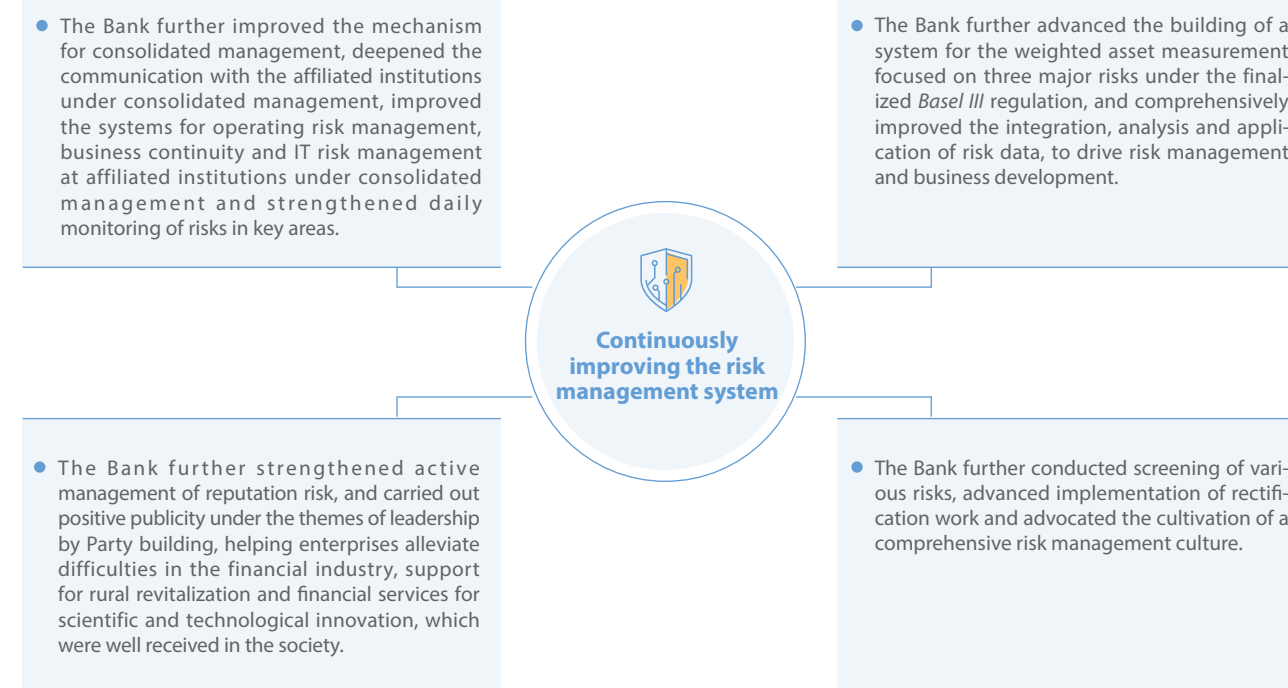
Advancing Responsible Procurement

In the *Management Measures for Centralized Procurement*, *Detailed implementation Rules for the Management of Centralized Procurement* and *Supplier Management Measures*, the Bank stated the observance of the principles of openness, fairness and justice in centralized procurement to fully protect suppliers' legitimate rights and interests; it announced procurement related contents and requirements in its website or relevant specialized websites, and did everything possible to seek for proper suppliers; it required the departments with procurement needs to identify true and reasonable demands for centralized procurement, and judged suppliers' qualifications based on project features and free of any discriminatory or exclusive factors; it required procurement to be in compliance with integrity regulations and the persons who may have material influence on the results of centralized procurement and the Bank's employees who have a stake in the supplier in procurement to avoid involvement in every part of the procurement; it announced procurement results in time, and accepted supervision over and inspection of centralized procurement by its employees and social supervision as well.

The Bank established integrity-based, steady and long-term relations with suppliers that cover a complete range of areas to ensure procurement to be compliant and efficient. It required supplier management to abide by national laws and regulations and the Bank's rules and systems, observe the principles of integrity and credibility and follow the rules on honest operations, with efforts to guard against improper transaction behaviors. It raised requirements on supplier access, screening, evaluation, information maintenance, improper behavior management and compliant handling, to strengthen supplier management.

1.3 Comprehensive Risk Management

The Bank thoroughly implemented the guiding requirement of the 20th CPC National Congress and the Central Economic Work Conference as well as regulatory directions, carefully studied economic and financial situations, adhered to a prudent risk appetite strategy, and advanced green finance to build itself into a bank with green development as a defining feature in the Yangtze River Delta. It resolutely drove digital transformation, continuously refined the risk management system, improved risk management technologies, and strengthened training for risk management personnel, to enhance risk management in an all-round way. Based on its 3-year strategic plan, it focused on reform and innovation, intensified pre-judgment of risk situation, made risk management more forward-looking, honored the strategy of "small and scattered businesses", further optimized the credit structure, and ensured risk prevention, so as to promote steady and sound operations across the Bank.



2

Serving Real Economy to Benefit the City and People

SHRCB aligned the implementation of national and regional key strategies with its own development, and upheld the principle of serving real economy with financial services. It worked to drive the high-quality development of real economy, gave play to its advantages as a state-owned financial enterprise in Shanghai and faithfully fulfilled its due responsibility.



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2.1 Promoting Regional Development

As a 70-plus-year-old local financial institution in Shanghai, SHRCB worked to deepen its development across the region. In active response to the strategy launched by the municipal government to open a new situation for development, it focused on the building of “five new towns” and “South-North Transformation” served the move to build Shanghai into a scientific innovation center, and practiced the new concept of development, so as to contribute to the coordinated development of the region.

Integrated Development of the Yangtze River Delta

Deeply involved in the development of the Yangtze River Delta, the Bank paid attention to the major projects for integrated regional development in national plans and the projects with Shanghai or its neighboring areas at the core, and prioritized infrastructure projects in its support for the strategy about the integrated development of the Yangtze River Delta. In 2022, it joined the Intra-urban Financial Service Innovation and Development Alliance in the Yangtze River Delta Integrated Development Demonstration Area, granted RMB 35.169 billion of credit to the key rural finance institutions and RMB 141.674 billion of credit to 97 small and medium banks in the Yangtze River Delta, and served about 780 local customers, with the balance of on-balance sheet loans standing at about RMB 32.1 billion. It stepped up support for the G60 Science and Technology Innovation Corridor, contributing to the boom of emerging industries in AI and other areas and the integrated development of the Yangtze River Delta region.

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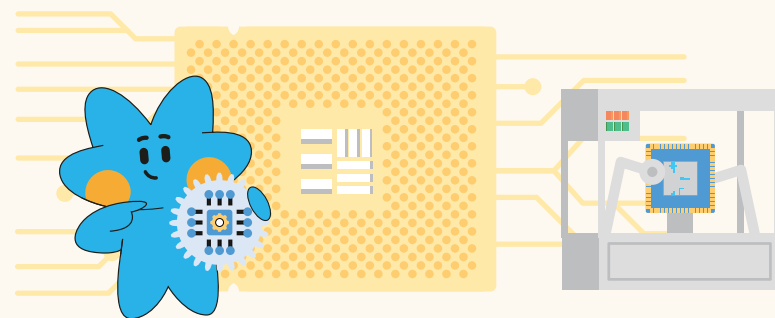


Case

Fully Supporting Key and Emerging Industries

G60 Science and Technology Innovation Corridor is launched to cultivate “6+X” key strategic emerging industries based on its locational advantages. The Bank closely followed the strategic orientation, and helped the area foster many high-tech firms that developed technologies to remove “bottlenecks”.

Located in G60 Science and Technology Innovation Corridor, C Company is a manufacturer specialized in the new materials for chips, as well as a key enterprise of strategic importance which started from scratch and later broke foreign monopoly in the chip material industry. Being scientific innovation oriented, since 2013, the Bank has provided credit services to the enterprises to help them expand production and increase R&D input. With a key project newly launched by the enterprise listed into the projects with tens of billions of output in Songjiang District’s 14th Five-year Plan, the enterprise served as a typical case for the move from “manufacturing” to “creation”.



Building of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone

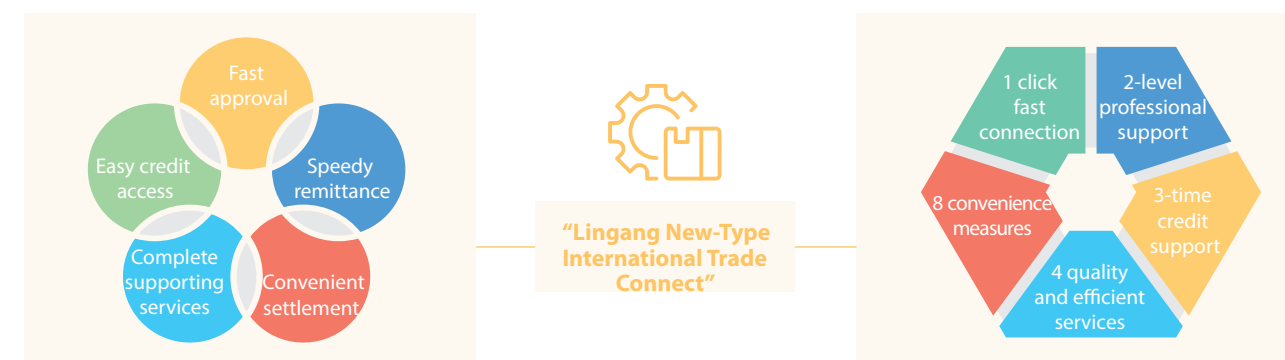
Further integrated into the building of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone, the Bank, in its *2022 Policies for Credit Granting Directions*, required vigorous support for the development of frontier industrial clusters and emerging industries in China (Shanghai) Pilot Free Trade Zone, and proposed efforts to strengthen the integrated financial services for Lingang Special Area and expand cross-border financial services based on the local sub-branch, so as to make Lingang Special Area better placed for the development of new-type international trade.

Continuously promoting the special service solution

Closely following market trends, the Bank developed the “Science and Innovation Loan in Lingang Park” 2.0 solution, which featured online application, digital access, personalized credit granting and integrated services. The solution introduced digital evaluation, using IPR SaaS to evaluate the technological innovation attributes of enterprises and improve the efficiency and accuracy of enterprise rating. Meanwhile, the solution incorporated innovative features like Lingang New-Type International Trade Connect and financing guarantee, and highlighted empowerment through integrated financial services. As at the end of 2022, the Bank has reached 1,015 enterprises in the parks through the solution, provided credit support for 562 tenants within parks under Lingang Group, and granted loans to 560 enterprises, increasing by 359 from the beginning of the year, covering 20 industrial parks, and involving RMB 7.833 billion in total, up RMB 5.271 billion from the beginning of the year.

Actively carrying out strategic cooperation

In February 2022, the Bank signed a strategic cooperation agreement with the Administrative Committee of Lingang Special Area, and teamed up with the Administrative Committee of Lingang Special Area and Lingang Group and released the service solution of “Lingang New-Type International Trade Connect”, for cooperation on the development of key industries and construction of major projects in Lingang Special Area and the building of Nanhui New Town in areas like inclusive finance, technology finance, smart city and rural revitalization. As a special service solution launched for the new-type international trade enterprises in Lingang Special Area, “Lingang New-Type International Trade Connect” featured easy credit access, fast approval, speedy remittance, convenient settlement and complete supporting services. Combined with “1 click fast connection”, “2-level professional support”, “3-time credit support”, “4 quality and efficient services” and “8 convenience measures”, the solution was meant to resolve the pain points of the enterprises in account opening, settlement and document review, support and promote new-type international trade carried out by the enterprises in Lingang Special Area, and further liberalize international trade in the area.



Case

Lingang Special Area Sub-Branch Signs a Contract on a Major Cultural and Tourism Project in Lingang Special Area

In December 2022, the Bank’s Lingang Special Area Sub-Branch signed a contract with Harbour City Group on a syndicated loan for the “DF marine project”, which is among the first batch of key cultural and tourism projects launched in Shanghai for the 14th Five-year Plan period, and designed to be a world-class tourism destination and a place supporting Shanghai’s role as an international consumption center. In collaboration with the Bank’s sub-branch promoted close communication among different business lines, and completed contract preparation and signing at the fastest possible speed while ensuring compliance, kicking off a good start for business development in 2023.

Focusing on the Building of “Five New Towns” and the “South-North Transformation”

Centering on the building of “five new towns” and the “South-North Transformation”, the Bank sped up the establishment of a mechanism in support of the moves. In its 2022 Policies for Credit Granting Directions, it prioritized support for the “five new towns” and services for the five types of economy in the new towns, and required deeper involvement in advanced manufacturing and modern service industrial clusters, transport, educational, medical, cultural and sports infrastructure projects and projects for a greener living environment, so as to promote the integrated development between the city and industries and help optimize the spatial layout of the city and the “South-North Transformation”.

Provide financial support	<ul style="list-style-type: none"> ● Increase credit support of various kinds to promote construction of the new towns in an all-round way ● Define credit lines for the five new towns, with the intentional credit size not less than RMB 200 billion during the 14th Five-Year Plan period, and encourage branches and sub-branches to grant credit to the new towns through differentiated pricing and performance assessment
Upgrade services	<ul style="list-style-type: none"> ● Establish express channels to prioritize handling of major projects in the new towns ● Strengthen team building and establish the mechanism for assessing the members of the teams dedicated to the new towns
Optimize credit direction policies center in our regional industries	<ul style="list-style-type: none"> ● List the financial support for the five new towns among the projects prioritized for credit granting in 2022, with the focus on infrastructures, advanced manufacturing, green finance and rural revitalization ● Center on the building of key industrial brands, such as “Jiading International Smart Auto City” “Qingpu Yangtze River Delta Digital Trunk” “Songjiang G60 Science and Technology Innovation Corridor” “Fengxian Oriental Beauty Valley and Lingang Digital, Connected” and “Intelligent Manufacturing” ● Support Jinshan in building a demonstration zone for the green transition of fine chemicals, and advance the integrated development of cultural & tourism and agricultural sectors ● Support Baoshan in developing an intelligent equipment industrial cluster and a platform for bio-pharmaceutical development and bulk commodity trading in northern Shanghai
Advance featured services	<ul style="list-style-type: none"> ● Release the <i>Ten Service Measures of SHRCB for Promoting the Transformation of the “South-North Transformation”</i> based on the strategy plan of the CPC Shanghai Municipal Committee and Shanghai Municipal Government and in line with the general requirements of “transformation across the areas, integration between the city and industry, clustering of strategic emerging industries and low-carbon development” ● Develop “Yinshuidai”, a special solution to support the construction of the new towns to benefit small and micro enterprises and their owners ● Cultivate science and technology innovation enterprises through the “Xindongneng” brand. Promote “Science and Innovation Loan in Lingang Park”, with the focus on the “6+2” industrial system in Lingang Special Area. Scale up the “Chuangxin Action” to steadily expand the coverage of services among the specialized and sophisticated enterprises that produce new and unique products ● Provide online and offline financial services, and meet the financing demand of new customers in the new towns through the “Immediate Action” model
Introduce customers to the new towns	<ul style="list-style-type: none"> ● Launch the campaign of “Building a Smart Future through Financing” in parks, recommending policies related to the new towns to quality customers, group customers, customers with the intent to move and customers pursuing business expansion, and introducing established partners into the new towns
Serve the high-quality life of residents in the new towns	<ul style="list-style-type: none"> ● Prioritize credit for the construction of government-subsidized rental housing in the new towns, and highlight support for the resettlement of farmers in tall buildings and rural revitalization projects ● Tailor financial service scenarios for the new towns, and provide support in terms of elderly care, health care and education for attracting external talents while ensuring services for local residents
Empower social governance	<ul style="list-style-type: none"> ● Enrich financial products and explore new scenarios of empowering social governance through inclusive finance ● Release the Special Financial Service Solution for Ex-servicemen to provide sound financial services and environment for innovation and entrepreneurship by ex-servicemen ● Deepen integrated financial services for scenarios like “elevator installation for old residential buildings” and “installation of charging piles in communities”

Extend the reach of outlet services

- Advance outlet transformation in all aspects, and carry out differentiated operations based on the industrial plans, population composition and consumer habits in the new towns;
- Continuously optimize outlet layout, and increase the coverage of outlets based on the research on industrial clustering, people flows and regional development;
- Set up financial service stations at village committees and community public service centers, and provide convenient financial services to residents in the five new towns by making the “last mile” financial services available to rural areas.

Serving the Move to Build Shanghai into a Scientific and Technological Innovation Center

The Bank upheld the philosophy of “earlier stage in science and innovation, more comprehensive coverage of science and technology, and more advanced scientific research”. With the focus on improving the science and technology finance capability, popularizing key projects of science and technology finance and optimizing the quality and effectiveness of science and technology financial services, the Bank released the *3-Year Action Plan of SHRCB for the Development of Science and Technology Finance (2023-2025)*, and set up a part-time research group for strategic emerging industries. With positive results achieved in empowerment through financial services, the Bank remained committed to becoming a discoverer, provider and creator of values for tech enterprises. As at the end of 2022, the balance of loans to tech enterprises stood at RMB 71.212 billion, an increase of RMB 18.635 billion or 35.44% compared to the end of the previous year; the number of borrowers was 2,460, an increase of 522 compared to the end of the previous year.

Building a special system for science and technology finance

The Bank implemented the “Six Special Mechanisms”, and endeavored to build a multi-levelled distinctive structure. At the Head Office level, it piloted the Department of Science and Technology Finance; at the sub-branch level, it worked to make Zhangjiang Science and Technology Sub-branch, the first sub-branch dedicated to science and technology finance in Shanghai, bigger and stronger. As at the end of 2022, Zhangjiang Science and Technology Sub-branch reported RMB 10.453 billion in the balance of tech corporate loans, and granted loans to 271 tech enterprises. The Bank set up three more science and technology sub-branches, including Caohejing Development Zone Sub-branch and Lujiazui Sub-branch, respectively in Caohejing Development Zone and Grand Zero Bay Science and Technology Innovation Zone, key pilot areas for developing science and technology finance clusters. The Bank set up teams dedicated to science and technology finance, which joined the said three kinds of institutions to form a special system for science and technology finance aimed to improve the professionalism of financial services through specialized operation, distinctive assessment and differentiated authorization.

