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# 2023 CSR & ESG Report

Stock code: 601825

2023 CSR & ESG Report

## 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 2023 Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Report (the "Report") released by Shanghai Rural Commercial Bank Co., Ltd. ("SHRCB", the "Bank" or "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, 2023, 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 2023.

**Report release:** Since 2007, the Bank has published its CSR report for 17 consecutive years, and it has released the CSR & ESG report for the second consecutive year.

### Notes about Data

The financial data in the Report come from the 2023 Annual Report 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 (CSRC), *Corporate Social Responsibility Guidelines for China's Banking Financial Institutions* released by China Banking Association, *Self-Discipline Regulation of Listed Companies No. 1: Standardized Operation* released by Shanghai Stock Exchange, *Environmental, Social and Governance (ESG) Metrics System for Shanghai State-owned Holding Listed Companies (Version 1.0)* released by Shanghai Municipal State-owned Assets Supervision and Administration Commission, 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 KPMG Hua Zhen (special ordinary partnership), 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](http://www.shrcb.com)

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## Message from the Chairman



Party Secretary and Chairman

Xu Li

### Designing sustainable ESG governance for China's future

The UN Global Compact's 2004 report, Who Cares Wins, was the first to reference ESG (environmental, social and governance). Over the past two decades, investors have shown a growing interest in the concept.

Since ESG first came to prominence 20 years ago, China's banking sector has developed into one of the world's largest, increasingly integrating ESG concepts into its business development. The sector has significantly enhanced ESG governance through improved governance, comprehensive policies and systems, practical initiatives

and specialised talent teams. These efforts have yielded progress in promoting low-carbon development and green finance. Several banks have already established long-term governance models aligned to global standards.

For example, Shanghai Rural Commercial Bank (SHRCB), a state-owned bank headquartered in Shanghai, joined the United Nations Environment Programme Finance Initiative (UNEP FI) in October 2022, becoming the first commercial bank in Shanghai to commit to the Principles for Responsible Banking.

At SHRCB, we have set a three-year development strategy for 2023 to 2025. Our objective is to become a model bank for ESG management by aligning our business development with the United Nations Sustainable Development Goals and the Paris Climate Agreement.

In the longer term, we are developing a "long-term, professional and characteristic" model of ESG governance. This model includes reinforcing our commitment to both ESG and the UN Principles for Responsible Banking and continuing to deliver high-quality services to green finance and inclusive finance customers.

Our commitment to this ESG model includes adopting systematic methods to guide strategy. For example, in SHRCB's green finance practice, we recognize the importance of developing a comprehensive professional and digital support system encompassing investment and financing strategies, risk management, information systems and databases.

A characteristic ESG governance model is one that adheres to a basic unified framework while integrating local characteristics to create a tailored model that supports genuine sustainable development. At SHRCB, for example, we are promoting the diversification of our board, including increasing the proportion of female directors. We've also established a Strategy and Sustainability Committee on the board to oversee ESG management, strategic planning, green finance and environmental protection, and related sustainable research efforts.

### The future of ESG and green finance

We adhere to responsible investment principles by incorporating customer ESG risks into managing our

investment and lending processes. We set up an professional ESG assessment system for bond investments, ensuring thorough assessment and monitoring of investment entities. We also integrate ESG concepts into our annual credit policy, define green credit principles and actively support green industries. Our efforts promote the low-carbon transformation of high-carbon industries, prohibit involvement in environmentally non-compliant businesses or projects, and continuously optimise our asset portfolio.

Across China, we have become a leader among rural commercial banks in recognising the importance of environmental and climate risk management and incorporating these considerations into our comprehensive risk management system. We conduct climate physical risk analysis on agriculture-related assets to evaluate the impact extent of extreme weather conditions on the credit risk of agricultural loans. We employ the Central Banks and Supervisors Network for Greening the Financial System (NGFS) transition delay scenario to perform transition risk stress tests, which identify, assess and measure transition risks. Furthermore, we utilise the Partnership for Carbon Accounting Financials (PCAF) methodology to measure carbon emissions, covering Scope 1, Scope 2 and Scope 3 for our operations, investment and financing activities.

We embrace digital transformation, leveraging digital technology to enhance operational efficiency. For instance, we have developed a green financial business management system that uses big data models to intelligently identify green initiatives, significantly boosting efficiency. Our carbon emissions trading system also delivers efficient and high-quality carbon financial services.

In terms of green finance, we leverage our strengths by focusing on green credit, green bonds, green retail, green investment banking and green leasing. We integrate these initiatives with advancements in science and technology finance, inclusive finance, agriculture-focused finance and retail banking to establish a green finance FPA (Finance Product Aggregate) service system. Meanwhile, we actively support the growth of green agriculture and clean energy industries in Shanghai, promote decarbonisation in the petrochemical and aviation sectors by tailoring their financing to the specific needs of their decarbonisation journey, and encourage green consumer behaviour.

In October 2023, China outlined five key future business areas for the financial sector, including green finance. This focus indicates a growing trend where Chinese financial institutions will increasingly prioritise ESG governance. Through our "long-term, professional and characteristic" outlook, SHRCB has already pioneered a distinct model of ESG governance, ultimately achieving an A grade in MSCI's ESG rating.

We are committed to becoming a model bank for ESG management. Our objective is to establish a corporate governance model tailored for small and medium-sized banks, positioning ourselves as a leading green finance institution in the Yangtze River Delta. We will continuously improve our ESG performance to uphold our commitment to sustainability and responsible banking practices.

Party Secretary and Chairman

## Message from the President



Deputy Party Secretary, Vice Chairman  
and President

Gu Jianzhong

The year 2023 marked the commencement of our new three-year strategic development plan. Guided by the mission of "Inclusive Finance Delivers Better Life", we remained steadfast in our commitment to serving agriculture, rural areas and rural residents, small and micro enterprises, technological innovation, and community residents. We adhered to the principle of "Earning Hard-Earned Money, Earning Honest Money, Earning Professional Money", actively exploring new development paradigms that integrate ESG principles with our unique characteristics, and continuously enhancing our ESG performance. By building a more inclusive, compassionate, and responsible bank, we strove to write a new chapter in "People's Finance".

### A Practitioner of People's Finance: Deep Integration of Party Building and Corporate Governance

We consistently prioritized Party building throughout our reform and development process, internalizing it within our core values and externalizing it through our actions. This provided a continuous source of motivation for our prudent and compliant operations, as well as fulfilling our social responsibilities as a state-owned enterprise.

We actively promoted the integration and mutual reinforcement of Party building and corporate governance. In terms of institutional building, we 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, we reinforced the political foundation, and worked to forge distinctive Party building brands and invigorate primary-level Party building. In terms of corporate culture, we fostered an atmosphere of cultural consensus, clarified cultural goals and orientations, and established a sense of shared cultural construction. We firmly established the legal status

of the Head Office Party Committee within our corporate governance structure, ensuring a "Two-Way Entry and Cross-Appointment" leadership mechanism. We fully implemented the requirement for the Party Committee to conduct pre-research on Major Decisions, Appointment and Dismissal of Key Officials, Major Project Arrangements and the Use of Large Amounts of Funds, actively forming a corporate governance mechanism characterized by "Legally Defined Powers and Responsibilities, Transparency, Coordinated Operation, and Effective Checks and Balances", and giving full play to the Party Committee's leadership role in "Setting major Direction, Managing the Overall Situation, and Ensuring Implementation". We built a "Strong Board of Directors" to fully leverage its core functions of "Strategic Planning, Risk Prevention, and Decision-Making". During the year, we completed the election of independent directors and some shareholder directors, increased the number of female independent directors and formed a "think tank" team with diverse backgrounds. This enhanced the diversity of the Board, the professionalism of independent directors, and their alignment with our strategy. We have also established a specialized meeting mechanism for independent directors to strengthen their performance. We formulated a blueprint for high-quality development, researched and formulated a new three-year development strategy, and continuously promoted the optimization of the strategic OKR (Objectives and Key Results) management mechanism. This further refined the breakdown of strategic tasks and facilitated the in-depth implementation of the strategy.

We remained steadfast in upholding risk and compliance standards. We strengthened internal control and compliance management in areas such as anti-money laundering, anti-corruption, intellectual property and personal information protection, and responsible procurement, rigorously preventing various financial risks. We improved a shareholding structure characterized by "Diversified Interests, Effective Checks and Balances, and Coordinated Operation". We paid close attention to the legitimate rights and interests of various stakeholders and attached great importance to communication with the government, customers, investors, employees, and other stakeholders, responding to their expectations and demands in a timely and sincere manner.

### A Pragmatic and Benevolent "Deep Cultivator": Finance Driving High-quality Regional Development

Rooted in Shanghai, we actively served national and municipal strategies, leveraging financial resources to empower the real economy and contribute to the region's high-quality development. We remained committed to our original aspiration of "agriculture, rural areas and rural residents", polishing our agricultural brand, precisely aligning our services with the responsibilities of serving agriculture, rural areas and rural residents, and striving to build the brand of "main financial force supporting agriculture" in Shanghai.

We were dedicated to serving major national and Shanghai municipal strategies, accelerating the development of Shanghai's "Five Centers" and the construction of the Pudong New Area as a leading area for socialist modernization. We focused on the "Five New Towns" and "South-North Transformation", supported the development of China (Shanghai) Pilot Free Trade Zone and Lingang Special Area, and contributed to the integrated development of the Yangtze River Delta, taking concrete actions to contribute to Shanghai's sustainable development. We actively supported major projects such as the Shanghai East Hub Project, the renovation of Pujiang Zhaojialou "Urban Village" the Shanghai Chongming Cross-River Passage Project, the Xicen Science and Technology Innovation Center, and the second phase of the Changxing Marine Science and Technology Port. As of the end of 2023, the credit balance for enterprises in the "Five New Towns" reached RMB 102.790 billion, and we served 5,385 enterprises, with both credit balance and the number of served enterprises experiencing net increases for three consecutive years.

Focusing on modern agriculture and rural integration, we used suburban branches and village banks as our main battlefields to tailor "boutique agriculture" that aligns with the characteristics of a metropolis. We underwrote Shanghai's first "Carbon Neutral Bond/Rural Revitalization" green medium-term notes, participated in and implemented the first batch of guarantee business under the "Government-Bank-Insurance-

Guarantee" four-party mechanism in Shanghai led by the Municipal Finance Bureau and the Agricultural Commission, and supported the city's first affordable rental housing project developed on rural collective land. We developed innovative financial products such as "Xinyizhilian" and actively explored services such as order-based agriculture, family farms, digital platforms for agricultural wholesale and retail, and employment opportunities for "new citizens" in rural areas, turning people's livelihood aspirations into tangible realities of happiness. We prioritized credit and promoted the construction of a rural credit system through village-wide credit granting. As of the end of 2023, we had completed the accreditation of 159 credit villages, 3 credit towns, and 1 credit township throughout Shanghai, proactively granting credit of over RMB 200 million to more than 1,000 villagers, contributing to a more prosperous agriculture, wealthier farmers, and more beautiful countryside, outlining a beautiful vision of common prosperity. As of the end of 2023, the scale of agricultural-related loans reached RMB 66.378 billion, maintaining our position as the leading force and leader in Shanghai's agricultural financial services. The cumulative loan amount issued under the guarantee fund business for agricultural operating entities exceeded RMB 1 billion, continuing to hold the top position among peers.

### An Explorer of Social Governance: Finance Delivering Better Life

We adhered to the principle of empowering social governance through inclusive finance and advanced the construction of the "Mental Home" public service project. We continued to cultivate our expertise in fintech, enhance financial professionalism and empower new quality productive forces. We actively practiced ageing finance services, building a comprehensive ageing finance service system based on a whole-lifecycle approach.

We fully launched the construction of the "Mental Home" public service project, with over 600 "Mental Home" public welfare service stations built and put into operation, covering 93% of streets and townships. We established the "Mental Home" University for the Elderly, becoming the first financial institution in Shanghai to leverage social resources for physical school operations. Focusing on the urgent needs of people's livelihood, under the guidance of institutions such as the Shanghai Municipal Health Commission and the Municipal Women's Federation, we extended our financial services from outlets to communities. We provided diversified services for elderly people, children, and new citizens in suburban areas by launching brand projects such as "Famous Doctors in the Community" health lectures, "Intangible Cultural Heritage in Children's Eyes", and "Adolescent Family Education", exploring new paths to empower social governance. The "Mental Home" brand gained increasing recognition and influence among Shanghai residents and was widely recognized by society, praised by People's Daily as "Shanghai Model of Financial Services for the Elderly".

We continued to innovate and deepen our efforts in the field of fintech, fully empowering new quality productive forces. We built a multi-level specialized institutional system, established Shanghai's first Head Office-level Fintech Department, 13 fintech-featured sub-branches, and a number of professional teams. We innovated product systems, launched specialized products for incubators such as "Xinfudai", as well as Science and Innovation Loan in Lingang Park, R&D Loan, and Employee Stock Ownership Loan. We spearheaded the "Xindongneng" strategic emerging customer cultivation program, collaborating with various institutions to build the "Xindongneng" technology enterprise empowerment ecosystem, fostering a comprehensive client empowerment system. As of the end of 2023, our loan balance for sci-tech enterprises reached RMB 92.516 billion, with a growth rate of 30%. Among these loans, the loan scale for Specialized and Sophisticated Enterprises reached RMB 32.937 billion, and the scale of intellectual property pledge financing reached RMB 2.2 billion, both ranking first among peer banks in Shanghai.

We actively explored and practiced ageing finance services, promoting systematic construction from three dimensions: pension fund finance, elderly care service finance, and elderly care industry finance. We provided pension fund services as the main distributor of individual pensions in Shanghai, serving nearly 1.2 million customers with pension distribution services. In 2023, we secured the second-highest market share in the city for pension distribution volume. Notably, we dominated

the urban and rural resident basic pension insurance segment with the leading market share. We built a specialized, comprehensive, and one-stop product service platform, expanded the application scenarios of the companion account for the elderly, and created a stable wealth management support system for the elderly. Taking physical outlets as the main front for elderly care services, we established model outlets with elderly care features, optimized the level of elderly-friendly services in outlets, and explored community service mechanisms for elderly customers with special attention to senior universities and elderly canteens.

### A "Steward" of Green Development: Charting a Blueprint for a Sustainable Future through Finance Support

We have always adhered to the principles of sustainable development, walking hand-in-hand with green initiatives. We comprehensively deepened the construction of a green finance management system, actively promoted the development of green businesses, and explored new models for green operations. In 2023, we achieved remarkable results in the implementation of our green finance strategy, successfully fulfilling our annual strategic goals in areas such as the development of green management system, the expansion of green investment and financing scale, and our own green operations. These efforts laid a solid foundation for promoting the green and low-carbon transformation of society.

We were committed to financial support for green and low-carbon development, continuously enhancing our service capabilities. We continuously optimized the top-level design of green finance, improved the digital management system for green finance, and initially established a "2+N" institutional framework for green finance, significantly enhancing the effectiveness of green finance management. We actively innovated green financial products, launched the first batch of "Water Conservation Benefit" businesses in Shanghai, and created the first green-themed bond basket in the interbank market focused on the Yangtze River Delta. Our self-operated green bond holdings ranked first among rural financial institutions nationwide. We became one of the first institutions to join the Shanghai Green Finance Service Platform and were awarded the "Carbon Finance Practice Award" by the Shanghai Environment and Energy Exchange and the "Best Financial Institution Award" by the GF60 Green Finance Awards. As of the end of 2023, our green credit balance reached RMB 61.431 billion, representing a 41% increase from the beginning of the year. The growth rate of green credit significantly exceeded the overall credit growth rate during the same period. Our investment scale in green debt financing instruments ranked first among rural financial institutions nationwide, and the growth rate of green leasing quadrupled compared to the previous year. We paid close attention to our own green operations, managed energy consumption data throughout the Bank, promoted individual "carbon accounts" for employees, launched a "low-carbon life" applet in office software, and encouraged energy conservation and emission reduction. The Songjiang Sijing Sub-branch was awarded the "Green Demonstration Branch in Banks in Shanghai", and the Zhangjiang Technology Sub-branch became the first technology branch in China to obtain a carbon-neutral certificate.

Finance, like water, nourishes all aspects of people's life. Looking ahead, we will anchor our strategic goal of becoming a "Model Bank for ESG Management" in the future. We are committed to building a model for corporate governance among small and medium-sized banks, becoming the most environmentally conscious bank in the Yangtze River Delta, and exploring the Shanghai model of empowering social governance through inclusive finance. We will continue to improve our ESG performance and contribute to enhancing people's well-being.

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 19<sup>th</sup>, 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 2023, the Group recorded total assets of RMB 1,392.214 billion, deposit principals of RMB 1,016.412 billion, total loans and advances of RMB 711.483 billion, and net profit of RMB 12.487 billion, and had 364 branches and over 11,295 employees across the Group<sup>1</sup>.

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.

The Group recorded total assets of

RMB **1,392.214** billion

Branches

**364**

Deposit principals of

RMB **1,016.412** billion

Employees across the Group

**11,295**

Total loans and advances of

RMB **711.483** billion

Net profit of

RMB **12.487** billion

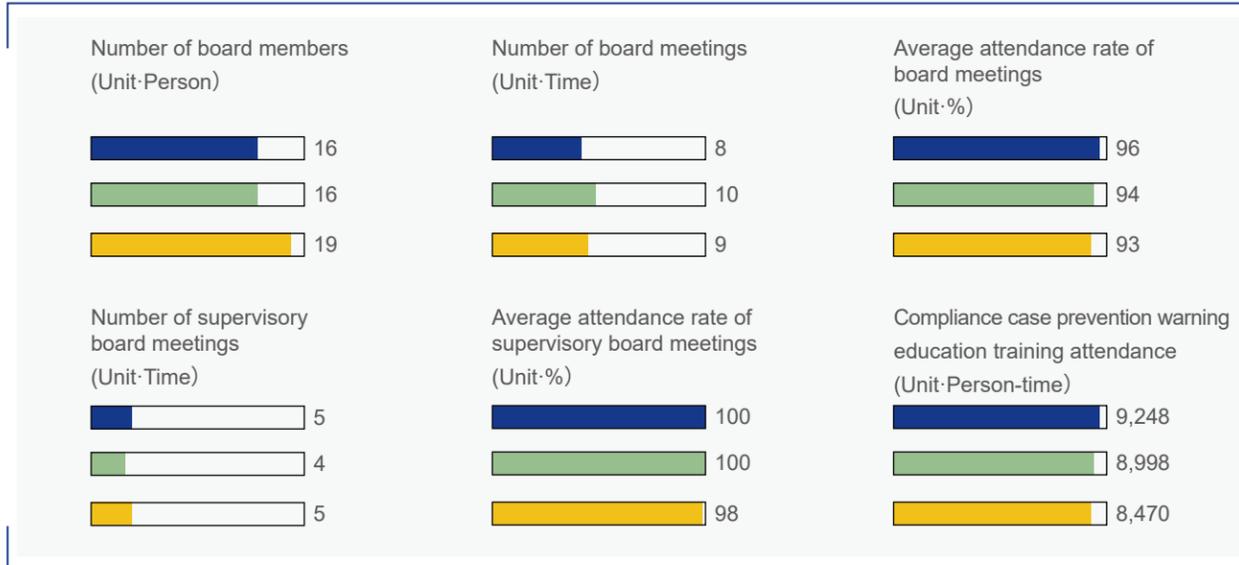


<sup>1</sup> [Statistical standards] The employees are labor contract employees and dispatched employees of the company.