Enriching product categories to provide targeted services

The Bank unveiled the “Xindongneng 2.0” service solution, which focused on the tech enterprises with high-growth potential in strategic emerging industries, defined five stages of development, namely “silver seed”, “gold seed”, “Xin seed”, “to be listed” and “matured” stages, and tailored products to meet their need. The Bank provided loans for specialized and sophisticated SMEs that produce new and unique products, debt-equity combination, startup loans and contract fulfillment loans for the enterprises at the start-up stage; the “RMB 10 billion financing program for more than 1,000 customers” and “Light of Huangpu River” for enterprises at the growth stage, and the “Specialized and Innovative Small Giant” special marketing program (“Yinhangdai”) and science and technology innovation notes for the enterprises at the expansion stage. The Bank launched the “One Xin Four Wings” service model with “Xindongneng” enterprises at the core, and worked with government entrusted platforms, risk sharing agencies and specialized service agencies to pool and integrate resources from various sides and provide integrated, diversified and all-sided financial services for “Xindongneng” enterprises. At the end of 2022, the “Xindongneng” pool saw 732 enterprises under incubation and granted over RMB 60 billion of credit, including 66 listed companies.



SHRCB works with Shanghai SME Listing Promotion Center and holds the “Light of Huangpu River” Science and Technology Innovation Enterprises Investment and Financing Summit & “Xindongneng” Incubation Outcome Sharing Meeting to deepen the linkage between “Xindongneng” and “Light of Huangpu River”.



Case

Integrated Service Solution for Specialized and Sophisticated Enterprises That Produce New and Unique Products

With a focus on the specialized and sophisticated enterprises that produce new and unique products, the Bank released the Integrated Service Solution for Specialized and Sophisticated Enterprises That Produce New and Unique Products, improved the special loan solution for specialized and sophisticated SMEs that produce new and unique products and the special marketing program for “Specialized and Innovative Little Giant”, and completed the customized product system comprised of loans for specialized and sophisticated SMEs that produce new and unique products, “RMB 10 billion financing program for more than 1,000 customers” and special marketing solution for “Specialized and Innovative Little Giant”.

The Bank launched the “Chuangxin Action”, focusing on the gradient cultivation of specialized and sophisticated enterprises that produce new and unique products, prompting such enterprises to shore up weaknesses and increase strengths in basic industrial areas and stimulating their vitality for innovation. As at the end of 2022, the Bank had served more than 35% of specialized and sophisticated SMEs that produce new and unique products and nearly 50% of “Specialized and Innovative Little Giant” enterprises in Shanghai, with the size of loans one of the biggest in Shanghai.



Case

IPR Pledge Financing

In response to requirements on ensuring IPR pledge financing services as specified in the *Action Plan for Shanghai's Banking Industry and Insurance Industry to Support the Building of Shanghai into a Scientific and Technological Innovation Center (2022-2025)* issued by eight government agencies including Shanghai regulatory bureau of China Banking and Insurance Regulatory Commission on December 26, 2022, the Bank set the objective of at least doubling the balance and customer number of IPR pledge loans by the end of 2025. By cultivating core talents, core technologies and core advantages, the Bank explored digital IPR evaluation, and worked to enhance the market competitiveness of IPR loans and other key products. As at the end of 2022, the Bank reported 122 customers receiving loans through IPR pledge and about RMB 819 million in the balance of pledge loans, both among the highest in Shanghai.

Building a complete ecosystem

The Bank improved the science and technology finance ecosystem, built the “Xindongneng” system to empower customers in six dimensions, and worked with government agencies, park platforms, exchanges, research institutes and universities, investment institutions, securities companies, intermediaries and other partners to establish a “1+N” cooperation platform, with the aim to create a synergic force and provide whole-lifecycle, multi-layered and differentiated empowerment and value-adding services for the enterprises incubated in the “Xindongneng” pool in six dimensions, namely industrial integration, resources connection, institution recommendation, tutoring and consulting, talent services and fintech.



Case

List of Enterprises Incubated in the “Xindongneng” Pool

A Company is a leading manufacturer of collaborative robots with remarkable technical strength. The Bank started cooperation with A Company in 2020, when the latter was at a stage of fast expansion. The Bank not only provided RMB 10 million of credit to A Company, but also included it into the “Xindongneng” pool. While A Company was preparing for Series C financing, the Bank successfully connected the company to a well-known investor, helping it obtain RMB 250 million in equity financing. While A Company kicked off its Series D financing, the Bank assisted it in handling foreign exchange-based FDI registration and receiving overseas investment totaling tens of millions of dollars as scheduled. So far, A Company has started procedures for a split-share reform, taking a major step towards the capital market.

Advancing the Development of the “3+6” Industrial System

In 2022, committed to serving real economy through financial services, the Bank worked to build the mechanism for financially supporting the high-quality development of manufacturing, and improve the position of high-end manufacturing as a key pillar of the Bank's business portfolio and its role in driving other businesses.



Focus on key industries

- Focus on advanced manufacturing, part of Shanghai's “3+6” industrial system, and, based on Shanghai's industrial map, take active part in the building of quality carriers for the manufacturing industry viewed as the key to Shanghai's move to develop “one pole and three belts”, build new towns and promote the transformation of its southern and northern areas.
- Develop a marketing map for customer groups, implement management based on the list of key enterprises, build a catalog of advanced manufacturing enterprises in Shanghai, and push branches to connect customers in a targeted and active manner.



Advance product innovation

- Conduct marketing in corporate and private services, domestic and foreign currency services, on- and off-balance sheet services, investment banking, and agency recommendation based on the characteristics throughout the lifecycle of manufacturing and the financial demand of the industry and in combination with the Bank's “Xindongneng” incubation program;
- Prioritize support for the core enterprises in the critical parts of the key industrial chains identified in Shanghai, improve the ability to serve local dominant enterprise and its upstream and downstream SMEs in the industrial chains, build an ecosystem centering on the industrial chains, accelerate the integration between business and technology, and explore the building and application of industrial chain risk control models;
- Adapt to the features of customers in Shanghai's manufacturing industry, such as innovation-driven upgrade and leverage resources in the Yangtze River Delta to expand the room for development, and tap the opportunities for cooperation associated with the Bank's base in Shanghai and the enterprises it held moving to other parts of the Yangtze River Delta.



Improve industrial research ability

- Conduct systematic research on advanced manufacturing, which is part of Shanghai's “3+6” industrial system, tailor integrated financial service solutions on a market-by-market basis, and tap opportunities in the region from a professional perspective;
- Build a service system in which special teams are set up for specific industries, and steadily advance marketing based on key lists of customer groups in various industries and grid-based expansion.



Improve the special assessment mechanism

- Establish the special mechanism for performance assessment, properly channel resources into manufacturing, and build a culture to strengthen the Bank's commitment, initiative, capacity and expertise in providing loans to manufacturing enterprises.



Case

Promoting the High-quality Development of the Bio-pharmaceutical Industry

The Bank made aggressive exploration in multiple ways to offer financial services for the pharmaceutical industry. It held the health care session of the “Investment Banking Lecture” and the “Xindongneng” Biopharmaceutical Industrial Forum, and established the platform for the communication among core enterprises, upstream and downstream enterprises, external expert agencies and SHRCB; it set up the bio-pharmaceutical industry research group and the biopharmaceutical project review and approval group to conduct in-depth study on the characteristics and demands of bio-pharmaceutical enterprises and explore new financial service measures.



At the 24th Shanghai International Forum on Biotechnology & Pharmaceutical Industry, the Bank was listed among the “Top 10 Financial Institutions Serving the Bio-pharmaceutical Industry”, and became one of the first batch of director organizations on the national bio-pharmaceutical enterprise platform.

Facilitating the Development of Industrial Parks

To better implement the national strategy and beef up support for real economy, in 2022, the Bank unveiled the “Four Hundred Projects” 2.0 solution based on the strategic marketing guideline for the “Four Hundred Projects”; with the marketing work focused on “100 industrial parks and 10,000 enterprises”, the Bank made “100 marketing teams”, “fundraising for 100 companies” and “100 to-be-listed companies” the critical parts of marketing, and worked to optimize the structures of park customers and industrial customers in the first 2-year cycle, with the aim to build the core competence of industrial clusters and enhance the quality of specialized operation.

Making targeted efforts to expand the customer base in industrial parks



With a focus on key industrial parks, the Bank continued to stabilize growth, expanded credit granting to key projects and adjusted the structure of credit. It encouraged competition by all institutions to grant first loans to new customers and grab market shares, concered team's outreach ability in corresponding industrial parks and focused resources to form financial barriers in each industrial parks.

Stimulating the financial vitality of park enterprises

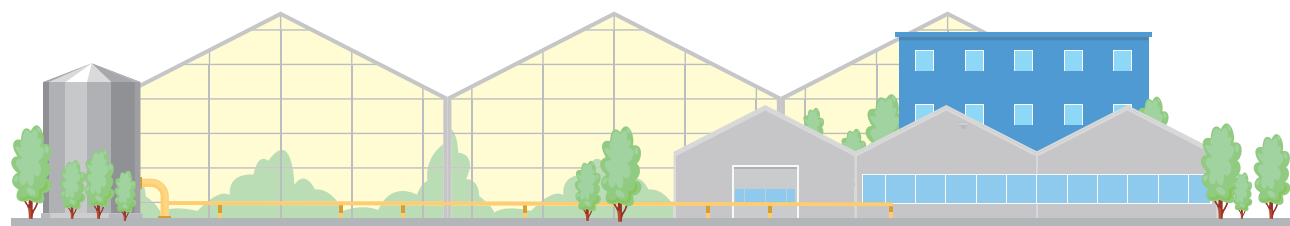


Working to stabilize existing customers, the Bank exercised dynamic list-based management of the customers that newly opened accounts at the Bank among the 10,000 enterprises in 100 industrial parks to foster more active quality customers with bigger comprehensive contribution. The Bank decomposed the EVA improvement task based on customers, gave better play to the demonstration role of the customers who perform better, drove the change of the spatial landscape of customers across the Bank with the transformation of the structure of industrial parks customers, and increased the proportion of EVA customers in the corporate finance business.

Further strengthening management over the business expansion process



The Bank continued to tighten management over the business expansion process with clearly defined timeline and business volume and a transparent bottom line. As at the end of December 2022, The bank has established cooperative relationships with 2,102 enterprises for the first time in national, municipal, district level industrial parks and Shanghai characteristic industrial parks, and has established credit cooperative relationships with 2,196 enterprises for the first time. Among them, 260 are Specialized and Sophisticated Enterprises, accounting for 11.84%; 2,047 are small and micro enterprises, accounting for 93.21%.



2.2 Focusing on Livelihood Projects

Urban renewal and renovation of old urban residential communities are livelihood projects that concern people's well-being and a city's development in the long term. Leveraging its financial strength, the Bank provided strong support for major livelihood projects. By participating in the design of financing solutions, launching express approval channels and prioritizing credit resources, the Bank worked to ensure the smooth progress of major livelihood projects, as a way to honor its mission of “finance for the people”.

Urban Infrastructure Construction

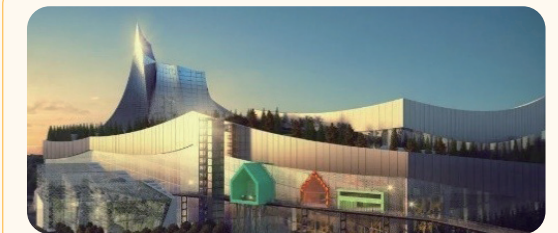
Actively aligned with major infrastructure projects, the Bank strengthened policy, product and approval process support, and took a package of financial service measures to improve financial support and facilitate the progress of major infrastructure projects.



Case

Supporting Major Infrastructure Projects to Empower Urban Renewal

At the end of 2022, the Bank successfully granted a syndicated loan for the “Baoshan Renewable Energy Utilization Center” project, a major municipal-level green infrastructure project designed to meet the need for waste disposal in both near and long terms in Baoshan district and expected to generate over 500 million kWh of electricity connected to the grid. With leading technology, advanced process, near-zero carbon emission and neighborhood-friendly operation, the project features coordinated disposal of both dry and wet waste as well as leading energy utilization practice, ultra-low discharge of exhaust gas and resources-oriented utilization of ash and slag.



Government-subsidized Housing Projects

In response to the urban renewal policy of the municipal government, the Bank supported renovation of old residential buildings, renovation of urban villages and government-subsidized housing projects, among others, to empower urban renewal by financial means. As at the end of 2022, the balance of loans granted to government-subsidized housing projects was RMB 6.5 billion, a net increase of RMB 1.9 billion from the end of 2021.



Case

Supporting Major Livelihood Projects to Promote Renovation of Old Urban Residential Communities

Shanghai JG Group is responsible for the development of a urban renewal (old district renovation) project in Huangpu District, Shanghai. The proposed project is the construction of residential buildings and supporting commercial and public facilities, aimed to improve local living environment, and is expected to benefit nearly 3,300 residential households and enterprises in the old urban residential community. Learning about the financial demand of the customer, the Bank made a visit to the enterprise and developed a credit solution at the earliest time possible. Due to the high total investment amount of the project, the bank ultimately adopted a syndicated loan participation method for financing, which promoted the progress of this major livelihood project.

Facilitating the Development of the Culture and Tourism Industry





Highlighting financial support for the culture and tourism industry, the Bank acted vigorously to promote the building of tourism demonstration zones across the region, backed the development of local tourism e-commerce operators and scenic spots, created “Xinsurong”, a new financial service for the homestay scenario, and rolled out a package of measures to boost the culture and tourism industry.

Among the first batch of banking partners under the program of “Benefiting Enterprises through Financial Services to Revitalize the Culture and Tourism Industry”

In June 2022, Shanghai Municipal Administration of Culture and Tourism teamed up with five banking institutions, including SHRCB, and launched the campaign themed “Benefiting Enterprises through Financial Services to Revitalize the Culture and Tourism Industry”.

As one of the first batch of banking partners tasked to accelerate the revitalization of the culture and tourism industry, to implement the “12-point” policy to provide relief to tourism enterprises and the “12-point” policy to boost their quality and power released at the municipal level, SHRCB tailored a financial solution for local culture and tourism industry to fully support its recovery. Meanwhile, the Bank established an express service channel jointly with the municipal administration of culture and tourism exclusive to culture and tourism enterprises, stepped up efforts to ensure seamless loan renewal, created new financial products, sped up response to customer demand and put more services online.

Launching a special financial solution for the culture and tourism industry

	Establish grid-based and carpet-type connection with culture and tourism enterprises, drive the development of the whole industrial chain through single enterprises, and maximize the clustering effect of the industrial chain.
	RMB10 billion credit line.
	Launch the move of “exempting fees for six service items and halving fees for three service items for worry-free settlement”, in which the fees for opening corporate current deposit accounts, maintaining small-amount corporate accounts and intra-bank settlement via corporate online banking and mobile banking and other three fees were exempted, to ensure fee reduction and profit concession and ease the burden on culture and tourism enterprises.
	Further connect to the municipal administration of culture and tourism and chambers of commerce and industrial associations at all levels, and deepen the mechanism for the cooperation among governments, chambers of commerce and industrial associations, banking institutions and enterprises; frequently carry out activities to publicize financial policies and products.

2.3 Facilitating Cross-Border Trade

The Bank explored paths to facilitate cross-border trade. Leveraging Shanghai’s advantages as an international finance center and trade center and targeting the pain points of international trade right now, the Bank increased resources input, enriched cross-border services, improved the cross-border financial service system, to accelerate opening-up at a high level and the formation of a “dual circulation” development paradigm.

Promoting Trade and Finance

Through industrial analysis, channel exploration and collaboration with industrial peers, the Bank made a way into customers’ capital chains, industrial chains and eco-systems using integrated and systematic trade and financial service solutions. While ensuring policy compliance and risk controllability, the Bank expanded the channels for using foreign exchange funds, created new portfolios of domestic and foreign currency products, and sped up input of assets in trade and finance business. The Bank increased cooperation with industrial peers in both width and depth, and maintained and expanded its global network of agency banks. In 2022, the Bank settled US\$29.695 billion for trade and finance business, and had 566 agent banks worldwide, sustaining its leading foothold in China’s agricultural finance system.

Supporting foreign trade enterprises in maintaining stability and improving quality

The Bank released the *12 Measures of SHRCB for Supporting Foreign Trade Enterprises in Maintaining Stability and Improving Quality through Financial Services*. Proposing to increase fee reduction and profit concession for micro, small and medium-sized foreign trade enterprises, introduce new financial products and improve service efficiency, leverage export credit insurance, complete the exchange rate hedging product system and enhance the efficiency of cross-border RMB settlement and payment, the policy is aimed to establish relief channels for micro, small and medium-sized foreign trade enterprises and make their access to funds easier and cheaper.

	<ul style="list-style-type: none"> Center on the objective of supporting foreign trade enterprises in maintaining stability and boosting quality through financial services, and establish the work guarantee mechanism at two levels (Head Office Level and branch/sub-branch level).
	<ul style="list-style-type: none"> Improve the policy of financial concession for micro, small and medium-sized foreign trade enterprises, and provide the micro, small and medium-sized foreign trade enterprises to which the Bank granted the first loans with preferential interests for loans financing trade business in both domestic and foreign currencies; Further digitalize financial services for foreign trade, and create new online credit products based on intelligent models; Leverage export credit insurance, and launch “Loan upon Guarantee”, a product for qualified foreign trade enterprises, while bringing risk under control, to make the access to funds easier and cheaper for micro, small and medium-sized foreign trade enterprises; Advance the delivery guarantee business under L/C and inward collection scenarios, and exempt relevant services charges; Improve the exchange rate hedging products system and intensify customer tutoring on risk avoidance; Customize services, such as product lifecycle management and risk monitoring, for first-deal customers⁵, provide exclusive exchange rate hedging solutions, and reduce exchange fees in the first year when contracts are signed; Cut foreign trade service fees for foreign trade enterprises in Shanghai, such as exempting international settlement commissions for the foreign trade enterprises that are new customers of the Bank when certain conditions are met.

⁵ The “first-deal customers” refer to the customers that didn’t reach foreign exchange hedge deals with the Bank in 2021 but did so in 2022; foreign exchange hedge deals involve forward, foreign exchange swap, currency swap, interest rate swap, foreign exchange option and various portfolio derivative products.



Take targeted measures and lengthen the white list to cover more enterprises

- Expand the coverage of “Xinyitong” white list, and provide qualified enterprises with services such as exemption of credit granting and exemption of deposits for foreign exchange derivative products to further lower their cost of foreign exchange locking;
- Offer a package of preferential policies related to exchange risk avoidance for the enterprises on the “Xinyitong” white list.