## Key Performance in 2023

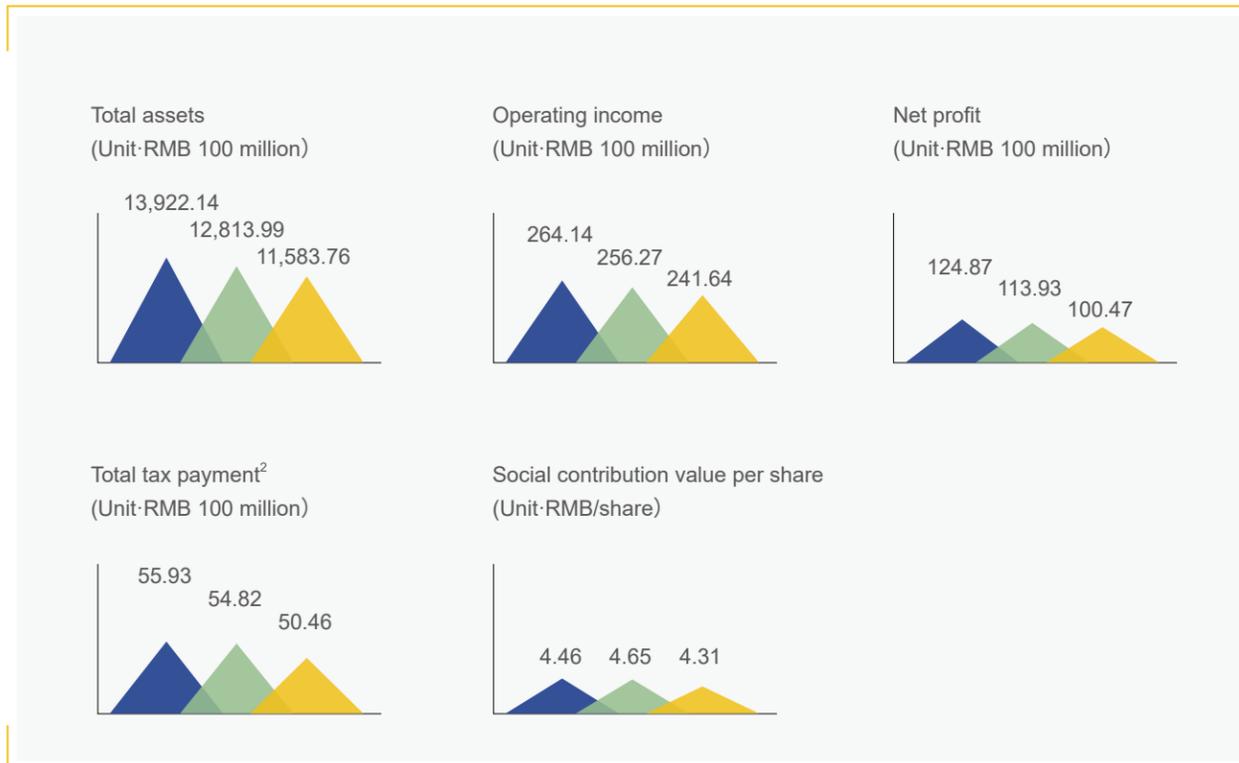
### Governance

2023 2022 2021



### Economic

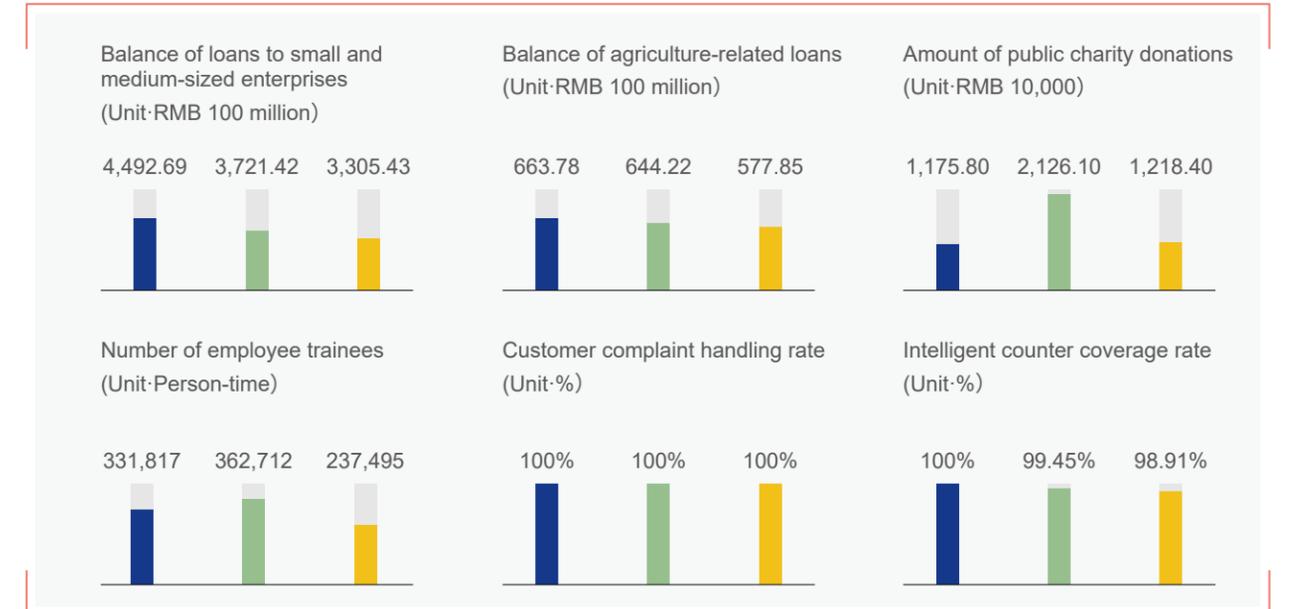
2023 2022 2021



<sup>2</sup> The total tax amount includes withholding and paying individual income tax.

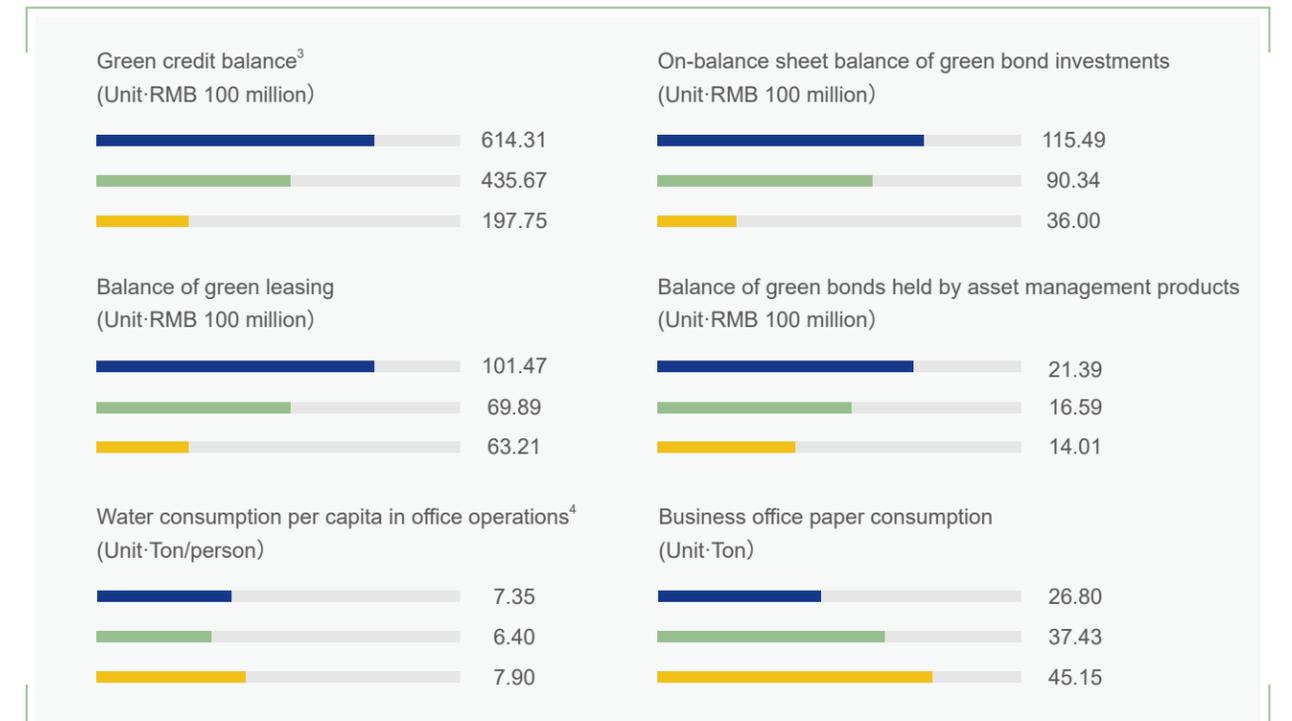
### Social

2023 2022 2021



### Environmental

2023 2022 2021



<sup>3</sup> [Statistical standards] 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 2023, 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 Report 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.

<sup>4</sup> [Statistical standards] The statistical scope for water consumption per capita in office operations is limited to the Bank's Head Office building.

## Honors and Awards in 2023

In 2023, the Bank achieved remarkable results and demonstrated excellence in environmental, social, and governance (ESG) aspects. It received an A rating in the MSCI ESG Ratings issued by Morgan Stanley Capital International, was included in the “ESG Vanguard 100 Index of State-Owned Listed Companies” by the State-owned Assets Supervision and Administration Commission of the State Council, and was shortlisted for the “Top 30 Pioneers in Finance” by CCTV Finance’s China ESG Listed Companies. The Bank also garnered several awards, including the “Golden Orchid Award” for Outstanding ESG Governance Cases from Xinhua Credit, the “2023 Responsible Bull Award - ESG Public Welfare Pioneer” from the China Social Responsibility 100 Forum, the 2022 Carbon Finance Practice Award from the Shanghai Environment and Energy Exchange, and the “Best Financial Institution Award” in the 2023 GF60 Green Finance Awards. In January 2024, the Bank became one of the first institutions to join the Shanghai Green Finance Service Platform, a crucial infrastructure for building Shanghai into an international green finance hub. Furthermore, the Bank’s 2022 ESG Report was recognized as one of the “Top Ten Reports” for Social Responsibility (ESG) in the Shanghai State-owned Assets Supervision and Administration Commission system for 2022-2023 and received a “Five-Star (Excellent)” rating from the Expert Committee of China Corporate Social Responsibility Report Rating. These ratings and awards acknowledge the Bank’s dedication to sustainable development and ESG practices, showcasing its active role in promoting environmental protection, social responsibility, and sound corporate governance.

Award category	Awarded by	Honors
Comprehensive	UK The Banker magazine	128 <sup>th</sup> among the “2023 Top 1,000 World Banks”
	Brand Finance	174 <sup>th</sup> , “The World’s Top 500 Banking Brands 2024”
	Forbes magazine	“Forbes 2023 The Global 2000”
	Fortune magazine	310 <sup>th</sup> among the “2023 Fortune 500 Enterprises in China”
	State-owned Assets Supervision and Administration Commission of the State Council	“Vanguard 100 Index of State-owned Enterprises by CSR”
	People’s Bank of China	Fintech Development Award 2022
	Shanghai Municipal State-owned Assets Supervision and Administration Commission	“Top Ten Reports” for Social Responsibility (ESG) in the Shanghai State-owned Assets Supervision and Administration Commission system for 2022-2023
	China Banking Association	23 <sup>rd</sup> among the “2023 China’s Top 100 Banks”
	China Association for Public Companies	2023 Listed Companies Board of Directors Best Practice Award
	Expert Committee of China Corporate Social Responsibility Report Rating	“2022 Five-Star (Excellent)” rating by the Expert Committee of China Corporate Social Responsibility Report Rating
Environmental	Shanghai Enterprise Federation, Shanghai Entrepreneur Association	2023 Shanghai Top 100 Enterprises
	Shanghai Enterprise Federation, Shanghai Entrepreneur Association	2023 Shanghai Top 100 Service Enterprises
	China Enterprise Confederation, China Enterprise Directors Association	2023 Top 500 Chinese Enterprises
	CCTV Finance	Top 30 Pioneers of China ESG Listed Companies in Finance Industry
	China Economic Information Service	“Golden Orchid Award” for Outstanding ESG Governance Cases from Xinhua Credit
	Shanghai Environment and Energy Exchange	2022 Carbon Finance Practice Award
	Green Finance Forum of 60	2023 Financial Institution of the Year Award

Award category	Awarded by	Honors
Social	State Administration of Foreign Exchange	2023 Bank Foreign Exchange Business Compliance and Prudential Management Evaluation “Category A” (Head Office and Shanghai Branch)
	Shanghai Municipal Government	The “Mental Home” elderly service project won the third prize of the 2021-2022 Shanghai Financial Innovation Achievement Award
	Shanghai Municipal State-owned Assets Supervision and Administration Commission	2023 Outstanding Case of Corporate Culture Development within Shanghai’s State-owned Assets System
	Shanghai Branch, People’s Bank of China	Shanghai Anti-Money Laundering Publicity and Education Base
	Shanghai Public Security Bureau Security Department, Shanghai Municipal Security and Protection Association for Enterprises and Public Institutions	2023 Shanghai Award for Excellent Collective in Public Security and Crime Prevention
	China Banking Association	2023 China Inclusive Finance Typical Case: “N+1+M Supply Chain Finance System, Empowering Inclusive Finance in Industrial Chains”
	China Social Responsibility 100 Forum and Zerenyun Research Institute	2023 Responsible Bull Award - ESG Public Welfare Pioneer
	Shanghai Banking Association	“Smart Inclusive Financing Platform Construction Project for Rural Areas” awarded the First Prize in the 2023 Shanghai Banking Industry Fintech-Empowered Inclusive Finance Special Merit Competition
	Shanghai Banking Association	Shanghai Banking Industry Outstanding Inclusive Finance Service Innovation Organization (“Bank Tax Express Loan” supporting SME financing)
	Shanghai Banking Association	Shanghai Banking Industry Outstanding Inclusive Finance Service Case (Satellite Remote Sensing Empowering Agricultural Supply Chain Finance)
Ratings	China Banking Association	2023 Commercial Bank Sound Development Capability “GYROSCOPE” Evaluation: First Place in Overall Performance among Urban Rural Commercial Banks
	S&P Global Ratings	BBB
	S&P China Ratings	AAAspc- Stable Outlook
	MSCI	MSCI ESG rating of A
	Wind	Wind ESG rating of A
Professional	Organization Department of Shanghai Municipal Committee of the Chinese Communist Party	Third Prize for Typical Deeds Film in the 15th Shanghai Party Member Education TV Program Observation and Exchange Activity
	Shanghai Municipal State-owned Assets Supervision and Administration Commission	2023 Shanghai State-owned Enterprises Good News
	Shanghai Municipal State-owned Assets Supervision and Administration Commission	“New Three Years, New Journey: Shanghai Rural Commercial Bank Writes a New Answer Sheet for ‘People’s Finance’” awarded Good News in the Text Category
	Shanghai Municipal State-owned Assets Supervision and Administration Commission	“One-click Upgrade to SHRCB Professional ‘Spokesperson’” awarded Good News in the Converged Media Category
	Cybersecurity and Information Commission Office of the CPC Shanghai Municipal Committee	2023 National Cybersecurity Awareness Week Shanghai Region Activity ISG Cybersecurity Skills Competition “Guan’an Cup” Management and Operation Competition: First Prize in Bank Head Office Group, Finalist Award, and Excellent Organization Award
Communist Youth League Shanghai Science and Technology Working Committee	Third “Struggle Cup” Shanghai Youth Skills Competition Digital Economy Youth Innovation Competition: Excellent Project Award and Individual Second Prize	

# ESG Management

## Building of the ESG Management System

The Bank integrates corporate social responsibility and ESG principles into its business management practices, dedicating itself to serving the real economy, agriculture, rural areas and rural residents, small and micro enterprises, technological innovation, and community residents. We continuously fulfill our social responsibilities with diligence, refinement, and a pragmatic and conscientious attitude.

## Philosophy about Responsibility



## Objectives for Responsibility

2023-2025 Strategic Goals: To build a quality bank with stable development, a model bank for ESG management, and a pioneer bank in inclusive finance.

The Bank has incorporated ESG management into its 2023-2025 development strategy, proposing the strategic goal of "building a model bank for ESG management" in the next three years. By establishing a benchmark for corporate governance among small and medium-sized banks, becoming the most environmentally conscious bank in the Yangtze River Delta, and creating a Shanghai model for inclusive finance to empower social governance, the Bank will continuously improve its ESG performance and provide more successful experiences and replicable cases for financial services to support China's modernization.

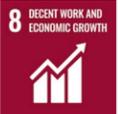
## Governance Structure

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. The Board of Directors serves as the ESG leadership body, and established the "Strategy and Sustainability Committee" at the board level, which is responsible for guiding the overall promotion of green finance and environmental protection. At the Senior Management level, we have set up a Green Finance Leading Group responsible for systematically promoting the Bank's green finance. The Board of Directors Office takes the lead in coordinating ESG work.