Simplify business process and improve the quality of financial services

- Replace paper documents with eligible electronic documents, and provide the foreign trade enterprises that meet the conditions for facilitation services as specified by the regulator with express channels like settlement via electronic documents;
- To improve the vulnerability of foreign trade enterprises to exchange rate fluctuations in settlement, lengthen the list of enterprises qualified for cross-border RMB settlement, encourage the use of RMB in cross-border settlement and financing, and realize “same-day arrival” of RMB remittances across the border.

Supporting small and micro-sized foreign trade enterprises through fintech

The Bank continued to support local foreign trade enterprises, and successively launched two new online financing products, namely “Express Loan for Foreign Trade” and “Express Loan for Xin Transport”. Based on big data about tax, customs imports and exports and space booking for sea transport as well as information about account transactions, the products enabled 3-minute self-service information entry and 1-minute credit line granting, and automated approval of credit loans fully online without pledge or mortgage guarantee, marking an effective way to support inclusive finance for small and micro-sized foreign trade enterprises through fintech.

Serving China International Import Expo (CIIE)

The Bank continued to support CIIE with professional, convenient and carefully designed solutions and services. In 2022, the Bank refined the “601825” solution, providing exhibitors and purchasers with a package of services including “60-day exclusive channels, 1-week exclusive services, prioritized credit support for the import of 8 categories of commodities, 2 customized products and service advantages in 5 aspects”, to deliver exclusive financial services and improved service experience for the import and export enterprises participating in CIIE.

Focusing on agriculture-related enterprises and leveraging the Bank’s advantages in areas associated with agriculture, rural areas and rural residents



The Bank paid special attention to the enterprises across the industrial chain and supply chain associated with agriculture, rural areas and rural residents and focused on the exhibitors and purchasers in the exhibition sections of food and agricultural products. Based on the characteristics of international settlement and foreign exchange settlement and sales for food and agricultural products, the Bank provided a package of services including customized exemption or reduction of deposits for foreign exchange derivatives, analysis of exchange rate trends and up to 30 foreign exchange derivative portfolios under different trading strategies and market conditions. By deploying channels in rural areas and building closer ties with local producers of agricultural products and food, the Bank helped exhibitors and purchasers at CIIE ride waves and pursue steady and sustained operation in the international market.

Supporting key sectors and implementing the carbon peaking and carbon neutrality strategy



The Bank offered special support for the new energy sector. In the exhibition section of upstream suppliers at the new energy auto show, CS Technology, a provider of fuel batteries and a customer of the Bank, showed its self-developed big-power fuel battery system and its core component, electric piles, and has obtained the world’s first certificate for fuel battery system and electric pile performance from a third-party international testing agency. To support CS Technology’s heavy input in R&D for sustained advantages in new energy vehicle technologies, the Bank provided the company with an RMB 100 million credit line of medium-term working capital, RMB 50 million of which was to be granted in the month when CIIE was hosted. Meanwhile, during the 5th CIIE, the Bank arranged professional teams dedicated to international trade financing to provide international settlement, foreign currency trade financing, cross-border overseas guarantee and funds remittance and exchange, among other services, to exhibitors based on the characteristics of the settlement cycles of different industries.

Supporting key sectors and implementing the carbon peaking and carbon neutrality strategy



For stronger support for the 5th CIIE, the Bank fully leveraged its financial talent team and refined financial services. In October 2022, the Bank held the “SHRCB Foreign Language Speaking Competition” to select volunteers to offer foreign language services for the 5th CIIE. A team of volunteers speaking Japanese, Korean, Portuguese, French, Russian, Spanish and German besides English were dispatched to the outlets near the exhibition venue to serve exhibitors and purchasers from around the world, contributing to the successful conclusion of the 5th CIIE through real actions.



Optimizing Customer Service with Excellence and Diligence

We focus on customers and prioritize service in the development of corporate culture. We protect consumer rights on all fronts, leverage FinTech advantages to understand customers' precise needs, and provide personalized, considerate and convenient products and services with better user experiences. By doing so, we aim to build a service-oriented bank to create value for customers.



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3.1 Adhering to Digital Transformation

It has become a global consensus that FinTech, the financial application of modern scientific and technological achievements, boosts financial digital transformation, quality and efficiency improvements, and innovative development. To promote our digital transformation, we have formulated Several Opinions on Speeding up Digital Transformation and adhered to digital transformation. We have carried out top-level design and identified work systems for digital transformation, refined the FinTech governance structure, and optimized the process of FinTech research and development. We have continuously increased investments in FinTech, strengthened the development of scientific and technological talents, and emphasized the protection of intellectual property rights. By doing so, we have provided secure basic guarantee for digital transformation.

Digital Systems

Defining top-level design



For digital transformation, we have developed specific basic systems and capabilities abbreviated “123456”, namely, one “Focus+” digital transformation strategy, two guarantee systems (one for safe operation and the other for organizational talents), three empowered areas (business development, customer transformation and social governance), four tactics in use (group management, digital business, agile research and development, and middle-office-based architecture), five enhanced capabilities (business operation and management capacity, comprehensive risk management capability, data governance and application capacity, independent system control capability, and organizational integration and coordination capability), six boosted reforms (towards the development of scenario ecosystems, self-service products, integrated channels, digital business, intelligent risk control, and automatic operations).

Optimizing governance framework



We have established a “1+1+1+10+N” organizational system for FinTech-related business. The system consists of the FinTech and Business Innovation Committee responsible for laying out plans, overall structure and top-level design for digital transformation, the Office of Digital Transformation responsible for organizing and advancing the digital transformation of the entire bank, the FinTech Department responsible for planning FinTech strategies, carrying out technological research and development, and guaranteeing safety production, 10 FinTech-integrated business departments with their own FinTech divisions, and N branches above designated size equipped with their own FinTech teams.

Increasing investment in technology



Under the strategic orientation of “adhering to digital transformation”, we have formulated a series of supporting policies regarding capital investment and talent guarantee, and continuously increased investment in technology. In 2022, our investment in technology reached RMB 995 million, a year-on-year increase of 12.68%. The number of our full-time FinTech personnel was 715, accounting for 7.86% of the total number of employees.

Strengthening talent building



We promote organizational reform to establish a new organizational structure oriented to strategic implementation, value creation and business development and meeting the needs of digital transformation. We foster the integration of business and FinTech among talents. On the business side, we cultivate digital product and business experts with data thinking and FinTech concepts to facilitate technology-based businesses. On the technology side, we fully improve the business understanding, technology realization and independent control capabilities of our technological teams to facilitate business-based technology. We work faster to expand the FinTech teams of the business and technology sides of the Head Office and branches and sub-branches, and adjust relevant personnel structure through external introduction, internal training, horizontal job transfer and other means.

Digital Reform

We have further developed our data governance system and refined our data related governance and management framework, data systems and processes. We have deepened our efforts to build the middle offices of business, data, and technology. In doing so, we have established a structure featuring “a lightweight front office, a sound middle office, and a strong back office” and an “agile, powerful and stable” information technology system. Moreover, we have highlighted six key reforms in specific innovations. In 2022, we put ten strategic quality projects gradually into production. In the past two years, more than 80% of such projects have been put into production.

Scenario ecosystems



We build service scenarios focused on customers’ needs throughout their life cycles to form a secure, reliable, and win-win financial ecosystem. We systematically plan service contents and processes available to the public and provide integrated financial and non-financial products and services. We strengthen system integration, working faster to establish a technical architecture system for open ecological services and a standard and agile digital technology platform and management mechanism.

Self-service products



We have established a normalized online product innovation mechanism which propels continuous innovation. Under this mechanism, we have orderly launched and improved a series of customer-focused self-service products. On our APPs, online banking, self-service machines and other platforms, we present clear operation interfaces, concise operation processes, smart interactive experience and safe and reliable products so that consumers can handle businesses in a self-service, automated and intelligent manner.

Integrated channels



We integrate online and offline channels to develop new-generation digital channels featuring “outlets + mobile Internet + three-dimensional coverage and collaborative operations of open banking”. We strengthen the upgrading and transformation of self-service channels. For personal electronic channels, we follow the principle of “mobile and experience first” and lay particular emphasis on transforming the personal APP from a trading platform to an operation platform. For corporate electronic channels, we identify the strategy of “mainly relying on online banking supplemented by APPs” and transform the main function from enterprise settlement to pan-financial service provision. We work faster to develop the new channel of open banking to fully connect application scenarios on the business and customer sides.

Digital business



Through digital marketing drive, digital online operations, digital customer group analysis and other means, we make digitization a strong pillar of our business. We collect comprehensive information such as user characteristics, transaction behaviors, service needs and customer journey maps to build a solid basic data system. We use customer labeling, behavior analysis, data mining and other means to rapidly discover marketing opportunities and achieve precise push. We rely on hierarchical customer management, life cycle assessment and other means to formulate marketing strategies and resource allocation plans for different stages such as customer acquisition, existing customer management and customer loss warning.

Intelligent risk control



We apply Big Data, knowledge graphs, machine learning and other AI technologies to risk prevention and control and incorporate digital risk control tools into business processes. By doing so, we optimize the original risk management model and make risk decision-making more real-time and intelligent. In refining the systematic risk management support system, we have developed FinTech to support the automated, intelligent and more effective management of credit risks, market risks, operational risks, case prevention risks, compliance risks and the like. In completing the intelligent monitoring system, we improve the risk prevention and control system and strengthen the risk early warning mechanism based on internal and external Big Data, transforming it from “manual control” to “intelligent control”. In doing so, we work faster to make risk management more intelligent, sensitive and predictive.

Automatic operations



In building the smart operations system, we work from all aspects including contact channels, product segments and service systems to sort out and diagnose customer journey maps and to keep reshaping the processes. In transforming and upgrading the operation platform, we use new technologies such as ICR and RPA to empower straight-through processing (STP) and automated and intelligent operation. In improving internal management efficiency, we carry out digital transformation in office, human resources, finance and other fields.

Digital Empowerment

Empowering social governance

Through mobile finance, open banking and other means, we have integrated financial services deeply into people's livelihood and government services, provided financial services in a wider range of scenarios such as agriculture and rural areas, basic necessities of life, medical education, e-commerce, and Internet + government affairs, and benefited the people with financial services and innovative service.



Case

Leveraging digital transformation to serve rural vitalization

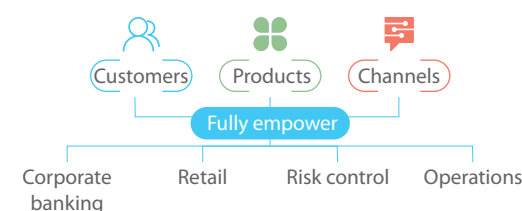
By developing financial ecosystem scenarios based on the agricultural industry chain, the Bank has launched the project of building the "Agricultural Industry Chain Financing Platform for Small and Medium-sized Banks Based on Big Data and Remote Sensing Technology". The project features the closed-loop cooperation centered on the five major entities of core agricultural enterprises, banks, farmers (borrowers), agricultural service companies and agricultural purchasers. Moreover, this project has a complete set of pioneering online service processes that match the particularity of rural customer groups and the characteristics of online services.

As at the end of 2022, the project granted more than RMB 800 million of agricultural industry chain financing to multiple paired exchange and cooperation areas, leveraging digital transformation to serve rural vitalization.



Empowering business development

We fully empower corporate banking, retail, risk control, operations and other fields from the three dimensions of "customers, products and channels" to make digital operation capabilities the main driver of our business development.



Empowering retail business

- Build an intelligent data search and analysis system and use data to empower business decision-making
- Establish a mobile retail business development platform and an omni-channel retail customer management system
- Put Mobile Banking 7.0 into production, boost the rapid development of key businesses among target customer groups, transfer the data of the digital credit platform back to our own data center, and make retail online loan business autonomous and controllable in terms of risk control, technology, and operation

Empowering corporate business

- Improve corporate products, and make pledge credit business and multi-account purchase newly available for corporate structured deposits
- Launch corporate Internet Banking 3.0, and refine financial services on the enterprise side
- Put the multi-bank financial asset system into operation and conduct the first business, integrate banking financial services and corporate transactions, strengthen mobile service capabilities, and expand the application scenarios of corporate account opening business on mobile smart devices

Empowering inclusive finance

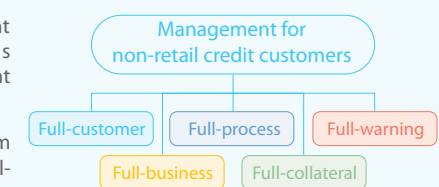
- Put the inclusive online business system and the smart supply chain system into production and thus increase the business scale and market competitiveness of agriculture-related, small and micro, and technology enterprises
- Build the digital agricultural industry chain platform and thus make agricultural industry chain financing available online, automatic and intelligent
- Use satellite remote sensing technology to help monitor crop conditions and thus reduce the risk of agriculture-related loans
- Launch a series of financial products such as Inclusive Easy Loan, Commercial Auto Insurance Loan, and Xinnongledai Loan

Empowering operations services

- Reshape operations processes and make them self-service and available online; keep promoting digital operations management
- Develop a group of lean operations projects, optimize the processes, interconnect offline channels, propel intensive operations, and improve the digital monitoring of operational risks
- Conduct digital, intelligent and fine business management
- Put into operation the new accounting file management system to enhance automatic business management and reduce operational risks

Empowering smart risk control

- Build the anti-fraud risk control platform and put into production the intelligent auxiliary decision-making module, the anti-money laundering suspicious monitoring model and the like, to enable real-time early warning and efficient processing of transaction risks, and protect customers' funds to the fullest
- Put into production the new-generation corporate credit management system which enables the "full-customer, full-business, full-process, full-collateral and full-warning" management for non-retail credit customers



Empowering customers' transformation

To meet customers' demands for business management and transformation, we develop supporting digital platforms and digital financial tools from the "platform + scene" service perspective, instead of providing traditional financial services. By promoting the new model of "corporate services + financial services", we support customers' cost reduction, efficiency improvement and risk control and empower their transformation. We work faster to build a one-stop enterprise digital service platform integrated with collaborative office, salary management, fund management, and financial management to facilitate the digital transformation of small and medium-sized enterprises. We take customers' daily business management into consideration, innovate customer service scenarios and expand financial service models to enhance our differentiated competitive advantages.

3.2 Guarding against Potential Safety Dangers

While conducting digital transformation, we correctly handle the relationship between security and development, prioritize data security, and strengthen privacy protection. We have established a long-term data security mechanism to prevent risks brought by new technologies and models. We abide by laws and compliance rules and work with integrity and innovation to guard against potential systemic risks. In 2022, no material incidents regarding network security, information security or privacy leakage occurred in our Bank.



System building

We have formulated a series of management systems related to data security and personal information protection, such as the *Management Measures of Shanghai Rural Commercial Bank for Network Security*, the *Management Measures of Shanghai Rural Commercial Bank for Data Security*, the *Management Measures of Shanghai Rural Commercial Bank for External Data*, the *Management Measures of Shanghai Rural Commercial Bank for Information Security Incidents*, the *Management Measures of Shanghai Rural Commercial Bank for Customers' Personal Information Protection*, and the *Contingency Plans of Shanghai Rural Commercial Bank for Network Security Incidents*. By doing so, we have regulated the processing of personal information and strengthen the protection of personal information rights and interests. We have implemented relevant technical and management measures, established a security protection system covering the entire life cycle of data processing, and constantly improved data security management throughout the life cycle. By doing so, we have ensured the orderly execution in data security and personal information protection.



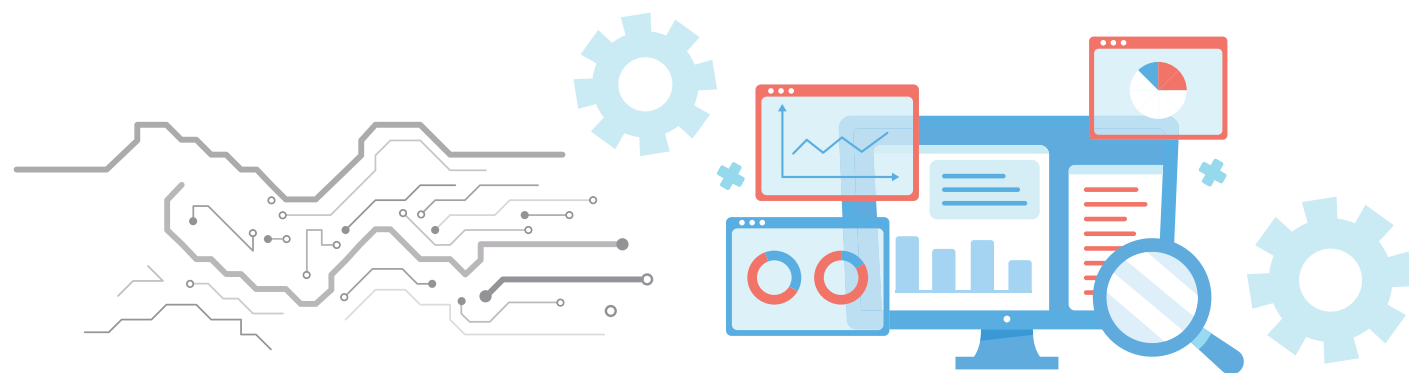
Organizational structure

We have established the Leading Group for Network security and Informatization to fully lead the bank-wide network security and informatization management. The Information Technology Management Committee is responsible for promoting information security across the bank. The FinTech Department of the Head Office guides the bank-wide network security management. Other departments and offices carry out network security-related work within their division of responsibilities. All departments and offices of the Head Office departments, and branches and sub-branches have appointed specialists to do network security-related work within their jurisdictions.



Responsibility fulfillment

We have established the network security responsibility system based on which we hold relevant personnel accountable. The Bank clarifies the first person responsible for network security incidents and has signed a letter of commitment for information security guarantee, and the network security leader hold primary and direct responsibility respectively for network security incidents occurred in our bank. The FinTech Department is responsible for bank-wide planning and management of FinTech-related work as well as the management of bank-wide network and information security. At the same time, we have strengthened the second and third lines of defense of network security governance. As the second and third lines of defense of network security governance, the Risk Management Department and the Audit Department warn against network security risks and supervise problem rectification.



Upholding Finance
for Good and
Developing Inclusive
Finance

Valuing Virtue and
Goodness and
Improving Corporate
Government

Serving Real
Economy to Benefit
the City and People

Optimizing
Customer Service
with Excellence and
Diligence

Integrating Human
and Nature with
Shared Vision

Appendix



Product certification

Since 2020, we have been promoting FinTech product certification based on the requirements of the State Administration for Market Regulation and PBOC for payment technology products. We have obtained FinTech product certifications for 6 client-side Apps These mark that all our client-side mobile finance Apps have passed national certification.



Technological support

In laying a solid foundation for the secure and stable operation of the information system, we have optimized the layout of our data centers, and continuously improved the supporting and emergency security capabilities of the fundamental architecture. In enhancing intelligent operations, we work faster to build an automatic operations system, develop higher operations-related R&D capabilities, transform traditional data centers into new ones featuring "cloud-based resources, automatic operation, and digital operations", and enable faster business delivery and stronger continuous support. In refining the information security system, we have continuously optimized the information security protection network integrated with management, technology, and operations, improved the information technology risk prevention system, and developed a regular review mechanism and closed-loop management.



Key measures

We have completed the Research Report on Consumer Financial Information Protection and Data Compliance. It serves as a guideline for us to develop a closed-loop management mechanism of "identifying goals, formulating plans, conducting regular inspections, and evaluate results" in the next three to five years so that we can eliminate potential risks and hidden dangers in personal information protection. We have specified the requirements of face recognition to protect consumers' right to know and choose on their own during information collection. We have explored "external provision" and other personal information protection modes under cooperative business patterns to conduct solid review before disclosing personal customer information (data) to other parties. We have established a collaborative mechanism to crack down on the frequently occurring business invitations from lawless outsiders under our name.



Special training

We strengthen training on data security and personal information protection. In 2022, we developed online and offline courses such as *Personal Financial Information Protection Enters a New Era*, *Data Compliance and Personal Information Protection*, *How to Write Privacy Policy for Personal Information Protection*, and *Dedicated Training on APP Personal Information Protection* and hired internal and external experts to give targeted lectures. In doing so, we have continuously raised the network security awareness and capabilities of our bank. As at the end of 2022, more than 18,590 people from professional posts took dedicated training.



3.3 Protecting Consumer Rights and Interests

We thoroughly implement the development philosophy of “putting people first” and the strategy of “focusing on customers”. We deeply integrate the protection of financial consumers’ eight rights with corporate governance, corporate culture construction, and business development strategies. We keep improving the consumer protection system, promote the whole-process management of consumer protection, and fulfill the primary responsibility of consumer protection.



Valuing Complaint Management

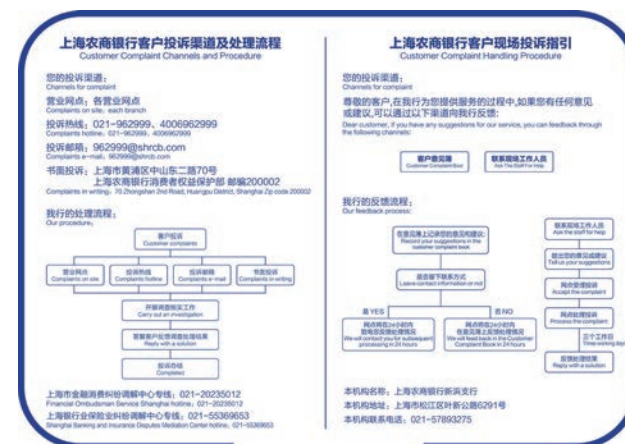
We always prioritize the management of consumer complaints. We have publicized information of complaint handling ways on various channels such as business outlets, official websites and mobile banking to facilitate consumer complaints smoothly. In 2022, we handled a total of 3,198 consumer complaints, with a complaint response rate of 100%.

In 2022, we handled

a total of **3,198** consumer complaints,
with a complaint response rate of **100%**



We handle consumer complaints in an active and proper way. We have regulated complaint and dispute handling processes in accordance with the *Management Measures for Consumer Complaint Handling*, the *Regulations on Emergency Response to Consumer Complaints*, the *Regulations on Response to Major Emergencies* and the like. We have continuously developed diverse dispute resolution mechanisms, improved the quality and efficiency of conflict resolution, and regularly analyzed complaint data to find the causes to conflicts. We have compiled and distributed the *Voice of Consumer Protection*, the *Rectification Proposal on Consumer Protection* and the *Consumer Protection Tips* to promote source governance and traceability rectification and keep improving the quality of products and services.



Customer complaint channels and handling processes of SHRCB

Strengthening Public Education

In 2022, we continued to develop the consumer protection brand of “SHRCB Consumer Protection”, foster the team of publicists and lecturers, and establish an all-round, in-depth, and multi-platform financial knowledge publicity and education system. We explored innovative publicity channels, enriched the library of educational and publicity materials, and focused on the groups of the elderly, the young and new citizens and the topics of “metaverse”, “smart elderly care” and the like. By doing so, we made consumer protection publicity and education more and more effective, and thus protected financial consumers’ right to education. Throughout the year, we launched a total of 2,669 online and offline education and publicity activities for 4.9046 million financial consumers.

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We created the digital “financial education demonstration base” to continuously create value for customers and the society with the concept of “educating a student, influencing the whole family, and benefiting the economic society”. We released the *Financial Knowledge Manual of SHRCB Consumer Protection*. With the advantages of our business outlets, we provided financial services for all the 1,556 administrative villages in 108 townships and towns in the suburbs of Shanghai. At the same time, with the coordination of the 35 village banks, we gave public welfare lectures under the brand of “SHRCB Consumer Protection” through the “Villagers’ Home”, the “Community Center”, the “University for the Elderly”, the “Agriculture, rural areas and rural residents Filed”, the “Community Home” and the “Mainstream Publication”. By launching “Financial Schools”, we have comprehensively improved the financial consumption literacy of the elderly. These friendly lectures have helped improve the elderly’s awareness of risk prevention and protect their “wallets”. More than one hundred “Lelingxuetang” courses have helped the elderly cross the “digital divide”.



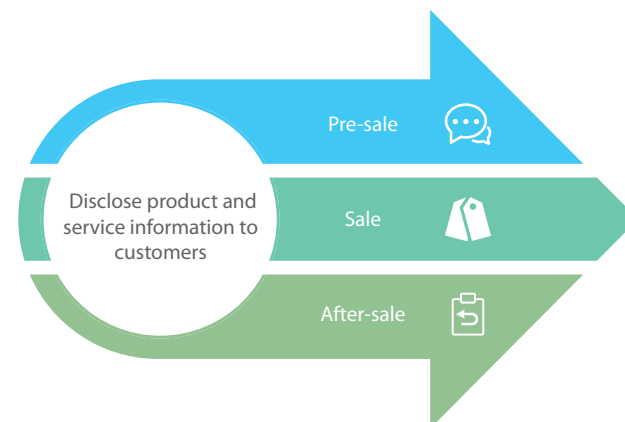
Popularization of financial knowledge among the elderly



Financial Knowledge Manual of SHRCB Consumer Protection

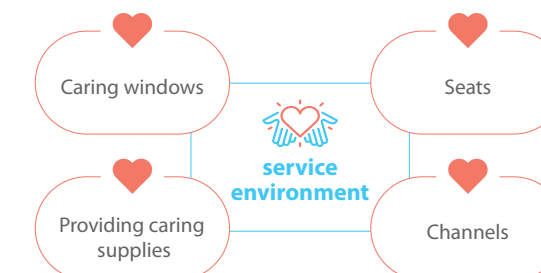
Practicing Responsible Marketing

We disclose product and service information to customers through channels such as the official website, mobile banking, and online banking throughout the pre-sale, sale and after-sale processes, highlighting contents such as characters of services, charging situations, main contract terms, restrictions on rights or aggravated obligations regarding products and services, and warnings and disclaimers. We have revised and updated the *Management Measures of Shanghai Rural Commercial Bank for Financial Marketing Publicity*, the *Management Measures of Shanghai Rural Commercial Bank for Sales Audio and Video Recordings of Retail Financial Products*, the *Management Measures of Shanghai Rural Commercial Bank for Retail Consignment Business* and other documents. We have set basic requirements for sales compliance and carried out responsible marketing and compliance marketing related training.



3.4 Sticking to High-quality Services

We focus on customers and aim to develop into a service-oriented bank. We improve our service environment by setting caring windows, seats and channels and providing caring supplies. We optimize our service processes by transforming outlets into intelligent ones. We provide a barrier-free environment and convenient door-to-door services for special customers. We launch various publicity activities to educate the public. Under the program of "Caring Relay Station", we provide sanitation workers with comfortable rest areas in all outlets in Shanghai. In high temperature weather, our outlets considerably offer customers heatstroke prevention and cooling supplies such as small electric and plastic fans and drinking water.



Developing Intelligent Outlets

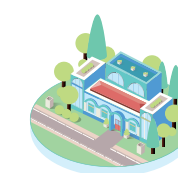
We have furthered the development of a "lightweight, intelligent and digital" outlet environment. Based on the modular design of functional areas, we have optimized the functional division of outlets and applied more intelligent equipment to provide services in an easy and convenient mode. We have embedded the scenarios of financial government services and elderly-suitable financial services into the new-type intelligent machines. By doing so, we have given further play to the channel advantages of the outlets. At the same time, with the introduced new mobile smart devices, the outlets can expand retail, corporate and other business lines and provide customers with a wider range of services and better experiences in more modes, optimizing customers' experience and expanding the service connotation of outlets.



Self-service machines: By innovating the form and work processes of smart machines, we launch the new-generation "Yike" floor-type smart teller machines to offer "counter-free" and "barrier-free" services side by side

Making Elderly-friendly Improvements

Under the guidance of the Leading Group for Elderly-friendly Products and Services, we have made 26 elderly-friendly improvements meeting the elderly's needs, with the ground advantages of 2 outlets featuring elderly services, 32 outlets caring for the elderly and more than 300 outlets offering elderly-friendly services.



- 2 outlets featuring elderly services
- 32 outlets caring for the elderly
- more than 300 outlets offering elderly-friendly services

Refining outlet facilities and services

Continuously optimizing the location layout of business outlets

After analyzing the big data on the elderly's needs and habits, we optimized the network layout and relocated our outlets in the places where a larger proportion of customers aged 55 years old above lived. We continued to maintain and deepen our customer relationships with the elderly.

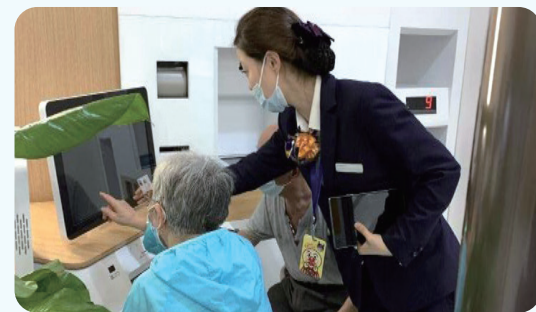


Further upgrading and renovating elderly-friendly facilities

All our outlets are equipped with windows for the elderly, caring seats, a full range of convenient service facilities, pilot calls for the elderly, and customer service specialists for the elderly. The outlets built with new standards are equipped with waiting chairs of optimized height and furniture of elderly-friendly designs such as curved armrests and rounded table tops.

Improving elderly services on intelligent machines

We vigorously promote the Leling version of smart teller machines and customize the exclusive large-character interface for the elderly. Based on the preferences of elderly customers, we have incorporated deposits, cash, passbook replacement and other businesses into the customized interfaces of smart teller machines to facilitate the elderly's self-service operations. In 2022, we completed the tendering and procurement process for "Note Counting Machines with Voice". The voice broadcast allows the elderly to clearly hear the number of banknotes and have a better operating experience.

**Developing barrier-free outlets**

We continued to develop the second barrier-free outlet (Qingpu Huaxin Sub-branch) through fit-out and renovation. Based on the fit-out and renovation plan, we equipped the outlet with barrier-free facilities. Throughout the year, we reviewed the construction drawings of barrier-free ramps for 14 outlets.

Developing outlets featuring elderly services

Based on the layout strategy of "15-minute service circle", we upgraded selected suitable sites to elderly-friendly sites. In these outlets, we developed the "Enjoyable House" for the elderly, an exclusive, leisurely and comfortable space focused on the themes of "elderly care", "enjoyment" and "happiness".

Optimizing customer service experiences**Strengthening the automatic identification of elderly customers**

We have upgraded our intelligent queuing machines to be able to automatically identify elderly customers and give them exclusive queue numbers. With age parameters set for elderly customers, the queuing system automatically identifies the age of the elderly, gives them exclusive queue number, and provides green channels for those who meet the requirements.

Refining the hall business process

We have optimized the business processes in the reception hall, reducing paper form filling and shortening the waiting time for elderly customers. We have offered green channels for the elderly and special customer groups, and designated customer service specialists for the elderly. With the assistance from the specialists, the elderly customers accepting self-service channels handle business at self-service machines; the elderly with difficulty using self-service machines are guided to the "Caring Window" to handle business.

Establishing a long-term cash service mechanism

All business outlets and cash windows that should be open should be open. On peak days of pension withdrawal, based on the elderly's work and rest habits as well as the characteristics of the service, we predict the number of recipients and start to offer services half an hour in advance in the morning or extend the service hours in the evening.

Providing personalized dialect services

We encourage employees to learn local dialects in order to communication with elderly customers and offer them more satisfactory cash consulting services. We have added a quick consultation channel, "Manual Services for the Elderly", in our customer service hotline, where we have prioritized the level of elderly services and the relevant skills of customer service representatives so that elderly customers can enjoy the priority to exclusive manual consulting services after dialing the customer service hotline.

Optimizing the online zones of elderly services

We have developed elderly service zones in mobile banking and WeChat banking. Based on elderly customers' preferences and usage habits, we have integrated the contents exposed in activity benefits, product recommendations, convenience services and other sections, presented intuitive page design and convenient operation.

Improving elderly-friendly mobile banking service scenarios

We have specially improved the page design of online banking based on the elderly's usage habits. The "one-click access to help" added on the homepage can directly connect users to the manual customer service hotline. The enlarged fonts on the "elderly version" of mobile banking make the page more visible to elderly customers.

Serving New Citizens

To implement regulatory requirements on strengthening financial services for new citizens, we have established the Leading Group of Financial Service Provision for New Citizens and formulated the *Action Plan of Shanghai Rural Commercial Bank on Financial Support for New Citizens*. Focusing on the four groups of new citizens, namely, those who are self-employed, those who are industrial workers, those who work in the service industry, and those who have newly settled, we build a multi-dimensional service support system, a diversified product supply system, and a multi-layered customer equity system. In doing so, we help new citizens live and work in peace and contentment and deliver comprehensive, quality financial services for new citizens.

To make new citizens feel more satisfied, happier and securer through the provision of financial services, we work together with Shanghai Federation of Trade Unions to develop a system equipped with a new online channel for personal trade union card application. Deliverymen, private drivers, housekeepers and other flexibly employed new citizens can register for personal trade union cards at the trade unions in the local subdistricts and apply for trade union cards online through the personal application channel.

In November 2022, we launched the campaign of the "Promotion Month of Financial Services for New Citizens", providing convenient and beneficial services for citizens and enterprises and publicizing relevant information online and offline. Relying on the "Xinjiayuan" community services, we provided comprehensive service support for communities and community ecosystems in the 15-minute life circle around our outlets, to guarantee a peaceful and satisfied life for new citizens.



Integrating Human and Nature with Shared Vision

We implement the national carbon peaking and carbon neutrality strategy, deepen green finance and continue green operation to lay a solid foundation for green development. At the same time, we practice the ESG and the people-centred concepts, protect the rights and interests of employees, and care for employee growth. We strive to develop a friendly workplace and launch public welfare and charity activities to help build a harmonious society.



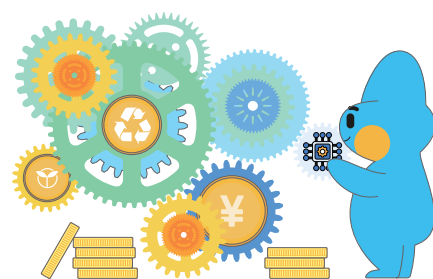
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4.1 Promoting Green Development

With green and low-carbon development incorporated into our overall strategy, we have become a signatory to the Principles for Responsible Banking (PRB) proposed by the United Nations, increased support for green industries, expand the scale of green investment and financing, innovated green product and services, strengthen environmental and climate risk management, improved the level of environmental information disclosure, continued to develop our green brand, explored green financial practices and actively responded to climate changes.

Vigorously Promoting Green Finance

We implement the national carbon peaking and carbon neutrality strategy, promote the green financial process, and improve the organizational structure and working mechanism. We promote green business by means such as the guidance of credit investment policies, the support of green financial systems, the building of professional green financial teams, setting of green approval channels and matching of special assessment and incentive measures.



(I) Improving Top-level Design

Establishing an effective organizational structure and working mechanism

With great importance attached to green finance, we strengthen top-level design, improve relevant organizational structure, strengthen relevant organizational guarantee, and actively explore the building of green institutions. We have established the “Strategy and Sustainability Committee” at the level of the Board of Directors to guide the Bank’s overall promotion of green finance and environmental protection and strengthen research on issues related to sustainable development. The Committee focuses on green finance and strategic CSR planning, and follows up and evaluates green finance development and CSR performance. We have established a bank-wide leadership and coordination mechanism for green finance. At the Senior Management level, we have set up a Green Finance Leading Group responsible for systemically promoting the Bank’s green finance. Specifically, the Leading Group researches policies, formulates the strategic plan, identifies the target and roadmap, and studies and decides on important matters such as the organizational structure, the development direction, resource allocation, and incentive mechanisms. We have given full play to the advantages of the Group. At the level of Head Office departments, we have identified their responsibilities and division of labor and strengthened the coordination of front, middle and back offices and the synergy between the Head Office and branches. By doing so, we have promoted bank-wide green finance-related work in a comprehensive and systematic manner. In addition, at the level of operating institutions, we have set special posts for green finance in the risk management departments of all Tier 1 branches. Under the leadership of the Head Office, these posts are responsible for the management of green finance businesses and risks, data governance and other relevant work in branches.

Establishing clear strategic goals and green finance brands

With the strategic goal of “Growing into the most typical green bank in the Yangtze River Delta”, we have established the “sustainable financial service system based on green finance” and issued the *Green Finance Development Strategy for 2021-2025*. In 2022, we formulated the *SHRCB Carbon Peaking and Carbon Neutrality Work Plan During the 14th Five-Year Plan*. It further identifies the roadmap to the carbon peaking and carbon neutrality goals. Moreover, the Plan elaborates on detailed implementing approaches and measures — we will empower social governance with inclusive green finance to grow into a unique green inclusive financial institution in the region.