## 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.

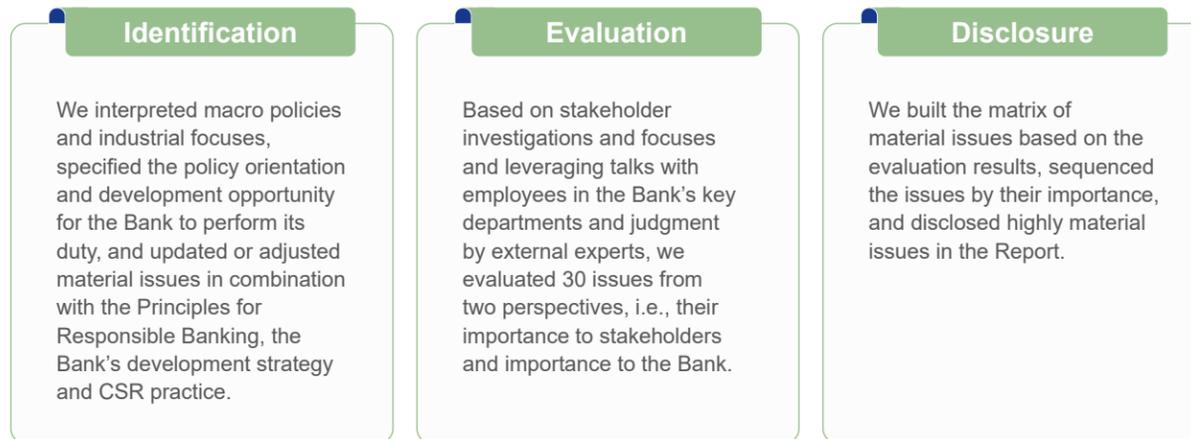
Response to UN's SDGs	The Bank's action
 <p>Goal 1 <b>No poverty</b></p>	<ul style="list-style-type: none"> <li>Set up 35 rural banks to support local economy and promote common prosperity for local people.</li> <li>By focusing on modern agriculture, and rural integration, with suburban branches and village banks as the main battleground, precisely align its services with the responsibility of serving agriculture, rural areas and rural residents. Actively engage in tasks related to consolidating poverty alleviation achievements and implementing rural revitalization strategies.</li> </ul>
 <p>Goal 2 <b>Zero hunger</b></p>	<ul style="list-style-type: none"> <li>Deepen services for small and micro-sized enterprises and expand the coverage of inclusive finance.</li> <li>Increase input in micro, small and medium-sized enterprises, and improve the system of inclusive financial services.</li> </ul>
 <p>Goal 3 <b>Good health and well-being</b></p>	<ul style="list-style-type: none"> <li>Organize caring service festival activities for all employees, and care about employees' health.</li> <li>Hold the health care session of the "Investment Banking Lectures" and "Xindongneng" Biopharmaceutical Forum to improve social health care services.</li> <li>Through the "Mental Home" project, actively empower social governance and contribute to a better life for the people with inclusive finance.</li> </ul>
 <p>Goal 4 <b>Quality education</b></p>	<ul style="list-style-type: none"> <li>Value employee training, and launch the HEROS training platform to improve the penetration rate of employee training.</li> <li>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.</li> <li>Continuously explore and practice a lifelong education model of "community + education + finance" through "Mental Home" University for the Elderly.</li> <li>"Mental Home" Public Welfare Lecture Hall: The Bank's volunteer teams enter communities to carry out activities that popularize basic financial knowledge among community residents.</li> </ul>
 <p>Goal 5 <b>Gender equality</b></p>	<ul style="list-style-type: none"> <li>Explicitly forbid treating job applicants differently because of gender or other reasons in the principles for recruitment.</li> <li>Improve the proportion of female members in the Board of Directors, and ensure female employees' rights in work.</li> </ul>

Response to UN's SDGs	The Bank's action
 <p>Goal 7 <b>Affordable and clean energy</b></p>	<ul style="list-style-type: none"> <li>Through financial innovations such as green credit, green investment, green bonds, and green leasing, collaborate to support the high-quality development of green and low-carbon industries and build a clean and low-carbon energy system.</li> <li>Successfully implement the first carbon emission reduction support tool loan, providing strong support for the clean transformation of the energy industry.</li> <li>Launch the first emission rights mortgage loan to assist enterprises in energy conservation, emission reduction, clean production, and green development.</li> <li>Undertake the first underwriting project for carbon-neutral bonds for affordable rental housing, contributing to the green and low-carbon transformation of communities.</li> <li>Successfully issue the first green financial bond, with all raised funds directed towards supporting the development of green industries.</li> <li>Created the first Yangtze River Delta green-themed bond basket in the market to promote low-carbon and economic development in the region.</li> </ul>
 <p>Goal 8 <b>Decent work and economic growth</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>Actively integrate the implementation of national and regional key strategies with its own development strategy, focusing on cultivating and shaping its operational characteristics in areas such as sci-tech finance, inclusive finance, and green finance.</li> <li>Committed to serving the national and regulation strategies and those of Shanghai, supporting integrated development of the Yangtze River Delta region, actively respond to the building of Shanghai into an international financial center and scientific and technological innovation center. Seize opportunities presented by Shanghai's "Five Centers" and "Five New Cities" initiatives, and fully support the development of the Pudong New Area as a leading area for socialist modernization, the (Shanghai) Pilot Free Trade Zone, and the Lingang Special Area. Through multi-level and in-depth cooperation with various parties, contribute to the sustainable development of Shanghai with concrete actions.</li> </ul>
 <p>Goal 9 <b>Industry, innovation and infrastructure</b></p>	<ul style="list-style-type: none"> <li>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".</li> <li>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.</li> </ul>
 <p>Goal 10 <b>Reduced inequalities</b></p>	<ul style="list-style-type: none"> <li>Actively support the development of the real economy and practice inclusive finance, wholeheartedly serving agriculture, rural areas and rural residents, small and micro enterprises, scientific and technological innovation, and community residents. Support the development of private enterprises, pay attention to the vulnerable, and improve the coverage and accessibility of financial services.</li> <li>Improve the wage payment system and strengthen the guarantee services for migrant workers' wages in the construction sector.</li> </ul>

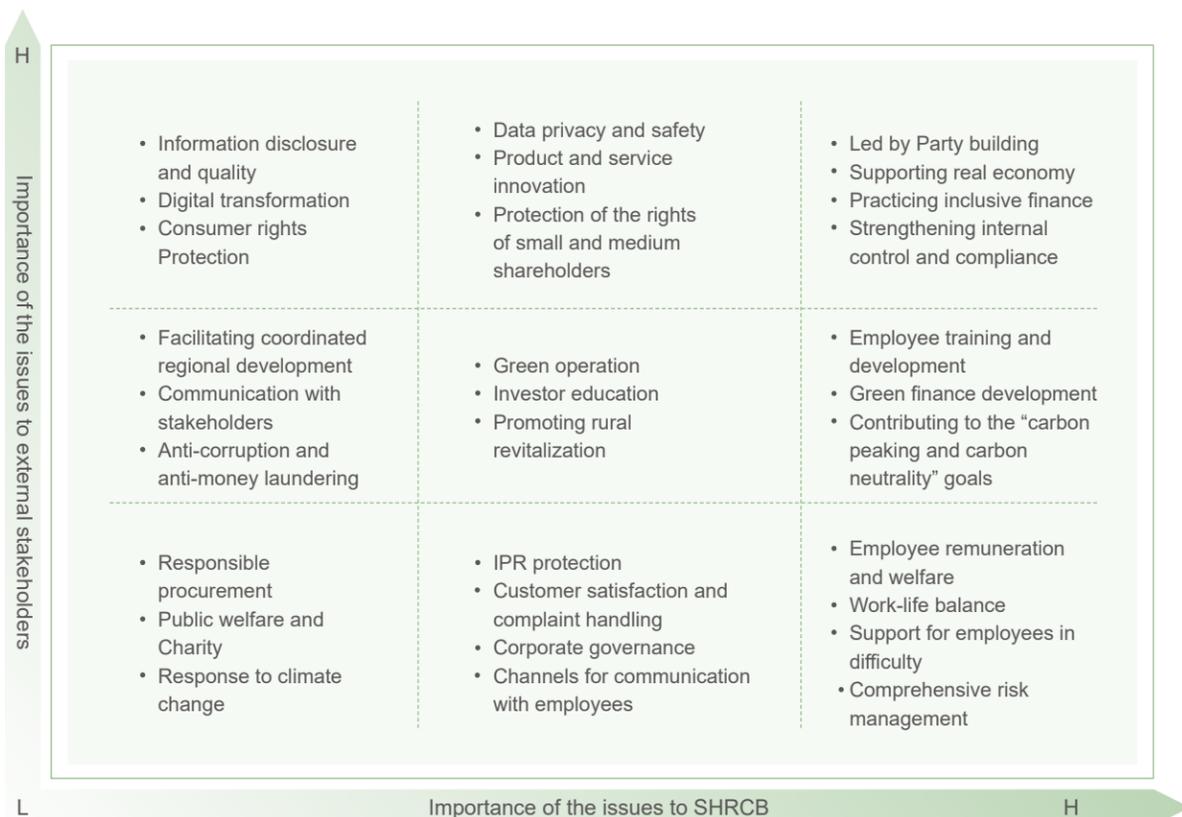
Response to UN's SDGs	The Bank's action
 <p>Goal 11 <b>Sustainable cities and communities</b></p>	<ul style="list-style-type: none"> <li>Propose the "Mental Home" community integrated service solution to help residents pursue a better life.</li> <li>Facilitate the reconstruction of old houses, urban village renovation and other urban renewal projects to solve problems related to housing, employment and other livelihood areas and promote urban harmony.</li> </ul>
 <p>Goal 12 <b>Responsible consumption and production</b></p>	<ul style="list-style-type: none"> <li>Attach great importance to consumer rights protection, 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.</li> </ul>
 <p>Goal 13 <b>Climate action</b></p>	<ul style="list-style-type: none"> <li>In its new three-year strategy, propose the development of a "sustainable financial service system with green finance as its foundation" as one of its five major financial service systems.</li> <li>Formulate the <i>Guidelines for Green Finance Business Marketing of SHRCB</i> to enhance support for green credit businesses in areas such as clean energy and energy conservation and environmental protection.</li> <li>Actively respond to climate change and practice green operations.</li> <li>Forge a green brand, disclose environmental information and release reports, sign PRB, and draw up a blueprint for green financial services.</li> </ul>
 <p>Goal 16 <b>Peace, justice and strong institutions</b></p>	<ul style="list-style-type: none"> <li>Follow the principles of openness, fairness and justice in ESG system building, supplier selection, employee recruitment and remuneration, etc.</li> </ul>
 <p>Goal 17 <b>Partnerships for the goals</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>Adhere to the concept of green procurement, emphasize resource conservation and the full utilization of surplus equipment in procurement activities.</li> <li>Strengthen supplier management by requiring them to provide green certifications related to quality management, occupational health and safety management, and environmental management.</li> </ul>

## Materiality Analysis

The Bank combines the philosophy about responsibility with its development strategy and operating activities 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.



Materiality Matrix



## 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
<b>Governments and regulators</b>	<ul style="list-style-type: none"> <li>Serving the real economy</li> <li>Promoting rural revitalization</li> <li>Contributing to the "carbon peaking and carbon neutrality" goal</li> <li>Preventing financial risks</li> <li>Developing inclusive finance</li> <li>Regulating corporate governance</li> <li>Fighting corruption and money laundering</li> <li>Tax payment according to law</li> <li>Promoting employment and entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Researching and implementing relevant financial policies</li> <li>Supporting the formulation of industrial policies</li> <li>Participating in surveys, visits and meetings</li> <li>Receiving regulatory inspections and assessment</li> <li>Submitting statistic statements</li> </ul>	<ul style="list-style-type: none"> <li>Observing laws and regulations, paying taxes in full and creating more jobs</li> <li>Serving rural revitalization and promoting inclusive finance</li> <li>Keeping an eye on climate change and developing green finance</li> <li>Implementing national and local policies and serving real economy</li> <li>Strengthening compliance management and education and establishing the awareness of compliance among all employees</li> <li>Tightening risk management in all aspects and accelerating the building of the risk protection system</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Improving customer experience</li> <li>Meeting customer demands</li> <li>Protecting customer rights</li> <li>Popularizing financial knowledge</li> <li>Information safety and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Online business handling</li> <li>Customer demand survey</li> <li>Customer satisfaction survey</li> <li>Complaint hotline</li> <li>Customer care activities</li> <li>Convenience services</li> </ul>	<ul style="list-style-type: none"> <li>Optimizing business processes, creating new financial products and providing convenience services</li> <li>Improving the complaint process, conducting investor education and protecting consumers' rights</li> <li>Strengthening fintech building, and highlighting information safety and privacy protection</li> </ul>
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>Sustaining sound operation</li> <li>Improving profitability</li> <li>Increasing returns for shareholders</li> <li>Increasing corporate values</li> <li>Regulating corporate governance</li> <li>Preventing financial risks</li> </ul>	<ul style="list-style-type: none"> <li>Regular reports</li> <li>Information disclosure</li> <li>Road shows</li> <li>Investor meetings</li> <li>Visitor reception</li> <li>Analyst meetings</li> <li>Shareholders' meetings</li> <li>Investor service hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring the steady, healthy and sustainable development of various businesses, and protecting shareholders' rights and interests</li> <li>Disclosing information in a timely, authentic and accurate manner, and increasing the quality of information disclosure</li> <li>Managing investor relations through multiple channels, platforms and means, and increasing communication with investors</li> <li>Improving the corporate governance mechanism, and operating soundly and in compliance with laws and regulations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Providing a healthy and safe working environment</li> <li>Protecting employees' rights</li> <li>Caring about employees' life</li> <li>Paying attention to employees' growth</li> </ul>	<ul style="list-style-type: none"> <li>Employee congresses</li> <li>Employee satisfaction survey</li> <li>Cultural and sports activities for employees</li> <li>Training class</li> </ul>	<ul style="list-style-type: none"> <li>Improving the remuneration and welfare system to protect employees' legitimate rights</li> <li>Improving the promotion mechanism for employees to achieve the common growth between the Company and employees</li> <li>Improving the training system and tapping employees' potential</li> </ul>
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>Enriching cooperation channels</li> <li>Fair and just procurement</li> <li>Honest contract fulfillment</li> <li>Business Ethics and Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication</li> <li>Peer exchanges and cooperation</li> <li>Bidding activities</li> <li>Supplier investigation and visits</li> </ul>	<ul style="list-style-type: none"> <li>Friendly cooperation and mutual respect</li> <li>Fair contracting and honest contract fulfillment</li> <li>Fair competition and sunshine purchase</li> </ul>
<b>Community &amp; public</b>	<ul style="list-style-type: none"> <li>Contributing to public welfare and charity</li> <li>Supporting community development</li> <li>Building brand image</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Employee voluntary services</li> <li>Community services</li> <li>Media promotion</li> </ul>	<ul style="list-style-type: none"> <li>Increasing engagement with communities and carrying out voluntary activities</li> <li>Strengthening community publicity and training to popularize financial knowledge</li> <li>Joining public welfare causes to build good word of mouth in the fulfillment of CSR</li> <li>Pursuing low-carbon operation and implementing energy conservation and carbon reduction policies</li> </ul>

## Column 1 Developing Inclusive Finance, Empowering Social Governance

The people's aspiration for a better life is the starting point and value pursuit of all our financial work. A "good finance" is not just about making money, but rather a finance that increasingly has vision and passion. It should not only focus on economic returns, but also create social value. In 2023, the Bank adhered to the principle of "Upfolding Finance for Good" and continued to delve deeply into inclusive finance, vigorously promoting a new model of empowering social governance, including "broad" layout, "intense" focus, "warm" care, "close" connection, "wide" integration, and "deep" service.

### Improved "Mental Home" Public Service Project, Creating a Primary Platform to Empower Social Governance

In 2023, the Bank actively promoted the development of the "Mental Home" public service project, focusing on various aspects of people's lives, including clothing, food, housing, transportation, healthcare, education, culture, and entertainment. This initiative provides a comprehensive range of financial and non-finance services such as health care, culture entertainment, group purchase of quality products, home life, community public welfare, fiancé laws, comprehensive housing services, and comprehensive financial services. By integrating its financial service functions with the needs of the people for a better life, the Bank channeled funds towards the real economy and rural areas, addressing social pain points and people's difficulties. Through these financial services, the Bank significantly enhanced people's sense of happiness and fulfillment. By the end of 2023, the Bank had established over 600 "Mental Home" public welfare service stations, hosting more than 1,000 community events each month. This initiative has set a new benchmark for Shanghai's financial institutions in serving the community and empowering social governance. The "Mental Home" public service project has become the Bank's primary platform for utilizing inclusive finance to empower social governance.

#### Case | The "Mental Home" Elderly Care Service Project Honored with the "Shanghai Financial Innovation Award"

In November 2023, the Shanghai Municipal People's Government officially announced and recognized the award-winning projects of the 2021-2022 Shanghai Financial Innovation Award. The "Mental Home" Elderly Care Service Project, jointly declared by the Bank and the Shanghai Banking Association, was awarded the third prize of the 2021-2022 Shanghai Financial Innovation Achievement Award.

The Shanghai Financial Innovation Award, established by the Shanghai Municipal People's Government, is one of the most prestigious awards in the field of financial innovation. It aims to promote financial reform and innovation in Shanghai, optimize the city's financial development environment, enhance the comprehensive competitiveness of Shanghai's financial institutions, and accelerate the construction of Shanghai as an international financial center.

The Bank's "Mental Home" Elderly Care Service Project is closely aligned with the municipal government's initiative to comprehensively promote the construction of "15-minute community life circles" during the 14th Five-Year Plan period. It deeply practices the important concept of a "people's city", empowering social governance with financial strength, and focusing on resolving various urgent and pressing issues faced by community residents, especially senior citizens in suburban areas. As of the end of November 2023, the project had established over 580 public welfare service stations, covering all 16 districts of the city, with a coverage rate of over 90% in streets and townships. More than 1,000 community service activities were carried out each month, contributing financial resources to support the construction and governance of a people's city.



Through its own practices, extensive visits, and research, the "Mental Home" public service project pays close attention to the urgent needs and concerns of community residents, forming a tripartite collaboration of "commercial bank + social organizations + streets and communities" for joint construction and governance. The project focuses on key groups such as the elderly, children, and new citizens, and through systematic management and resource integration, it meets the needs of residents of different age groups by introducing high-quality public service resources in culture, education, and health.

#### Health services

To meet the health needs of community residents and provide them with better health services, the Bank invited doctors from Grade A tertiary hospitals to provide health lectures and free clinics for community residents, especially senior citizens in suburban areas.

#### Case | Launching the "Mental Home" "Famous Doctors entering the Community" Series of Activities

The "Famous Doctors entering the Community" activity, in collaboration with renowned Grade A tertiary hospitals, brings high-quality medical resources to residents' doorsteps and has always been a crucial component of the "Mental Home" public service project. Since April 2023, the "Mental Home" project has provided over 60 health lectures and on-site medical consultations for community residents, particularly middle-aged and elderly residents in suburban areas. Nearly 4,000 people have received professional medical guidance and health consultations on-site, garnering continuous praise from the community.

The "Famous Doctors entering the Community" series of activities had undergone a significant upgrade based on the health lectures. In collaboration with the Municipal Health Commission and Shanghai Media Group (SMG), the project invited renowned medical experts to participate in 60 episodes of new media interactive live programs, "Famous Doctors entering the Community" at the "Mental Home" public welfare service stations. These programs were conducted in districts, counties, streets, Party and mass service centers, community service centers, community canteens, pocket parks, and white-collar service buildings in Shanghai. They were broadcast live online through the official accounts of government streets, expanding the outreach, increasing the popularity of doctors, and broadening the beneficiary group.