We have strengthened our green finance branding. In October 2022, with the approval from the United Nations Environment Programme (UNEP), we became the first signatory in Shanghai to the Principles for Responsible Banking. In line with the requirements of the UNEP and the six Principles of Responsible Banking, we will refine and implement the relevant requirements, set our targets for climate risk mitigation, and fulfill our obligations as a responsible bank. We will conduct regular self-assessments based on the Principles of Responsible Banking, further enhance our social image and refine our green feature.

Refining green finance systems

In accordance with national and local laws and regulations and international green finance development initiatives, we have built a preliminary “2 + N” institutional framework for green finance. It includes new systems developed based on the original green and environment-related ones. In the framework, the *SHRCB Green Finance Development Strategy for 2021-2025* and the *SHRCB Carbon Peaking and Carbon Neutrality Work Plan During the 14th Five-Year Plan* are the twin pillars of the top-level system design for green finance, supported by a series of sub-systems for business development, risk management, assessment and incentives and the like. We have formulated the *Guidance of SHRCB on Green Financial Business Marketing*, the *Management Measures of SHRCB for Credit Business Based on Carbon Emission Allowance Pledges (for Trial Implementation)*, the *Management Measures of SHRCB for Financing Business Based on Pledges of Future Income Rights under Contract Energy Management*, the *Management Measures of SHRCB for Rural Ecological Loans* and other measures to strengthen innovation in green credit businesses. We have released the *SHRCB Credit Orientation Policies 2022*, the *SHRCB Green Credit Strategies*, the *SHRCB Green Credit Classification Standards* and other measures to strengthen green financial risk management. We have continuously improved green finance-related assessment and incentive measures, and strengthened the development of green financial system.

(II) Improving Guarantee Mechanisms

Strengthen the guidance of orientation policies

In the *SHRCB Credit Orientation Policies 2022*, we have identified our green credit strategies and established the basic principles of synergistic development with regional strategies and mutual integration with the “agriculture, rural areas and rural residents” and “technological innovation”. We emphasize that we should make breakthroughs in key areas, and develop advantages in and grant more credit to green industries such as clean energy, beautiful countryside construction, green infrastructure construction, green transformation and upgrading of industrial parks. Moreover, we have preferentially adjusted the risk weighting coefficient of corporate green credit to 0.9 to reduce the economic capital cost of green credit and guide operating institutions to grant more green credit.

In terms of green credit, as at the end of 2022, the balance of green credit reached RMB 43.567 billion⁶, up by 120.32% year-on-year, the majority of which was granted to projects in energy-saving and environmental protection industries, clean energy industries and infrastructure green upgrading.

In terms of green bonds, as at the end of 2022, the balance of on-balance sheet green bonds reached RMB 9.034 billion, up by 150.94% year-on-year. Among that, non-financial

corporate bonds reached RMB 3.794 billion, accounting for 42.00%. In 2022, a total of RMB 3.03 billion of green bonds were underwritten, representing a year-on-year increase of 38.99%. The funds raised were used for the construction of ultra-low energy consumption buildings in the Lin-gang Special Area of the Free Trade Zone as well as other projects.

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⁶ The balance of green credit is calculated based on the criteria of the China Banking and Insurance Regulatory Commission (CBIRC), covering that of on-balance sheet green loans, off-balance sheet letters of credit and promissory notes

Increasing green finance assessment indicators

By adding green finance-related assessment requirements to the *Evaluation Measures of SHRCB for Comprehensive Performance of Branches and Sub-branches 2022*, we have preliminarily established a green finance business assessment mechanism based on branch and sub-branches institution assessments and a green finance economic capital measurement mechanism based on the risk-weighted asset preference coefficient, in a bid to support the granting of green credit.

Promoting the development of the green financial system

We rely on digital transformation to improve the green financial management system. In 2022, we launched the first phase of the green finance system. It supports intelligent identification of green assets, customer management, project management, environmental benefit measurement, report supervision and statistical inquiries, enabling more scientific and accurate green credit data management and reporting. In the future, we will launch the second phase to enable the embedded and senseless interaction between the green finance system and the business systems. It will integrate online management of green finance business and green operation, make our green finance management more information-based and intensive, and allow us to provide better green finance services.

Conducting green finance training

Valuing the cultivation of professional green finance teams and talents, we hold green finance-related training activities online and offline to enhance employees' understanding of green finance and enable them to provide better green financial services for customers. In 2022, all the related departments and some branches and sub-branches launched a total of 42 training sessions on green finance. The trainees included the personnel on the corporate finance line across the bank, the personnel of the risk management departments of the Head Office and branches and sub-branches, and the heads of marketing teams of branches and sub-branches. The training sessions contained routine ones and online ones, with the themes of green credit, green financial data, classification standards of green financial business, operation of the green financial business management system, as well as green development, green finance, carbon peaking and carbon neutrality, among others. Our online training platform also has green finance related courses. The course library of HEROS Xinpeiban of the Head Office has included 50 video training courses on green finance, including those on the green finance system and green credit classification standards. As at the end of 2022, more than 6,000 people attended the online learning courses.

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Deepening green finance research and exchange



Research on key topics

Supported by the Key Research Project of Shanghai Finance Society, we studied the model rural financial institutions adopted to support rural green finance. This project won the Excellent Award of Key Research Projects from Shanghai Finance Society in 2022.



Cooperative exchange

We implemented the "Post-2020 Global Biodiversity Framework" and, as one of the 60 financial institutions in the world, we signed the *Joint Declaration of Banking Financial Institutions to Support Biodiversity Conservation*. We signed the *Memorandum of Financial Cooperation for Green and Low-carbon Development of Shanghai Industry* with Shanghai Municipal Commission of Economy and Information Technology. We signed strategic cooperation agreements with Shanghai Municipal Bureau of Ecology and Environment, Shanghai Environment and Energy Exchange, etc. We set up a research group on green operation, which visited Shenneng Carbon Technology Co., Ltd to study its work on operational carbon neutrality. We invited experts from Shanghai Environment and Energy Exchange to discuss our work on operational carbon neutrality.



Vice President Ying Changming (first from left), on behalf of the bank, signed the *Memorandum of Financial Cooperation for Green and Low-carbon Development of Shanghai Industry* with Shanghai Municipal Commission of Economy and Information Technology

Innovating Green Products and Services

In exploring the new path of financial support for green transformation, we innovate green products and services, support green industries, and attentively create a comprehensive, multi-layered and diversified financial service system to meet the diversified capital needs of enterprises in their low-carbon transformation.

Launching carbon emission allowance pledge products

In October 2022, in conjunction with Shanghai Environment and Energy Exchange and a Shanghai-based industrial company, we completed the financing based on the pledge of Shanghai emission allowance (SHEA), which was the first of its kind in the domestic medical and textile industry. In 2022, the industrial company was included in the list of enterprises under the control of Shanghai Municipal Bureau of Ecology and Environment for the first time. Consequently, we introduced the SHEA-based pledge to grant more credit to this company, helping it make the most of its carbon assets and stimulate its intrinsic impetus for energy conservation, emission reduction and green transformation.

Promoting financing based on the pledges of contract energy management

Under the strategic positioning of focusing on inclusive finance, we explore the integration of carbon inclusion, inclusive finance and green finance, using credit funds to motivate small and micro enterprises (SMEs) towards energy saving and carbon reduction. We have developed the financing business based on the pledges of future income rights under contract energy management to provide SMEs with special loans up to a term of 10 years. Since 2021, we have granted nearly 30 such loans with a maturity of 7-10 years to SMEs.

Promoting the landing of innovative green CMBS assets

In April 2022, we made investment in a green asset-backed security (carbon neutrality). It is the first green carbon neutral commercial mortgage-backed securities ("CMBS") on the SSE. The underlying asset of the invested CMBS project has won the Award of Green Construction Demonstration Project, the Green Building Engineering Design Award, 2020 Carbon Neutrality Certificate, and other honors. It is the only office building among those of central government-owned financial institutions to have obtained the annual carbon neutral double certification. Meeting the criteria for green project recognition, all the cash flows of the project are rated by green assessment agencies as G-1 green bonds with significant carbon reduction effect.



Underwriting China's first carbon neutrality bond for subsidized rental housing

In August 2022, we acted as the co-lead underwriter for a company's issuance of carbon neutral medium-term notes in the interbank bond market. The funds raised in this issuance would be used for the development of rental housing projects. The medium-term notes are China's first green bonds labeled with "guaranteed rental housing + carbon neutrality". The project is expected to save more than 400 tons of standard coal and reduce carbon dioxide emissions by over 900 tons per year after being put into operation.



Underwriting green notes

In December 2022, we acted as the co-lead underwriter for a company's issuance of the 11th ultra-short-term financing bonds (green) for 2022. The funds raised in this issuance would be used for the green project. This project is expected to achieve an annual reduction of 125,600 tons of carbon dioxide emissions, an annual replacement of 46,000 tons of fossil energy produced by standard coal, as well as an annual reduction of 24.30 tons of sulfur dioxide emissions, 27.19 tons of nitrogen oxide emissions, and 4.86 tons of soot emissions.

Guarding Biodiversity

In 2022, we participated in investing the green bond themed "Yangtze River Basin Ecosystem Protection and Restoration". This bond is developed to protect the holistic ecosystem of the Yangtze River Basin. The funds raised would be used for water pollution control, integrated environmental management and ecosystem restoration to help build a local green ecological corridor and guard the biodiversity of the Yangtze River Basin.

Strengthen environmental and climate risk management

With enhanced awareness of environmental and climate risk management, we explored predictive climate risk assessment and measurement methods, and gradually promote the integration of climate risk management into the entire business and risk management, to better manage our responses to climate change.

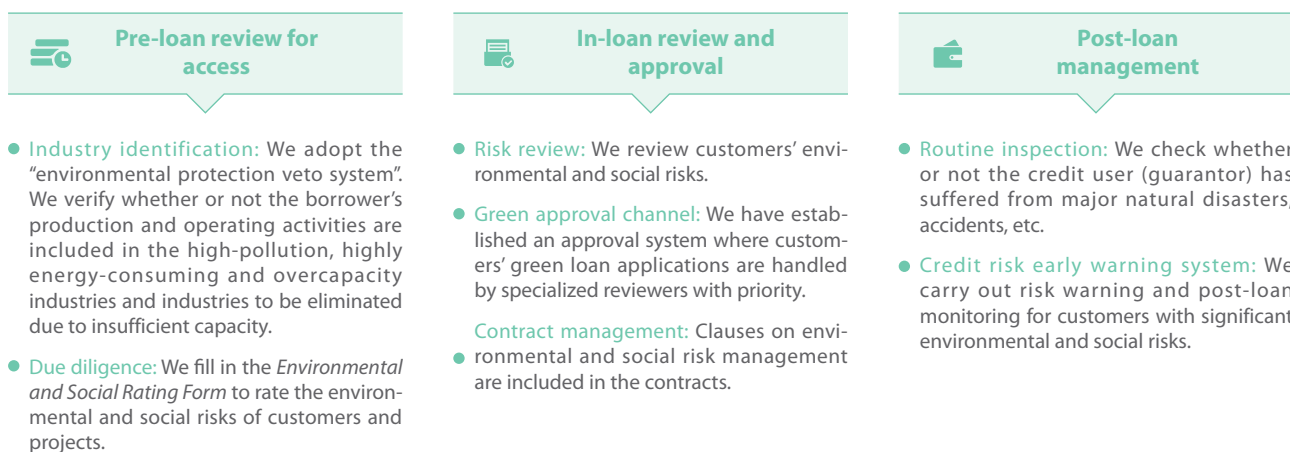
(I) Conduct Climate Risk Assessment and Measurement

To further explore the climate risks of credit bond assets with wider geographical distribution, we have carried out a pioneering quantitative analysis on the physical climate risks of credit bond issuers to assess the physical risks brought by the current geographical and industrial distribution of credit bonds. The analysis shows that in the context of climate change, the main physical risks facing the credit debt-related entities we have invested are high temperature and heat waves, followed by water shortages, extreme cold, droughts and floods, with lower risks of ecological damage and sea level rise.

We have actively explored the climate risk stress testing and assessed the potential impacts on credit assets from the transition towards the carbon peaking and carbon neutrality goals. Based on the relevant requirements of the Ministry of Ecology and Environment and the Shanghai Municipal Bureau of Ecology and Environment, we identified the targets of the climate stress test based on its credit exposure at the end of 2021. They mainly covered the eight high-carbon emission industries, namely, power generation, building materials, iron and steel, nonferrous metals, petrochemicals, chemicals, paper and civil aviation, as well as some entities included in Shanghai carbon emission quota management. We adopted the transition delay scenario of the Network for Greening the Financial System (NGFS) developed by the PBOC and regulators and the bottom-up approach to predict enterprises' financial performance, credit rating and default probability till 2030 under the stress scenario. The test results show that under the stress scenario, the overall credit risk of our customers in high-carbon emission industries has increased, and their credit ratings have been downgraded to a certain extent. Due to the relatively low proportion of climate risk exposure, the impacts on our capital adequacy ratio are limited, and the risk is generally under control.

(II) Enhance ESG Risk Management

In credit risk management, we have integrated environmental and climate risk management requirements into pre-lending, lending and post-lending links, and strengthened relevant risk control throughout the process including due diligence, project review, project approval, and post-lending management.



We actively explored ESG risk management, introduced and incorporated ESG management elements into the risk management and access criteria of credit bonds. We evaluate credit bond issuers from the three dimensions of environmental, social and corporate governance, based on their external ESG rating data. As at the end of 2022, the ESG ratings of the credit bond issuers we have invested were higher than the market average. We keep strengthening our attention and assessment on bond issuers' performance at the environmental, social and corporate governance levels, and actively promote green investment and green development.



4.2 Practicing Green Operation

We integrate the sustainability concept into our daily operation and conduct green renovation in data centers, outlets and other buildings. Through green office, green procurement, green building construction and other actions, we reduce our operational carbon emissions, advocate green mobility, and practice our environmental and social responsibilities.

Advocating Green Office

We have improved the video conference system, optimized the collaborative office system, and further promoted paperless meetings and electronic file management. By leveraging these systems, we have strengthened the refined management of office occupancy, official vehicles, meeting rooms, warehouses and other properties and reduced unnecessary energy consumption. We have installed a printing management system in the office area of the Head Office Building to reduce office paper consumption.



Reducing Energy Consumption

The energy monitoring system.

In recent years, we have built the energy monitoring system for all outlets. In 2022, we built the energy data statistics platform, where we improved data filling, and strengthened the disclosure of information regarding energy auditing, energy-saving monitoring and energy consumption. We have upgraded the "Xin Project" platform and strengthened the real-time feedback and data summary of remote monitoring, in a bid to provide analytical data support for energy use and the improvements of energy efficiency.

The carbon neutral sub-branch

In 2021, SHRCB Zhangjiang Technology Sub-branch became the first carbon neutral banking outlet in Shanghai. In 2022, SHRCB Zhangjiang Technology Sub-branch continued to pursue high-quality carbon neutrality, achieving the carbon emissions of Zhangjiang Science and Technology Branch were 86.05 tons during the period from the November 2021 to October 2022, a year-on-year decrease of 44%.

The Green Data Center

Under consistent energy consumption management, our Business Processing Center in Zhangjiang has implemented a total of 13 energy-saving measures and thus reduced its energy consumption. In 2022, our Zhangjiang Business Processing Center conducted building energy auditing with an aim to tap energy-saving potential, improve equipment operating efficiency, and promote the effective implementation of energy-saving and emission reduction measures. The photovoltaic panels on the cross-street flyover of this Business Processing Center have an annual average photovoltaic power generation of 480,000 kWh. That can reduce 156 tons of standard coal consumption, 130 tons of carbon dioxide emissions, 475 tons of carbon dust emissions, 14.32 tons of sulfur dioxide emissions and 7.16 tons of nitrogen dioxide emissions for the society.

In 2022, Zhangjiang Data Center continued to implement the current energy-saving operating mode, adjust the cooling load, and optimize the water temperature, flow rate and other parameters of the cooling system. By doing so, the Center improved the operation efficiency of all infrastructure equipment. The average annual PUE of the self-use server room was 1.69, decreasing by 0.09 compared with the same period last year. At the same time, Zhangjiang Data Center took a number of energy-saving measures such as intelligent water temperature regulation and staggered power consumption, saving over RMB 400,000 in electricity costs throughout the year.

Promoting Green Procurement

We promote green procurement, implementing “carbon peaking and carbon neutrality” requirements in procurement, incorporating “environmental protection performance” fully into the technical scoring of centralized procurement projects, grading suppliers based on their carbon neutral certificate, environmental management system certificate (ISO14001) and other certificates and practicing green procurement. Fully considering environmental protection, resource saving, safety, healthiness, recirculation, low carbon, and recycling, we give priority to the procurement of electronic equipment with the national 3C certification and the green environmental protection mark, and actively promote online procurement methods like e-procurement to reduce energy consumption and carbon emission in the procurement process. At the same time, we adhere to the principle of “Three Don’ts” in procurement. We do not purchase products or services from enterprises that violate environmental laws and regulations. We do not purchase backward products or products produced with backward productive capacity or backward technological equipment, both of which are to be eliminated as per national orders. We do not purchase nationally prohibited products containing toxic and hazardous substances. In 2022, we prioritized the procurement of equipment meeting Tier 1 energy efficiency standards. In terms of vehicle use, we gradually transition towards new energy and hybrid vehicles.

Developing Green Buildings

We explore green, healthy and low-carbon design in outlet development. In building pilot sub-branches, we have gradually used a variety of new materials and techniques, such as negative oxygen ion boards, diatom mud, calcium silicate fireproof board, natural moss walls, soundproof furniture screens, and energy-saving lighting, air conditioning, and sanitary ware, etc. We have eliminated the finishing materials involving heavy pollution and high energy consumption, and used healthy and environmentally friendly ones we have discovered.



4.3 Growing with Employees

We earnestly implement the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and other laws and regulations. We attach importance to employees' legitimate rights, interests and demands in employment, remuneration, benefits, recruitment, promotion and other aspects, improve labor relations management, and deepen democratic management. We strive to build harmonious labor relations, protect employees' legal rights and interests, improve the training system, and care for employee growth.