**Culture and entertainment services**

To enrich the culture and entertainment of community residents, especially elderly customers, the Bank regularly organized a diverse range of training and exchange activities such as calligraphy, painting, flower arrangement, and handicrafts. In addition, in a groundbreaking partnership, we collaborated with the Shanghai University for the Elderly to create the “School-Bank” model, launching the Shanghai Senior University SHRCB Teaching Site as the first commercial bank to engage in such a collaboration. In October 2023, with the establishment of the “Mental Home” University for the Elderly, we became the first financial institution in Shanghai to participate in physical school operations through social collaboration. Simultaneously, we became the first financial institution branch within the Shanghai Elderly Education Alliance, actively exploring and practicing the “School-Bank-Community” cooperation model to create a “Senior University at Doorstep”.

**Case | Launch of the “Mental Home” University for the Elderly**

In October 2023, the Bank’s “Mental Home” University for the Elderly officially launched to offer a diverse range of courses, primarily focused on financial education, for middle-aged and elderly citizens. This initiative further strengthened the Bank’s collaboration with members of the Shanghai Senior Education Alliance and partners of the “Mental Home” public welfare project. By leveraging its extensive network of outlets and “Mental Home” public welfare service stations across the city, the Bank provided financial education and various specialized interest courses tailored to the needs of senior citizens, enabling them to access high-quality educational resources within their communities. This move could date back to March 2023, when the Bank partnered with the Shanghai University for the Elderly to establish the “Shanghai University for the Elderly- SHRCB Teaching Site” at the Xuhui Sub-branch Garden Office, marking a new exploration in serving the elderly education sector. Looking ahead, the Bank’s “Mental Home” University for the Elderly will continue to explore and promote a lifelong education model that integrates “community + education + finance”, contributing to the comprehensive advancement and development of Shanghai’s elderly care initiatives.



**Case | “Building Mental Home Together, Welcoming Spring with Warmth” Campaign**

With the Spring Festival approaching, the “Lighting Up Micro-Wishes in Community Families” initiative, a key component of the Bank’s “Mental Home” public welfare project’s “Building Mental Home Together, Welcoming Spring with Warmth” campaign, was officially commenced. Through the “Mental Home” public welfare service stations located throughout the city, the Bank collaborated with streets, towns, and neighborhood committees to bring New Year greetings and care to elderly individuals living alone or without family support, and veterans within the community.

The “Mental Home” micro-wish fulfillment initiative aimed to translate the principle of “finance for the people” into tangible actions, addressing the concerns and needs of community residents, particularly the elderly, young children, and new citizens. Related activities included providing door-to-door home cleaning services for elderly individuals with mobility issues, delivering New Year’s Eve dinners to new employees staying in Shanghai for the holiday, and organizing intangible cultural heritage “Dragon and Lion Dance” workshops for children. Each act of care added a touch of warmth to the Spring Festival celebrations.

During the Spring Festival period, the Bank’s “Building Mental Home Together, Welcoming Spring with Warmth” activity hosted over a hundred events to spread blessings and warmth. The Bank engaged with community residents and city builders who remained in Shanghai during the holiday through activities such as writing calligraphy, pasting Spring Festival couplets, enjoying festive flavors, and celebrating the Lantern Festival. Together, they promoted traditional Chinese culture and shared the joy of the Spring Festival.

**Group purchase of quality products**

To ensure food safety for residents, the Bank, under the guidance of the Shanghai Agriculture and Rural Affairs Commission, carefully selected local “renowned, special, and high-quality” agricultural product companies and products. By establishing an online service platform, we facilitated safe, convenient, high-quality, and affordable group purchase services for suburban agricultural products, bringing them “from the farm to the kitchen.”

**Home living services**

To enhance the convenience of home-based elderly care for community residents and bring quality services “right to their doorstep”, the Bank collaborate with housekeeping and other service agencies to offer exclusive discounts on home cleaning, laundry and dry cleaning, water and electricity repairs, and other essential services. For seniors with mobility issues, we provide door-to-door services, effectively assisting communities in bridging the “last mile” gap in basic livelihood services.

**Financial laws services**

The Bank provides pro bono legal services to community residents, helping them navigate various conflicts and maintain social stability. Our customer service hotline, 962999, features an exclusive financial and legal line that addresses civil legal inquiries related to financial business and civil affairs. Additionally, the 10th of each month is designated as Lawyer Consultation Day, where professional lawyers offer free online financial and legal consultations to residents.

**Family education for adolescents**

In collaboration with and under the guidance of the Shanghai Women's Federation, the Bank partnered with professional third-party organizations to provide family education guidance for adolescents. This initiative primarily focused on community family education lectures, pro bono case consultations, psychological counseling hotlines, and online guidance videos. By bringing together resources and expertise from various family education service providers in the city, the program aimed to support the healthy development of young people.

**Community public welfare services**

Each branch of the Bank further integrated resources within its jurisdiction to provide more tailored and differentiated services. Each service station developed a menu of unique activities. For instance, volunteers regularly visited streets, communities, and townships to educate community residents on financial literacy and conduct public welfare courses on topics such as anti-fraud and illegal fundraising prevention, fostering awareness of financial risk prevention. They also organize training sessions on smartphone applications and mobile photography to help elderly residents learn how to use modern digital and intelligent devices, bridging the digital divide for seniors. Focusing on the concerns of new citizens and blind spots in emerging industries, the Bank conducted various educational and promotional activities such as "Promotion Month of Financial Services for New Citizens", "Anti-Telecom and Online Fraud Promotion", and "Financial Night Markets" to improve financial literacy and awareness of safety precautions, demonstrating our commitment to the principle of "Protecting New Citizens is Our Responsibility" through concrete actions. The Bank organized wealth management knowledge seminars for new citizens to enhance their understanding of reasonable wealth planning, financial product characteristics, and financial markets, catering to the wealth management needs of new citizen families and fostering a scientific investment and financial management mindset.

**Case | Launching the "Love Under the Blue Sky" and "Mental Home Entering the Community" Series of Activities**

In December 2023, the Bank, in collaboration with its strategic partner, the Shanghai Senior Citizens Foundation, along with the Huangpu Representative Office of the Shanghai Senior Citizens Foundation and the Xiaodongmen Subdistrict Office of the Huangpu District People's Government, jointly organized the 30th "Love Under the Blue Sky" series of charity events at the Xiaodongmen Subdistrict Community Party and Mass Service Center. This included the Shanghai Senior Citizens Foundation's "Respect for the Elderly, Healthy Living" charity event, the "Mental Home Entering the Community" series of activities, and the "Winter Health Conditioning for the Elderly" medical consultation lecture.

The "Love Under the Blue Sky" brand was established in 1995 and, after nearly 30 years of practice and development, has become a well-known charity brand among Shanghai residents, directly reflecting the city's warmth and compassion.

This event garnered widespread attention and support from various sectors of society. SMG provided live coverage throughout the event, while several official WeChat accounts, including those of the Shanghai Senior Citizens Foundation, Xiaodongmen Subdistrict, Labor Union of SHRCB, Popular Food, and Qingchuang Internet, promoted and pre-heated the event. Nearly 60 people participated offline, and close to 4,000 people joined online.

Nearly  
**60**  
people participated offline

Close to  
**4,000**  
people joined online

**Targeting Pain Points and Difficulties in Rural Revitalization, Assisting in Improving the Rural Credit System**

Building a rural credit system is the foundation for providing diversified and multi-level rural financial services, a powerful focus point for promoting the rural revitalization strategy, and also a challenge in rural governance. In 2023, the Bank, while practicing inclusive finance to empower social governance, focused on the difficulties and pain points of rural governance, placing emphasis on strengthening the construction of the rural credit system.

In April 2021, the Bank launched the whole-village credit granting initiative, adopting the "one village, one product" and "one village, one policy" strategies to support villages. It created the first batch of "credit villages" in Shanghai, matching specialized financial products with farmers' financial service needs and granting credit village residents special rights such as green channels and preferential interest rates. In 2023, the Bank continued to deepen the construction of the rural credit system. Based on the previous "credit village" efforts, it completed the construction of "credit towns" and "credit townships". This signifies that the Bank's tiered cultivation mechanism for credit villages, credit townships, and credit towns had become more robust and comprehensive, further expanding the coverage of the rural credit system. This can effectively promote the vigorous development of rural industries and help improve the level of rural governance.

By the end of 2023, the Bank had completed the recognition of 159 credit villages, 3 credit towns, and 1 credit township, providing proactive credit of over RMB 200 million to more than a thousand villagers.

**Case | Successful Launch of the First Credit Town in Qingpu District**

On July 25th, 2023, with the joint support of the Shanghai Headquarters of the People's Bank of China, SHRCB, and Shanghai Credit Information Services, the second credit town in Shanghai and the first in Qingpu District was officially inaugurated in Jinze Town, Qingpu. On the same day, the Qingpu Branch of the Bank signed a pairing and co-construction agreement with Nanxin Village, Cenbu Village, and Lianhu Village in Jinze Town.

Following the inauguration of the "Credit Town" in Jinze, farmers with good credit standing in Jinze Town can obtain credit loans without collateral or guarantees, effectively meeting their financial needs and improving the accessibility, affordability, and sustainability of loans for small farmers and new agricultural business entities.