Reinforcing Recruitment Management

We follow the recruitment principles of “openness, fairness and impartiality”, regulate employment and respect for human rights. We recruit candidates objectively based on their competence, experience and culture. We do not discriminate any of them because of their gender, age, ethnicity, nationality, race, religious belief, sexual orientation, social origin or other characteristics. We strictly verify candidates' identity information during the recruitment. We prohibit child labor and forced labor. In 2022, we signed labor contracts with all employees, and no child labor, forced labor or discrimination occurred in our Bank.

Actively promoting employment

In 2022, in an active response to the call of the municipal Party Committee and the municipal government, we formulated a one-thousand-talent recruitment plan, implemented the agile recruitment program, and intensified campus recruitment efforts. Giving full play to our regional advantages, we innovated the school-enterprise training programs, where we offered recruitment information to targeted schools of key colleges and upgraded the characteristic training model for branches and sub-branches.

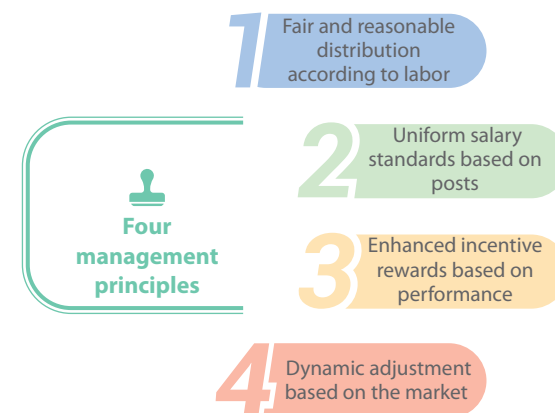
Working faster to transform campus recruitment

Through the WeChat official account, Bilibili account, recruitment websites and cloud career talks, we recruit talents online in an integrated process, becoming a pioneer in the banking industry in Shanghai in terms of “Campus Recruitment e-Transformation”. In 2022, we actively participated in more than 100 recruitment activities held by universities, platforms, governments and other parties. By doing so, we recruited more than 900 fresh graduates, ranking among the top of the banking industry in Shanghai. We won nine honors such as the “Employee Favored by Chinese Students in 2022” (for three consecutive years) from 51job and Yingjiesheng.com, the “China Model Innovation Award for Talent Management 2022” from Beisen Research of Talent Management, and the “Top 10 Most Popular Employers for Students” from East China University of Political Science and Law.



Refining Remuneration Management

We follow the four management principles of “fair and reasonable distribution according to labor, uniform salary standards based on posts, enhanced incentive rewards based on performance, and dynamic adjustment based on the market”. In line with national and local government laws and regulations, we fully build a remuneration management system that meets the development requirements of modern commercial banks. According to our employee remuneration management system, an employee’s remuneration consists of the regular salary, the variable salary and benefit incomes. In addition, we have established a comprehensive medical insurance program for employees and their children. It provides reimbursement for the self-paid parts in the basic social medical coverage and additional coverage for 29 major diseases.



Advancing Democracy Building

We continue to improve the democratic management system with the Employees’ Congress as the basic form, and actively promote the collective consultation mechanism to safeguard the legitimate rights and interests of employees. In 2022, we held two Employees’ Congress meetings. Through these conferences, we deliberated on important matters such as the *SHRCB Collective Contract*, and the *SHRCB Collective Contract for Female Employees*. We evaluated the performance on employees, directors and supervisors, and made good use of the online Employees’ Congress meetings with integrity and innovation. We signed collective contracts on equal consultation, developing a good situation where we consulted with employees, built mechanisms with them, and created and shared benefits with them. We did a good job in following up the proposals from employee representatives and the rationalized suggestions from the primary-level employees. We kept tracking filed proposals containing widely collected topics that reflected the common concern of the employees and could be solved in the short term. By doing so, we thoroughly implemented democratic management.

Conducting Employee Research

We attach importance to hearing the voices of employees and conduct continuous research around interpersonal relationships among colleagues, job stability, remuneration and benefits, job ranking, and job value. In doing so, we aim to identify potential management problems and thus make employees feel more satisfied and motivated. In 2022, we surveyed the young employees of our Bank and Yangtze United Financial Leasing, and found that they were further more satisfied with their employers.



4.4 Developing a Friendly Workplace

We upgrade and optimize our talent training model, launch major talent projects and programs, and innovate integrated online recruitment processes. We keep optimizing our talent service guarantee system to attract quality talents. Based on the Group’s strategic development goals and the differentiated human resource management positioning and value output requirements, we carry out orderly staff training and establish a comprehensive talent mechanism. We keep optimizing our training methods and improving training results, striving to promote employees’ career development and create a friendly workplace.

Smoothing Career Paths

Talent development and reserve

To build up the reserve echelon of management talents and empower the management positions, we have launched “Zhongqingban” and “Xinhua Plan”, the training programs for middle-level and section-level reserve talents. We have actively held talent development forums, convened meetings to advance talent development, and set up a platform for youth exchange and sharing. We have optimized the mentor pairing mechanism, explored preparing talent development indexes, and strengthened the operation of management trainee programs. In 2022, we published 20 promotional articles themed “Xinrenwu”, held three micro forums featuring youth wisdom+, implemented the “Ten-Hundred-Thousand” youth development plan, and arranged 25 two-way rotations for management trainees.

Official team building

To make officials more enthusiastic about work, we have formulated the *Plan on Further Strengthening the Discovery, Training and Selection of Excellent Young Officials across the Bank (2022-2025)*. We have innovated an evaluation system for Chief Talent Officer, covering the dimensions of the completion of young officials training goals, the implementation of rotation and exchange, the building of reserve talent pools, the execution of the “Three-Cans” mechanism and the innovation of talent management modes. All these dimensions have been incorporated into the assessment system. By doing so, we have given full play to the driving role of mechanisms and the guarantee role of policies. To strengthen the strategic layout of key positions, we have formulated the *SHRCB Catalogue of Urgently-needed Talent Development (2022)*. By coordinating the competence, quality and experience needs of talents in different categories, we have conducted comprehensive analysis and research on the talents needs for strategic development to ensure the personnel continuity in key posts.



Completing Training Systems



Digital training platform

The Bank has built the HEROS training module, to which we have orderly migrated all the data of "Xinpeiban" platform. We have fully built, integrated and utilized online learning resources and adopted online methods such as live streaming learning, micro-lectures and examinations, in a bid to further enhance the penetration of online training and promote the digital transformation of training.



Multi-level training system

We have established a horizontal and vertical refined training system. Horizontally, we focus on hierarchical empowerment, customize differentiated training programs and conduct solid multi-level training. Specifically, we offer "Navigating Classroom" for middle-level principal employees of the Head Office, "Sailing Classroom" for middle-level deputy employees of the Head Office, and other courses for team leaders at the primary level, business backbone of each line and new employees. Vertically, we provide systematic training for different professional segments such as system planning, public finance, retail, operation and technology. In 2022, we held 1,755 offline and online training sessions for 362,712 participants, lasting 1,985,537 hours in total.



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Team building in new employee training



The third "Zhongqingban" session



"Navigating Classroom" and "Sailing Classroom" sessions



Xinquan Classroom training course



In October 2022, the online completion report and award presentation ceremony of the "Xinxing Plan 2.0" training camp for corporate finance account managers of our Bank round off

Enriching Employees' Lives

With the fundamental principle of "building a healthy, civilized and positive employee featuring total involvement", we care for the physical and mental health of employees, and offer targeted assistance to employees in difficulty. We organize various forms of healthy and energetic cultural and sports activities with distinctive features, carry out public welfare activities, and promote the core corporate culture of "Valuing virtue and goodness, benefiting the city and the people, pursuing excellence with diligence, and realizing the shared dream of harmony".

In 2022, we hold a number of bank-wide cultural activities, such as the calligraphy and photography art exhibition themed "the Most Beautiful SHRCB Employees", the singer competition themed "Singing and Sailing with Dreams", and the fitness walk themed "Welcoming the 20th National Congress and Always Follow the Party". We also launched many online activities such as the Spring Festival Garden Party, the group purchase for the Spring Festival, videos of Spring Festival blessings, June 1st children gathering, and foreign language contest to further expand the coverage of employee activities. With the concept of "originating from interest, enjoying the process and cultivating backbone", we carried out club activities and formed a running team and a soccer team. We organized more than 20 competitions of different forms for almost all lines of employees and set more than 300 awards to drive employees to actively participate in and work with great energy, innovation and efficiency. We participated in the microfilm creation competition, the intellectual sports competition, the Honor of Kings competition, the poetry creation and recitation themed "Reading and Enjoying the 20th CPC National Congress" as well as other activities to enrich the recreational life of employees and show the fruitful results in our cultural building.



The singer competition themed "Singing and Sailing with Dreams"



The calligraphy and photography art exhibition themed "the Most Beautiful SHRCB Employees"



The "Silent Spring Rain" operation service star selection



The knowledge contest themed "Anti-counterfeiting Xin Power"



The foreign language Competition

Enhancing Employee Care

Giving warm help to employees in difficulty

We provide targeted assistance and consolation for employees at multiple levels, doing good and practical things for them and solving their difficulties. During the New Year's Day and the Spring Festival, we continuously gave warm help to employees in difficulty. The leaders of the Head Office led a team to visit the employees of our Bank and the village bank who suffered from serious illness and family difficulties, sending the financial assistance. We did a good job in the daily mutual medical insurance claims, playing the supporting role of trade unions to relieve the urgent needs of employees.



Chairman Xu Li (second from right) visits the employee in difficulty



President Gu Jianzhong (left) visits the employee in difficulty



Chairman of the Supervisory Board Li Jianguo (second from Right) visits the employee in difficulty



Deputy Secretary of the Party Committee Li Jin (second from left) expressed condolences to employees from other places staying in Shanghai in the Spring Festival



Providing practical services for employees

We provide employees with practical regular services such as medical examinations, mutual medical insurance, health care, winter and summer delivery, annual welfare, and daily consolation. Focusing on the health issues most concerned by employees, we continue to promote "Health Culture" projects, purchase health care service programs for employees, and provide them services such as telephone psychological counseling, 24-hour video doctors, appointments with specialists for serious illnesses, and pharmaceutical benefits.



Case

SHRCB Health Care Service Festival

In 2022, we launched the SHRCB Health Care Service Festival, offering 11 health care service festival activities throughout the Bank. These services attracted a total of about 900 employees for site experience. Specifically, services such as cervical spine testing and relaxation, health examinations (by Eagle Pupil), traditional Chinese medicine consultation, and health rooms, won great favor from the employees.



Yangpu Sub-branch



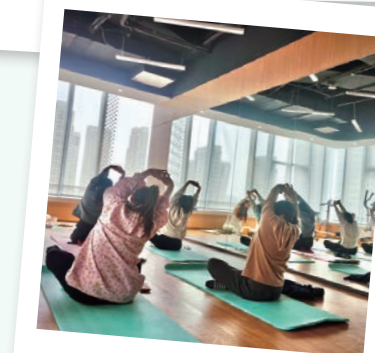
Minhang Sub-branch



Jinshan Sub-branch



Baoshan Sub-branch



Pudong Branch

Painstakingly creating an online platform position

We have optimized the “Gongjiayun” by streamlining the functional sections and highlighting major features, enhancing publicity effects and strengthening intelligence. By launching rich online activities, we give employees more benefits and interactive opportunities and strive to make “Weijiyuan” and “Gongjiayun” a new window for serving employees, a new channel for contacting them and a new platform for educating them.

Protecting the rights and interests of female employees

To protect the legitimate rights and interests of female employees, we have fully negotiated with our trade unions in accordance with the relevant national laws and regulations and the principle of voluntariness and equality, and jointly signed the *Collective Contract of SHRCB for the Protection of Special Rights and Interests of Female Employees* with agreed terms and conditions.

Moreover, we have carried out a series of March Eighth activities themed “Pampering Beauty” to help female employees relax and relieve stress. We have launched the campaign of “Civilized Women’s Posts” and selected and named 48 collectives. We have held special activities on “March Eighth” International Working Women’s Day, and motivated strong positive energy for good by inviting advanced female employees to share experiences. We have actively built “caring mommy rooms” to solve the practical needs of female employees. As at the end of 2022, a total of 60 “caring mommy rooms” were created, including 10 five-star, 18 four-star and 10 three-star ones.



Caring Mommy Rooms

In 2022, we won many honors such as the “Women’s Civilized Post in Shanghai”, the “Model of Women Employment in Shanghai”, the “March Eighth Exemplary Group in Shanghai”.



An event to commemorate March Eighth International Working Women’s Day

4.5 Fostering Public-welfare Culture

In an active effort to develop public welfare culture, we take public welfare activities as part of inclusive finance to empower social governance, focus on charitable donations, poverty alleviation and care for special groups to build into a “responsible bank”, and volunteer for public welfare to perform our responsibility as a state-owned enterprise. In 2022, our public donations totaled RMB 21.261 million, and 3,601 employees provided 35,325 hours of volunteer services.

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Deepening the Volunteer Service Brand

We deepen the “Little Financier” public welfare volunteer service brand from the entry point of children’s financial education to make inclusive finance benefit more people of different ages. In 2022, we organized a variety of online and offline public welfare courses including the online “Little Financier” public welfare cloud course on financial intelligence for the children of our employees, building a platform for them to meet, study and communicate on the cloud while staying at home. We held the “Little Financiers” Open Day event themed “Welcoming the 20th National Congress, Making Achievement in the New Era, and Serving the New Youth”, under the 2022 program of “Growing up under the National Flag”, inviting children from new citizen families in Huangpu District to participate in. We went into the campus and community to help children establish a correct concept of money and spread the power of finance for good through rich cases and vivid language.



Giving Public Welfare Assistance

Targeting key priorities

In 2022, we continued to carry out the project of “100 enterprises helping 100 villages”, providing paired assistance for Maguan County in Wenshan Prefecture, Yunnan Province. We donated RMB 992,600 and focused on rural planning and social governance in the paired counties. We continued to implement the health support policy. We donated RMB 600,000 to carry out the public welfare health project themed “Medical Care on the Cloud”, offering 4 public welfare medical examinations in difficult areas of Yunnan, to serve the poverty-stricken areas with high-quality medical resources. We provided targeted assistance to Inner Mongolia, donating RMB 792,600 for the infrastructure renovation of gerocomiums and kindergarten projects to improve the living condition and education resources of the poverty-stricken areas. We launched a new round of comprehensive rural assistance projects with Chongming District, donating RMB 5 million to the comprehensive rural assistance projects to improve the independent development capacity of the relatively economically weak areas. We implemented consumption-based assistance, purchasing RMB 7.6 million of rural products to help people in difficult areas increase incomes.



The Public Welfare Donation Project in Xinzhai Village, Longyang District, Baoshan City, Yunnan Province

Developing the brand of caring public services

We have set up the SHRCB Xin Public Welfare Fund for projects such as children's care, respect for the elderly and help for the needy to build our public welfare brand. From 2018 to now, the Fund donated more than RMB 3.78 million.



The Bank continues to play the role of the Xin Public Welfare Fund

Exploring a useful model for public service projects

We cooperated with the Shanghai Foundation for Support the Military and Families to care for veterans. We launched the program of “Intangible Cultural Heritage in Children's Eyes” to carry forward excellent traditional Chinese culture and build us into a more inclusive, warmer and more responsible bank.



Case

The Bank works with Shanghai Children's Art Theatre to present a public welfare performance regarding intangible cultural heritage.

In February 2022, we worked with Shanghai Children's Art Theatre to present a public welfare performance themed “Intangible Cultural Heritage in Children's Eyes” to spread traditional Chinese culture. Teenagers were invited to participate in the parent-child challenge of “Little Master of Intangible Cultural Heritage”, the “Little Whale Project - Intangible Cultural Heritage Classroom in SHRCB”, the “Little Whale” immersive art interaction and a series of other three-dimensional, immersive performance and teaching activities. Through group learning and sharing, these activities were aimed to cultivate children's confidence in Chinese traditional art and culture and lay a good foundation for developing children's patriotism and cultural confidence.

Supporting Cultural and Sports Industry Development

“Not the employer but the home of Shanghai Women's Football Team!” We support the Shanghai Women's Football Team, in a bid to boost sports development in Shanghai, fulfill social responsibilities, and contribute to basically building Shanghai into a world-famous sports city in 2025. We have been the title sponsor of the Shanghai Women's Football Team since 2018 and witnessed its success and glories. Over the years, 16 athletes and 2 coaches from the SHRCB Women's Football Team has been selected to the Chinese Women's National Football Team. Shui Qingxia, the former coach of the SHRCB Women's Football Team, has been promoted to the head coach of the Chinese Women's football team. The SHRCB Women's Football Team has been contributing to the Chinese Women's football team's success in international competitions. The SHRCB Women's Football Team has become a bright business card of Shanghai and a symbol of the city's spirits of never giving up easily but going forward bravely.



“Striving towards the Future - Sharing Session of Returning SHRCB Women's Football Team”



Continued efforts to support SHRCB Women's Football Team in competing in the new season

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ESG Performance

Governance performance

Indicator name	Unit	2022	2021	2020
Corporate Governance				
Number of board members	Person	16	19	19
Number of executive directors	Person	2	2	2
Number of non-executive directors	Person	7	10	10
Number of independent directors	Person	7	7	7
Number of male directors	Person	12	14	15
Number of female directors	Person	4	5	4
Number of board meetings	Time	10	9	11
Average attendance rate of board meetings	%	95	94	93
Number of supervisory board meetings	Time	4	5	5
Average attendance rate of supervisory board meetings	%	100	98	96
Business Ethics and Anti-Corruption				
Percentage of employees trained in integrity building	%	100	100	100
Number of anti-money laundering training sessions	Time	13	14	19
Number of people trained in anti-money laundering	Person-time	3,023	7,162	6,797
Number of compliance case prevention warning education training	Time	16	17	12
Compliance case prevention warning education training attendance	Person-time	8,998	8,470	7,042

Economic performance⁷

Indicator name	Unit	2022	2021	2020
Total assets	RMB1 billion	1,281.399	1,158.376	1,056.977
Principal amount of deposits taken	RMB1 billion	943.485	838.138	748.989
Total loans and advances	RMB1 billion	670.623	613.577	530.673
Operating income	RMB1 billion	25.627	24.164	22.040

⁷ [Statistical Caliber] The statistical caliber of economic performance related indicators covers the Group, and the total tax amount includes withholding and paying individual income tax.

Indicator name	Unit	2022	2021	2020
Interest expense	RMB1 billion	22.699	21.705	19.222
Net profit	RMB1 billion	11.393	10.047	8.419
Return on average total assets	%	0.93	0.91	0.85
Return on weighted average net assets	%	11.22	11.39	11.02
Core tier 1 capital adequacy ratio	%	12.96	13.06	11.67
Capital adequacy ratio	%	15.46	15.28	14.40
Non-performing loan ratio	%	0.94	0.95	0.99
Provision coverage ratio	%	445.32	442.50	419.17
Total tax payment	RMB1 billion	5.482	5.046	5.306
Social contribution value per share ⁸	RMB/share	4.65	4.31	4.25
Number of branches	Branch	364	366	366
Number of intelligent teller machines	Set	781	782	757
Number of outlets with barrier-free access	Outlet	300	278	278
Number of village banks	Bank	35	35	35
Green Finance				
Green credit balance ⁹	RMB1 billion	43.567	19.775	6.578
On-balance sheet balance of green bond investments	RMB1 billion	9.034	3.600	2.601
Scale of green bonds underwritten	RMB1 billion	3.03	2.18	0.74
Balance of green leasing	RMB1 billion	6.989	6.321	6.098
Balance of green financial management	RMB1 billion	1.659	1.401	1.103
Inclusive Finance				
Balance of loans to small and medium-sized enterprises	RMB1 billion	372.142	330.543	286.790
Balance of loans to small and micro-sized enterprises	RMB1 billion	234.512	202.146	161.852
Number of borrowers of small and medium-sized enterprises	Household	37,860	27,201	22,686
Number of borrowers of small and micro-sized enterprises	Household	36,812	26,234	21,688
Number of specialized institutions serving small and micro-sized business	Institution	35	35	35

⁸ [Calculation method] Social contribution value per share = (net profit of the company + tax revenue generated for the country during the year + wages paid to employees + interest paid to banks and other creditors + value created for other stakeholders such as external donations - other social costs due to environmental pollution, etc.) / total number of shares of the company.

⁹ [Statistical Caliber] Starting from 2022, the Bank discloses the green credit balance to the public based on the criteria of the CBIRC, covering that of on-balance sheet green loans, off-balance sheet letters of credit and promissory notes. The balance of green credit disclosed in the 2022 and 2021 reports was calculated based on the criteria of the CBIRC, covering that of on-balance sheet green loans, off-balance sheet letters of credit and promissory notes. The green credit balance disclosed in the 2020 report was based on the criteria of the PBOC. In the 2021 CSR Reported disclosed, the green credit balance was based on the criteria of the PBOC, where the data here is based on the criteria of the CBIRC. That is the reason for the data differences.

Indicator name	Unit	2022	2021	2020
Supporting the Agriculture, rural areas and rural residents				
Balance of agriculture -related loans	RMB1 billion	64.422	57.785	60.932
Loans to farmers	RMB1 billion	16.942	16.655	14.538
Loans to rural enterprises and organizations	RMB1 billion	13.613	14.313	7.904
Agriculture -related loans for urban enterprises and organizations	RMB1 billion	33.757	26.745	38.434
Other agriculture-related loans	RMB1 billion	0.110	0.072	0.056

Social performance

Indicator name	Unit	2022	2021	2020
Employee Employment¹⁰				
Total number of employees	Person	9,093	8,222	7,719
By gender				
Number of male employees	Person	4,386	4,099	3,877
Number of female employees	Person	4,707	4,123	3,842
Number of female management staff	Person	712	686	591
Number of male management staff	Person	772	745	660
Number of primary-level female employees	Person	3,995	3,437	3,251
Number of primary-level male employees	Person	3,614	3,354	3,217
By employment type				
Labor contract system	Person	8,582	7,705	7,183
Labor dispatch system	Person	511	517	536
By education				
Number of employees with master's degrees or above	Person	1,882	1,564	1,307
Number of employees with bachelor's degrees	Person	6,072	5,450	5,101
Number of employees below to bachelor's degrees (not included)	Person	1,139	1,208	1,311
By type				
Number of employees with Shanghai hukou	Person	7,421	7,142	6,831
Number of employees without Shanghai hukou	Person	1,672	1,080	888
Number of employees in Hong Kong, Macau and Taiwan	Person	3	-	-
Number of ethnic minority employees	Person	115	81	72
Number of employees with disabilities	Person	17	18	20

¹⁰ [Statistical caliber] The number of employees includes those of the labor contract employees and labor dispatch of the company. Among them, the number of new employees is the number of in-service labor contract employees at the end of the year; the employee turnover is calculated based on the number of the labor contract employees. And male and female management personnel include senior executives and middle level employees.

Indicator name	Unit	2022	2021	2020
By age				
Number of employees aged 35 and under	Person	5,317	4,779	4,428
Number of employees aged 36 (inclusive) - 55 (inclusive)	Person	3,430	3,080	2,943
Number of employees aged 56 and over	Person	346	363	348
New employees				
Total number of new employees	Person	1,226	933	1,238
Number of new female employees	Person	745	546	706
Number of new male employees	Person	481	387	532
Number of new fresh graduates	Person	881	584	814
Number of new socially recruited employees	Person	345	349	424

Indicator name	Unit	2022	2021
Employee turnover			
Employee turnover rate	%	3.85	3.46
Male employee turnover rate	%	3.62	2.58
Female employee turnover rate	%	4.06	4.28
Turnover rate of employees aged 35 and under	%	5.58	5.27
Turnover rate of employees aged 36 (inclusive) - 55 (inclusive)	%	1.32	0.83
Turnover rate of employees aged 56 and over	%	0	0

Indicator name	Unit	2022	2021	2020
Health and Safety				
Labor contract signing rate	%	100	100	100
Social insurance coverage	%	100	100	100
Medical examination coverage	%	100	100	100
Work-related fatalities	Person	0	0	0
Proportion of work-related fatalities	%	0	0	0
Number of work injury cases	Case	16	8	13
Number of working days lost due to work-related injuries	Day	683	433	164

Indicator name	Unit	2022	2021	2020
Development and Training				
Number of employee training sessions	Session	1,755	1,980	2,354
Employee training expenses	RMB1 million	16.095	18.481	17.689
Number of employee trainees	Person-time	362,712	237,495	212,957
Amount of employee financial assistance	RMB1 million	1.0115	0.9992	1.3438

Indicator name	Unit	2022
Number of employee trainees	Person	362,712
Number of male employee trainees	Person	174,954
Number of female employee trainees	Person	187,758
Total hours of employee training	Hours	1,985,537
Total hours of training for male employees	Hours	957,722
Total hours of training for female employees	Hours	1,027,815
Percentage of employees trained	%	99.4
Percentage of male trainees	%	99.3
Percentage of female trainees	%	99.5
Percentage of executive employees trained	%	100
Percentage of middle-level employees trained	%	100
Percentage of primary-level employees trained	%	99.3
Number of training hours per employee	Hours	218.36
Number of training hours per male employee	Hours	203.47
Number of training hours per female employee	Hours	234.34
Number of training hours per executive employee	Hours	200.27
Number of training hours per middle-level employee	Hours	126.50
Number of training hours per primary-level employee	Hours	223.25

Indicator name	Unit	2022	2021	2020
Employment and Labor Guidelines				
Confirmed incidents of discrimination	Case	0	0	0
Confirmed incidents of forced labor	Case	0	0	0
Confirmed incidents of child labor	Case	0	0	0
Consumer Protection				
Number of people trained in the protection of customer rights and privacy training	Person-time	38,109	38,085	16,408
Total number of annual financial literacy activities	Time	2,669	2,028	1,624
Financial literacy audience	1 million people	4.9046	4.8707	5.8457
Consumer rights protection expenditure	RMB1 million	1.558	1.485	1.235
Customer inquiries and handling	Case	2,781,346	2,793,028	2,987,364
Customer complaint handling rate	%	100	100	100
Customer complaint resolution rate	%	100	100	100
Customer survey satisfaction ¹¹	%	99.47	99.47	99.55
Public Charity				
Amount of public charity donations	RMB1 million	21.261	12.184	33.342
Number of public welfare activities	Time	97	101	93
Number of public charity projects	Institution	41	31	48
Number of recipients of public charity projects	Person-time	103,340	70,201	81,406
Supplier Management				
Supplier review coverage	%	100	100	100
Total number of suppliers	Supplier	1,062	882	1,048
Number of domestic suppliers	Supplier	1,061	881	1,048
Number of foreign suppliers	Supplier	1	1	0
Information Security				
Number of information security training sessions	Time	6	8	3
Number of people trained in information security	Person-time	38,914	50,711	16,408
Cases of major information security and customer privacy breaches	Case	0	0	0
Electronic Banking Services				
Mobile banking customers	1 million	4.9053	4.4961	3.9243

11 [Statistical caliber] Source: Customer service hotline Customer satisfaction

Indicator name	Unit	2022	2021	2020
Online banking customers	1 million	3.7401	3.6983	3.6012
WeChat bank customers	1 million times	0.3245	0.3715	0.1268
Amount of remote banking manual service	1 million times	1.1244	1.1688	1.4536
Intelligent counter coverage rate	%	99.45	98.91	98.91
E-Banking channel replacement rate	%	79.17	81.88	69.08
Customer service hotlines answered	1 million times	2.7813	2.7930	2.9874

Environmental performance

Indicator name	Unit	2022	2021
Emissions¹²			
Total greenhouse gas emissions (Scope I and Scope II) ¹³	Tons of CO ₂ equivalent	43,396.69	40,438.55
Scope I: Direct greenhouse gas emissions	Tons of CO ₂ equivalent	1,446.45	1,515.68
Scope II: Indirect greenhouse gas emissions	Tons of CO ₂ equivalent	41,950.24	38,922.87
Greenhouse gas emissions per capita	Tons of CO ₂ equivalent/person	4.12	4.19
Energy and Resource Use¹⁴			
Natural gas consumption	m ³	307,874.53	280,907.42
Natural gas consumption per capita	m ³ /person	29.21	29.08
Diesel consumption	Liter	30,389.53	41,425.58
Diesel consumption per capita	Liter/person	2.88	4.29
Owned vehicle gasoline usage	Liter	309,208.45	363,774.65
Owned vehicle diesel usage	Liter	11,581.24	4,143.96
Electricity consumption	kWh	73,558,196.89	66,992,893.34
Electricity consumption of headquarters building	kWh	2,148,497.00	2,426,211.00

¹² [Statistical caliber] The data cover the Bank's Head Office and 21 branches in Shanghai

¹³ [Calculation Method] GHG emissions calculation method: GHG emissions are calculated by multiplying the consumption of various types of energy and resources by the corresponding emission factors.

The CO₂ emission factors of Scope I (gasoline and diesel) are based on the Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Land Transportation Enterprises (Trial) (2015) and China Energy Statistical Yearbook 2021. The CO₂ emission factors of Scope I (natural gas) are based on Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (2022) and China Energy Statistical Yearbook 2021. The CO₂ emission factors of Scope II (purchased power) are based on the Notice on the Work related to the Management of Greenhouse Gas Emissions Reporting in the Power Generation Industry in 2023-2025. The emission factors in 2021 were based on the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (2022).

¹⁴ [Statistical caliber] The data cover the Bank's Head Office and 21 branches in Shanghai. Specifically, the data of office paper consumption cover the Bank's Head Office Building and the Zhangjiang Data Center Park. The statistical criteria for the consumption of business office paper are the Bank's headquarters building and Zhangjiang Central Park, while the statistical criteria for the purchased power and water consumption of the headquarters building are the Bank's headquarters building.

Indicator name	Unit	2022	2021
Electricity consumption per capita	kWh/person	6,978.29	6,935.80
Water consumption	Ton	9,605	9,593
Water consumption per capita	Ton/person	6.4	7.9
Business office paper consumption	Ton	37.43	45.15
Per capita paper consumption	Ton/person	0.01	0.01
Waste Management¹⁵			
Non-hazardous waste			
Disposal volume of electronic and office supplies	Piece	13,605	16,099
Disposal volume of kitchen waste	Ton	67	53
Hazardous waste			
Toner cartridge disposal volume	Ton	6.9	7.5

Indicator name	Unit	2022	2021	2020
Green Office				
Paper saved by electronic billings	Ton	29	31	18
Percentage of credit card e-billing	%	86	86	59
Videoconferencing	Time	4,384	1,289	1,065

¹⁵ [Statistical caliber] The data of electronic and office supplies disposal cover the Bank's Head Office and 21 branches in Shanghai. The data of kitchen waste and hazardous waste disposal cover the Bank's Head Office building.

Independent Assurance Report

Reporting Basis of Subject Matter

Number of female management staff



The number of female management staff disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the number of female management staff as of 31 December 2022. The employees' gender is determined based on the employees' identity card, and management staff refer to the staff at the level of section assistant and above. The statistical scope includes the head office and branches, including labor dispatch personnel.

Green credit balance (RMB 100million)



The green credit balance disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the amount of green credit balance as of 31 December 2022. The definition of green credit is derived from "Circular on the Relevant Work of Green Financing Statistical System" issued by China Banking and Insurance Regulatory Commission in 2020 and related laws and regulations. The statistical reporting and calculation of green credit balance is based on the appendix "Notice on Further Strengthening the Identification and Classification of Green Credit" of "Shanghai Rural Commercial Bank Green Credit Classification Standard", which refers to China Banking and Insurance Regulatory Commission statistical scope, issued by Shanghai Rural Commercial Bank in 2022. The statistical scope includes the head office and branches.

Balance of agriculture-related loans (RMB 100million)



The balance of agriculture-related loans disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the balance amount of agriculture-related loans as of 31 December 2022. The agriculture-related loans are defined in *Special Statistical System for Agriculture-related Loans* issued by People's Bank of China and China Banking Regulatory Commission in 2007. The statistical reporting of the balance of agriculture-related loans is based on the "Notice on Matters Related to Financial Statistics of Financial Institutions in 2022" issued by People's Bank of China in 2021. The statistical scope includes the head office and branches.

Balance of loans to small and micro-sized enterprises (RMB 100million)



The balance of loans to small and micro-sized enterprises (SMEs) disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the balance amount of loans to SMEs (including SMEs owners and individual business) as of 31 December 2022. the SMEs are defined in *Notice on Printing and Distributing the Standards for the Classification of Small and Micro-sized Enterprises* issued by Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission and Ministry of Finance in 2011. The statistical scope includes the head office and branches.

Electricity consumption of headquarters building (kWh)



The electricity consumption of headquarters building disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the total electricity consumption of Shanghai Rural Commercial Bank headquarters building in the year of 2022, and the electricity consumption information came from the monthly electricity bill.

Water Consumption (ton)



The water consumption disclosed in the CSR Report of Shanghai Rural Commercial Bank refers to the total water consumption of Shanghai Rural Commercial Bank headquarters building in the year of 2022, and the water consumption information came from the monthly water bill.



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Independent accountant's assurance report

安永华明（2023）专字第60938786_A01号
Shanghai Rural Commercial Bank Co., Ltd.

To the Board of Shanghai Rural Commercial Bank Co., Ltd.

Scope

We have been engaged by Shanghai Rural Commercial Bank Co., Ltd. (the "Shanghai Rural Commercial Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Shanghai Rural Commercial Bank's identified subject matter (the "Subject Matter") in the 2022 Corporate Social Responsibility and Environmental, Social and Governance (ESG) Report (the "CSR report") as of 31 December 2022 and for the year ended 31 December 2022.

Subject matter

- Number of female management staff
- Green credit balance (RMB 100million)
- Balance of agriculture-related loans (RMB 100million)
- Balance of loans to small and micro enterprises (RMB 100million)
- Electricity consumption of headquarters building (kWh)
- Water consumption (ton)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the 2022 CSR report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Shanghai Rural Commercial Bank

In preparing the Subject Matter, Shanghai Rural Commercial Bank applied the criteria which is set out in the "Reporting Basis of Subject Matter" (the "Reporting Basis") of 2022 CSR Report.

Shanghai Rural Commercial Bank's responsibilities

Shanghai Rural Commercial Bank's management is responsible for selecting the criteria, and presenting the 2022 Subject Matter of CSR report in accordance with Reporting Basis, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



Independent accountant's assurance report

安永华明（2023）专字第60938786_A01号
Shanghai Rural Commercial Bank Co., Ltd.

We conducted our 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 and the terms of reference for this engagement as agreed with Shanghai Rural Commercial Bank's responsibilities. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Reporting Basis, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement 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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information, and applying analytical and other appropriate procedures.



Independent accountant's assurance report

安永华明（2023）专字第60938786_A01号
Shanghai Rural Commercial Bank Co., Ltd.

Our procedures included:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the CSR Report in relation to Subject matter,
- 2) Analytical procedures,
- 3) Examination, on a test basis, of documentary evidence,
- 4) Recalculation.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31 December 2022 and for the year then ended in the 2022 CSR Report, in order for it to be in accordance with Reporting Basis.

Restricted use

This report is intended solely for the information and use of Shanghai Rural Commercial Bank and is not intended to be and should not be used by anyone other than those specified parties. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

26 April 2023

Beijing, China

Content Index

PRB Content Index

Principles for Responsible Banking	Index	Our Action	Page
Principle 1: Alignment	1.1 Business model	Please refer to the chapters of Company Profile and ESG Management in this report for the introduction of the main business model and operations of the Bank.	Company Profile, P8 ESG Management, P13-18
	1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks	The Bank adheres to the strategic goal of "building itself into a bank with green development as a defining feature in the Yangtze River Delta" and has formulated the development strategies and work plans for green finance and carbon peak and carbon neutrality. Besides, the Bank upholds the core strategy of being committed to inclusive finance and has formulated inclusive finance related goals and implementation plans. Integrating green finance with inclusive features to empower social governance, the Bank has become a characteristic green inclusive financial institution in the region. The Bank has responded to the topics of SDGs in all respects and aligned its strategy to be consistent with the goals as expressed in the Paris Climate Agreement.	Promoting Green Development, P79-85 Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36
Principle 2: Impact and Target Setting	2.1 Impact analysis	The Bank attaches great importance to the impact of business, products and services on the society and environment. The Bank has leveraged its advantages in agricultural finance, small and micro finance, science and technology innovation finance and community finance, responded to the macro trends of developing green finance, serving the real economy and practicing inclusive finance, and actively addressed climate change challenges. The Bank has intensified support to key areas such as green development and inclusive finance, fulfilled economic, social and environmental responsibilities, and increased our positive impact on the society and environment to the greatest extent.	Promoting Green Development, P79-85 Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36
	2.2 Target setting	In terms of green finance, the Bank implements the national strategy of carbon peak and carbon neutrality. The Bank has stepped up support to green industries, increased the scale of green investment and financing, innovated in green products and services, strengthened management of environmental and climate risks, improved the standard of environmental information disclosure, kept building a green brand, explored green finance practices, and actively addressed climate change. In terms of inclusive finance, the Bank has upheld the core strategy of being committed to inclusive finance, created a new model of empowering social governance through inclusive finance, including "broad" layout, "intense" focus, "warm" care, "close" connection, "wide" integration and "deep" service, and focused on services for "agriculture, rural areas and rural residents", micro and small businesses, technological innovation and community residents, to support real economy and benefit the people at large. The Bank will continue to increase injection of inclusive loans and ensure the growth in loans to inclusive micro and small businesses is no lower than the growth in all types of loans of the Bank and that the number of accounts with a loan balance is no less than that at the beginning of the year. Besides, the Bank has made important contributions to job creation. The Bank has continued to serve the real economy through finance, supported the development of "agriculture, rural areas and rural residents", micro and small businesses and technological innovation industries, actively created jobs, and facilitated harmonious development of enterprises and society.	Promoting Green Development, P79-85 Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36

Principles for Responsible Banking	Index	Our Action	Page
Principle 2: Impact and Target Setting	2.3 Plans for target implementation and monitoring	<p>In terms of green finance, the Bank has established effective organizational structure and working mechanism to advance green finance related work across the Bank comprehensively and systematically. The Bank has kept refining the system of policies and regulations about green finance and strengthened policy guidance. The Bank has made preferential adjustments to the risk weight coefficient of green credit, reduced the economic capital cost of green credit, and increased green finance related evaluation requirements. The Bank has rolled out green products and services to support the development of green industries. With digitalization as the means, the Bank has launched Phase I functions of the green finance system. The Bank has strengthened management of environmental and climate risks, conducting quantitative analyses of and measuring environmental and climate risks, incorporating the management of environmental and climate risks into the whole credit granting process, and pushing for improvement in green finance management on all fronts.</p> <p>In terms of inclusive finance, the Bank has successively issued inclusive finance related policies and regulations to give full play to the leading role of policies for micro, small and medium-sized enterprises. The Bank has built inclusive finance service architecture and given play to the role of village banks. The Bank has refined the inclusive finance product and service system, established a seamless long-term loan renewal mechanism to promote fee reduction and profit concession, opened a speedy green channel for credit approval, and rolled out dedicated financial services and products, to promote the development of inclusive finance.</p>	Promoting Green Development, P79-85 Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36
	2.4 Progress on implementing targets	<p>In terms of green finance, as at the end of 2022, the Bank's balance of green loans recorded RMB 43.567 billion, an increase of 120.32% over the prior year-end. The loans were mainly injected into energy conservation and environmental protection industries, the clean energy industry and green upgrading projects of infrastructure.</p> <p>In terms of inclusive finance, as at the end of 2022, the Bank's balance of loans to inclusive micro and small businesses was RMB 64.113 billion, a growth of 16.01%. The number of inclusive micro and small business loan accounts was 34,100, an increase of 10,500 over the prior year-end. Balance of agriculture-related loans registered RMB 64,422 million, an increase of 11.48%, and the number of agriculture-related loan accounts was 28,000, an increase of 800 over the beginning of the year.</p>	Vigorously Promoting Green Finance, P79-82 Promoting Rural Revitalization in All Aspects, P21-28 Increasing Support for Micro, Small and Medium-sized Enterprises, P29-32
Principle 3: Clients and Customers	3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers	The Bank has further fulfilled the primary responsibility of consumer protection, built the organizational structure of consumer protection from top to bottom, established and refined consumer protection related policies and regulations, kept improving the quality of products and services, listened to customers' voices, and actively conducted investor education, contributing our bit to promote responsible relationships between the Bank and customers.	Protecting Consumer Rights and Interests, P71-73 Sticking to High-quality Services, P74-76
	3.2 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	The Bank has deepened research and communication of green finance and inclusive finance, held green finance related training, and innovated in green and inclusive products and services. The Bank has worked with our clients and customers in line with responsible principles, is committed to sustainable development practices and sustainable economic activities, and has achieved numerous results in green finance, inclusive finance, public welfare, etc.	Vigorously Promoting Green Finance, P79-82 Innovating Green Products and Services, P83-84 Optimizing Products and Services, P30-32 Fostering Public-welfare Culture, P96-98

Principles for Responsible Banking	Index	Our Action	Page
Principle 4: Stakeholders	4.1 Describe which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with. Describe how your bank identifies stakeholders, what issues have been solved, and what achievements have been made	The Bank attaches great importance to the demands of six major types of internal and external stakeholders, namely, governments and regulators, customers, investors and shareholders, employees, suppliers and partners, and community & public. The Bank has constantly expanded communication channels, fully listened to stakeholders’ opinions and feedback, and taken effective measures to sincerely respond to the expectations and demands of stakeholders in time. Moreover, the Bank has conducted analyses of material topics through stakeholder surveys.	Communication with Stakeholders, P17-18
Principle 5: Governance & Culture	5.1 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 effective implementation of the Principles.	The Bank has constantly improved its corporate governance structure, which consists of the shareholders’ meeting, Board of Directors, Board of Supervisors and senior management and features clear definition of responsibilities, scientific management and effective operation. Meanwhile, the Bank has actively refined the sustainability management structure, strengthened the top-level design of sustainability areas such as social responsibility and green finance on the corporate governance level, and changed the name of “Strategy Committee” of the Board of Directors to the “Strategy and Sustainability Committee”. In addition, the Bank has formulated the top-level planning for green finance and inclusive finance, matching policies, and relevant regulations on innovative products, formed a complete policy system, and pushed for green finance and inclusive finance related work across the Bank comprehensively and systematically.	Improving the Corporate Structure, P40-44 ESG Management, P13-18 Serving Real Economy to Benefit the City and People, P50-62 Promoting Green Development, P79-85
	5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees	Committed to forming a responsible banking culture and fostering a sound outlook on social responsibility, the Bank upholds the mission that “inclusive finance delivers better life”, honors the core spirit of “valuing virtue and goodness, benefiting the city and the people, pursuing excellence with diligence, and realizing the shared dream of harmony”, and actively takes up ESG responsibility, so as to promote the common and sustainable development of itself and stakeholders. The Bank has constantly strengthened employees’ awareness and capability of sustainable development through capability building, online and offline learning, regular themed training, etc. Moreover, the Bank has encouraged and guided employees to understand and put in place the specific requirements of the Principles for Responsible Banking from multiple perspectives such as customer service, public welfare and green operation.	ESG Management, P13-18
	5.3 Governance structure for implementation of the Principles	The Bank has established an effective organizational structure and working mechanism, refined the organizational structure for green finance, and built the leading and coordination mechanism for green finance work across the Bank. The Bank has also built the inclusive finance service structure and advanced green finance and inclusive finance related work across the Bank comprehensively and systematically.	Promoting Green Development, P79-85 Consolidating the Organizational Structure, P29-32
Principle 6: Transparency& Accountability	6.1 Progress on implementing the Principles for Responsible Banking	The Bank periodically assesses and reviews the Bank’s implementation of the Principles for Responsible Banking, and actively discloses our positive and negative impacts as well as our contributions to the SDGs. In 2022, the Bank achieved notable results in developing inclusive finance, serving the real economy, promoting green finance, optimizing customer services, paying attention to employees’ growth, and practicing public welfare programs.	Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36 Serving Real Economy to Benefit the City and People, P50-62 Promoting Green Development, P79-85 Sticking to High-quality Services, P74-76 Growing with Employees, P88-89 Fostering Public-welfare Culture, P96-98

GRI Standards Index (2021) issued by Global Reporting Initiative

Statement of Use: Shanghai Rural Commercial Bank Co., Ltd. has reported the information cited in this GRI content index from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.

GRI 1 Used: GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2 General Disclosure 2021		
The Organizations and Its Reporting Practices		
2-1	Organization details	Report Preparation Instructions, P1-2 About Us, P8
2-2	Entities included in the organization’s sustainability reporting	Report Preparation Instructions, P1-2
2-3	Reporting period, frequency and contact point	Report Preparation Instructions, P1-2
2-4	Restatements of information	Nil
2-5	External assurance	Independent Practitioner’s Assurance Report, P109-112
Activities and Workers		
2-6	Activities, value chain and other business relationships	About Us, P8
2-7	Employees	Growing with Employees, P88-89 Developing a Friendly Workplace, P90-95 ESG Performance, P101-108
2-8	Workers who are not employees	Nil
Governance		
2-9	Governance structure and composition	Enhancing the Level of Corporate Governance, P39-44 ESG Performance, P101-108
2-10	Nomination and selection of the highest governance body	Enhancing the Level of Corporate Governance, P39-44 Please refer to the 2022 Annual Report of the Company
2-11	Chair of the highest governance body	Please refer to the 2022 Annual Report of the Company
2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to the 2022 Annual Report of the Company
2-13	of responsibility for managing impacts	Please refer to the 2022 Annual Report of the Company
2-14	Role of the highest governance body in sustainability reporting	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44

GRI Standard	Disclosure	Location
2-15	Conflicts of interest	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-16	Communication of critical concerns	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-17	Collective knowledge of the highest governance body	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-18	Evaluation of the performance of the highest governance body	Please refer to the 2022 Annual Report of the Company
2-19	Remuneration policy	Please refer to the 2022 Annual Report of the Company
2-20	Process to determine remuneration	Please refer to the 2022 Annual Report of the Company
2-21	Annual total compensation ratio	Please refer to the 2022 Annual Report of the Company
Strategy, Policy and Practices		
2-22	Statement on sustainable development strategy	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-23	Policy commitments	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-24	Embedding policy commitments	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44
2-25	Processes to remediate negative impacts	ESG Management, P13-18 Enhancing the Level of Corporate Governance, P39-44 Intensifying Internal Control and Compliance, P45-47 Protecting Consumer Rights and Interests, P71-73 Sticking to High-quality Services, P74-76
2-26	Mechanism for seeking advice and raising concerns	ESG Management, P13-18 Protecting Consumer Rights and Interests, P71-73 Sticking to High-quality Services, P74-76 Growing with Employees, P88-89 Developing a Friendly Workplace, P90-95
2-27	Compliance with laws and regulations	Enhancing the Level of Corporate Governance, P39-44 Intensifying Internal Control and Compliance, P45-47 Protecting Consumer Rights and Interests, P71-73 Growing with Employees, P88-89 Developing a Friendly Workplace, P90-95
2-28	Membership associations	Honors and Awards, P11-12

GRI Standard	Disclosure	Location
Stakeholder Involvement		
2-29	Approach to stakeholder engagement	ESG Management, P13-18
2-30	Collective bargaining agreements	Growing with Employees, P88-89
GRI 3 Material Topics 2021		
3-1	Process to determine material topics	ESG Management, P13-18
3-2	List of material topics	ESG Management, P13-18
3-3	Management of material topics	ESG Management, P13-18
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	ESG Performance, P101-108
201-2	Financial implications and other risks and opportunities due to climate change	Promoting Green Development, P79-85
201-3	Defined benefit plan obligations and other retirement plans	Growing with Employees, P88-89
201-4	Financial assistance received from government	Please refer to the 2022 Annual Report of the Company
GRI 202 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Plan to disclose in the future
202-2	Proportion of senior management hired from the local community	Plan to disclose in the future
GRI 203 Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	Serving Real Economy to Benefit the City and People, P50-62
203-2	Significant indirect economic impacts	Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36 Serving Real Economy to Benefit the City and People, P50-62 Optimizing Customer Service with Excellence and Diligence, P64-76 Promoting Green Development, P79-85
GRI 204 Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Plan to disclose in the future
GRI 205 Anti-Corruption 2016		
205-1	Operations assessed for risks related to corruption	Intensifying Internal Control and Compliance, P45-47
205-2	Communication and training about anti-corruption policies and procedures	Intensifying Internal Control and Compliance, P45-47
205-3	Confirmed incidents of corruption and actions taken	ESG Performance, P101-108

GRI Standard	Disclosure	Location
GRI 206 Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant disclosure information
GRI 207 Tax 2019		
207-1	Approach to tax	Please refer to the 2022 Annual Report of the Company
207-2	Tax governance, control and risk management	Please refer to the 2022 Annual Report of the Company
207-3	Stakeholder engagement and management of concerns related to tax	Please refer to the 2022 Annual Report of the Company
207-4	Country-by-country reporting	No relevant disclosure information
GRI 301 Materials 2016		
301-1	Materials used by weight or volume	ESG Performance, P101-108
301-2	Recycled input materials used	Nil
301-3	Reclaimed products and their packaging materials	Nil
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	ESG Performance, P101-108
302-2	Energy consumption outside the organization	ESG Performance, P101-108
302-3	Energy intensity	ESG Performance, P101-108
302-4	Reduction of energy consumption	Plan to disclose in the future
302-5	Reductions in energy requirements of products and services	Plan to disclose in the future
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Practicing Green Operation, P86-87
303-2	Management of water discharge- related impacts	Practicing Green Operation, P86-87
303-3	Water withdrawal	Practicing Green Operation, P86-87
303-4	Water discharge	Practicing Green Operation, P86-87
303-5	Water consumption	Practicing Green Operation, P86-87
GRI 304 Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Plan to disclose in the future
304-2	Significant impacts of activities, products and services on biodiversity	Plan to disclose in the future
304-3	Habitats protected or restored	Plan to disclose in the future
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Plan to disclose in the future

GRI Standard	Disclosure	Location
GRI 305 Emission 2016		
305-1	Direct (Scope 1) GHG emissions	ESG Performance, P101-108
305-2	Energy indirect (Scope 2) GHG emissions	ESG Performance, P101-108
305-3	Other indirect (Scope 3) GHG emissions	Plan to disclose in the future
305-4	GHG emissions intensity	ESG Performance, P101-108
305-5	Reduction of GHG emissions	Plan to disclose in the future
305-6	Emissions of ozone-depleting substances (ODS)	Plan to disclose in the future
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Plan to disclose in the future
GRI 306 Waste 2020		
306-1	Waste generation and significant waste-related impacts	Practicing Green Operation, P86-87
306-2	Management of significant waste-related impacts	Practicing Green Operation, P86-87
306-3	Waste generated	ESG Performance, P101-108
306-4	Waste diverted from disposal	Plan to disclose in the future
306-5	Waste directed to disposal	Plan to disclose in the future
GRI 308 Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	ESG Performance, P101-108
308-2	Negative environmental impacts in the supply chain and actions taken	Plan to disclose in the future
GRI 401 Employment 2016		
401-1	New employee hires and employee turnover	ESG Performance, P101-108
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Growing with Employees, P88-89 Developing a Friendly Workplace, P90-95 ESG Performance, P101-108
401-3	Parental leave	Plan to disclose in the future
GRI 402 Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Plan to disclose in the future
GRI 403 Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Growing with Employees, P88-89 Developing a Friendly Workplace, P90-95
403-2	Hazard identification, risk assessment and incident investigation	Plan to disclose in the future

GRI Standard	Disclosure	Location
403-3	Occupational health services	Developing a Friendly Workplace, P90-95
403-4	Worker participation, consultation, and communication on occupational health and safety	Plan to disclose in the future
403-5	Worker training on occupational health and safety	Developing a Friendly Workplace, P90-95
403-6	Promotion of worker health	Developing a Friendly Workplace, P90-95
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Developing a Friendly Workplace, P90-95
403-8	Workers covered by an occupational health and safety management system	Developing a Friendly Workplace, P90-95
403-9	Work-related injuries	ESG Performance, P101-108
403-10	Work-related ill health	Developing a Friendly Workplace, P90-95
GRI 404 Training and Education 2016		
404-1	Average hours of training per year per employee	Developing a Friendly Workplace, P90-95
404-2	Programs for upgrading employee skills and transition assistance programs	Developing a Friendly Workplace, P90-95
404-3	Percentage of employees receiving regular performance and career development reviews	Plan to disclose in the future
GRI 405 Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Enhancing the Level of Corporate Governance, P39-44 ESG Performance, P101-108
405-2	Ratio of basic salary and remuneration of women to men	Please refer to the 2022 Annual Report of the Company
GRI 406 Non-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	No relevant disclosure information
GRI 407 Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Nil
GRI 408 Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	No relevant disclosure information
GRI 409 Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No relevant disclosure information
GRI 410 Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Nil

GRI Standard	Disclosure	Location
GRI 411 Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Nil
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessment, and development plans	Column: Upholding Finance for Good and Developing Inclusive Finance, P20-36 Fostering Public-welfare Culture, P96-98
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant operation sites
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	ESG Performance, P101-108
414-2	Negative social impacts in the supply chain and actions taken	Plan to disclose in the future
GRI 415 Public Policy 2016		
415-1	Political contributions	Nil
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of health and safety impacts of product and service categories	Optimizing Customer Service with Excellence and Diligence, P64-76
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant disclosure information
GRI 417 Marketing and Labeling 2016		
417-1	Requirements for product and service information and Labeling	Intensifying Internal Control and Compliance, P45-47
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant disclosure information
417-3	Incidents of non-compliance concerning marketing communications	No relevant disclosure information
GRI 418 Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant disclosure information



Reader Feedback Form

Thank you for reading this Report. To better provide you and other stakeholders with valuable information and drive us to continuously improve our CSR performance, we sincerely expect any precious opinions from you on the report. You can give us your feedback in the following ways:

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Contact: Office of the Board of Directors of Shanghai Rural Commercial Bank Co., Ltd.

1. Which of the following stakeholder types apply to you?
- ☐ Shareholder and Investor

☐ Customer

☐ Employee

☐ Government and Regulator

☐ Supplier and Partner

☐ Community

☐ The Public and Media

☐ Others
2. What do you think of this Report overall?
- ☐ Very good

☐ Good

☐ Average
3. Do you think whether or not this Report fully reflects SHRCB’s performance in ESG?
- ☐ Yes

☐ Averagely

☐ No
4. Do you think whether the information, data and indicators disclosed in this Report are clear, accurate and complete or not?
- ☐ Yes

☐ Averagely

☐ No
5. Do you think whether the content arrangement and layout design of this Report are clear and easy to understand and read?
- ☐ Yes

☐ Averagely

☐ No
6. Do you have any other suggestions on SHRCB’s report preparation and CSR fulfillment?

Sincere thanks to you for your support and help to SHRCB.