Case | Hengsha Township "Credit Township" Inauguration Ceremony Successfully Held

On November 30th, 2023, with the support of the Shanghai Headquarters of the People's Bank of China, the Bank successfully launched Shanghai's first "Credit Township" in Hengsha Township, Chongming District.

The Bank has completed the evaluation of 1 credit township and 24 credit villages in Hengsha Township, with records established for over 20,000 villager households. The evaluation of credit villages and townships adds "credit" as a form of capital, allowing villagers to obtain credit loans without collateral or guarantees, effectively meeting their financial needs.



## Focusing on New Citizens and Veterans, Expanding the Breadth and Depth of Financial Services

In its financial services, the Bank implements regulatory requirements, focuses on special groups, provides targeted financial services, and continuously expands the breadth and depth of empowering social governance. In 2023, the Bank strengthened financial services for new citizens and new Shanghainese by formulating exclusive financial service plans. Considering the entrepreneurial forms, income characteristics, and funding needs of new citizens in Shanghai, while emphasizing the primary source of repayment, the Bank explored diversified income recognition methods and promoted micro-credit products based on creditworthiness. Additionally, the Bank's "Xinedai" product strengthened its service efforts for new citizens, proactively providing financial services and continuously optimizing online service processes to further enhance the customer experience.

The Bank strove to put preferential treatment for veterans into practice. By leveraging its advantages in local presence and service outlets, it cultivated fertile ground for veterans' employment and entrepreneurship, enriched financial and non-financial services for them, and provided them with comprehensive support and care. The Bank launched the "Xinxinxiangrong" exclusive financial service plan for ex-servicemen. This plan provides a full range of comprehensive financial services for ex-servicemen and their businesses in Shanghai. It includes the "Returning Hometown Entrepreneurship Loan" to support veterans engaged in the rural revitalization strategy, the inclusive and characteristic "Most Beautiful Veteran Loan" to support veterans in starting and operating businesses, and retail and credit card series financial products to enhance veterans' sense of belonging, offering them additional exclusive benefits.

In 2023, the Bank formulated and issued the *Notice on Further Strengthening Exclusive Financial Service Support for Ex-servicemen and Other Groups*, followed up with grid-based service management every two months, and held the signing ceremony for the "Military and Bank Work Together for Development, Double Support and Joint Construction as One Family" preferential treatment cooperation agreement. The Bank also conducted entrepreneurial financing training specifically tailored for veterans, providing comprehensive financial services to fully support their employment and entrepreneurial endeavors. By doing so, the Bank injected the financial strength of a rural commercial bank into the "Double Support" initiative.

Furthermore, the Bank took multiple measures to optimize service initiatives, including: hanging "Veteran Service Point" signs at business outlets, setting up exclusive service windows and veteran rest areas, equipping dedicated wealth management managers, regularly holding "Red Military Career"-themed salon activities, providing red-themed books for borrowing in the "Military Support Service Area" of some outlets, inviting veterans and military family representatives to visit outlets every month, and holding various colorful activities. These efforts fully showcased the Bank's strong sense of social responsibility and commitment to its mission.

Case | Signing Ceremony for Preferential Treatment Cooperation with Shanghai Veterans Affairs Bureau

The Bank's *Special Financial Service Solution for Ex-servicemen of SHRCB* encompasses three major series of financial products: "Returning Hometown Entrepreneurship Loan," "Most Beautiful Veteran Loan," and "Xinjun Esteemed Loan." These products provide personalized, high-quality, and preferential comprehensive financial services for individual business and entrepreneurship by veterans, enhancing the sense of honor among beneficiaries of preferential treatment. The Hongkou District Veterans Affairs Bureau and the Hongkou Branch of SHRCB signed a cooperation agreement for supporting the military and providing preferential treatment. The Hongkou Branch will offer integrated, comprehensive, and high-quality financial services to military-related enterprises and individuals, creating a "distinctive Hongkou business card for financial services supporting the military". As a local institutional bank, the Bank will further leverage the unique role of the banking system in supporting the military and providing preferential treatment, adhering to the development logic of Finance for Good, deeply and fully responding to people's aspirations and demands for a better life. By continuously deepening cooperation between the two parties, we will jointly build a model of collaboration and create a new situation of mutual benefit and win-win cooperation.

## Column 2 Strengthening Fintech, Serving New Quality Productive Forces

In September 2023, during his inspection in Heilongjiang and the symposium on promoting the comprehensive revitalization of the Northeast in the new era, General Secretary Xi Jinping first introduced the concept of "new quality productive forces". He emphasized the integration of scientific and technological innovation resources to lead the development of strategic emerging industries and future industries, and to accelerate the formation of new quality productive forces. He advocated for the active cultivation of strategic emerging industries such as new energy, new materials, advanced manufacturing, and electronic information, as well as future industries, to enhance new drivers of development. In December 2023, the Central Economic Work Conference again emphasized the need to drive industrial innovation through scientific and technological innovation; to develop new quality productive forces; to implement high-quality development actions for key industrial chains in manufacturing; and to enhance the resilience and security of industrial and supply chains.

Scientific and technological innovation is the core driving force behind the development of new quality productive forces. The Bank was dedicated to implementing General Secretary Xi Jinping's important directives on developing new quality productive forces, with a strong emphasis on strengthening technological and financial services. Guided by the service philosophy of "earlier stage in science and technology, more comprehensive coverage of science, and more advanced scientific research", the Bank focused on the development of Shanghai's "2+(3+6)+(4+5)" industries. It was committed to building a robust fintech service system characterized by scientific and technological innovation, actively exploring effective pathways for financial support in the construction of the Shanghai Scientific and Technological Innovation Center and the Shanghai Science and Technology Innovation Financial Reform Pilot Zone. In 2023, the Bank launched the *3-Year Action Plan of SHRCB for the Development of Science and Technology Finance (2023-2025)*, which deploys multi-dimensional strategies for customer acquisition channels for four major technology enterprise and firmly establishes an eight-fold fintech financial system architecture, continuously enhancing our professional and comprehensive service capabilities in fintech.

By the end of the reporting period, the Bank's outstanding loans to sci-tech enterprises reached RMB 92.516 billion, marking a year-on-year increase of RMB 21.304 billion or 29.92%. These loans accounted for 20.47% of the Bank's total loan portfolio, a rise of 2.90 percentage points from the previous year-end. The number of sci-tech enterprise loan customers reached 3,275, an increase of 815 or 33.13% compared to the previous year-end. Both the scale and number of customers ranked among the top in Shanghai's banking industry, with a cumulative service record of nearly 6,900 sci-tech enterprises. Furthermore, the average loan balance per sci-tech enterprise customer continued to decrease, with 74.70% of enterprises holding loan balances of RMB 10 million or less, representing a 2.26 percentage point increase from the previous year-end. The Bank was honored with several awards, including the "2022 Shanghai Fintech Cooperation Bank Excellence Award", the "2022 Shanghai Intellectual Property Finance Outstanding Contribution Award" and the "2022 Shanghai Banking Industry Fintech Finance Service Outstanding Organization Award".



## Refining the Organizational Structure for Fintech Services

The Bank has established a comprehensive "1+1+13+N" organizational structure for scientific and technological innovation finance. This structure comprises the Investment Banking Department of the Head Office, the first Department of Science and Technology Finance in Shanghai, 13 specialized fintech branches deeply rooted throughout Shanghai, and further decentralized fintech service teams. In 2023, the Bank established the first head office-level Department of Science and Technology Finance in Shanghai, seamlessly integrating with the existing business and model of the Zhangjiang Technology Sub-branch to create a synergy. This department serves as a research and development center for technological and financial product innovation and mechanism optimization, as well as an incubator for specialized technology teams. The Bank is strengthening its technology team, aiming to build a team of around 300 "dedicated, professional, focused, and responsible" scientific and technological innovation service personnel within three years. The team-building process incorporates the concept of value investing, breaking through the constraints of traditional bank credit concepts, strengthening dynamic risk management, and enhancing professional operation capabilities. This approach addresses the challenges of technology companies lacking collateral and the difficulties in identifying technology companies. To further elevate the level of science and technology finance services, the Bank has intensified research on relevant technology industries, establishing 10 part-time strategic emerging industry research groups covering fields such as high-end manufacturing, biomedicine, and artificial intelligence. These groups provide professional research to support the expansion of science and technology finance services.



## Strengthening Product Innovation and Building a Scientific and Technological Innovation Finance Ecosystem

The Bank strengthened the development of financial products to align with the "knowledge-intensive, asset-light" characteristics of technology-based enterprises. The Bank actively explored intellectual property pledge financing businesses for new formats such as integrated circuit layout designs. It launched the "Science and Innovation Loan in Xindongneng", piloting a credit mechanism featuring "medium- and long-term credit lines + short-term notes + annual review renewal". Additionally, the Bank developed the "R&D Loan" specialized product to explore credit delivery strategies for scientific and technological innovation. It also upgraded the "Science and Innovation Loan in Lingang Park" 3.0, aiming to achieve "early-stage and small-scale support, innovation-driven development, and ecosystem building". Furthermore, the Bank optimized industry-specific service solutions such as clinical trial loans to meet the financing needs of pharmaceutical R&D companies whose products are in earlier stages of clinical trials. In 2023, the Bank's credit allocation further emphasized the characteristics of "early-stage and small-scale support, medium- and long-term loans, and credit-based lending". Loans to small and medium-sized sci-tech enterprises accounted for 80.17% of the total loan balance and 97.13% of the total number of loan accounts. As of the end of 2023, the Bank's balance of intellectual property pledge financing exceeded RMB 2.2 billion, representing a year-on-year increase of 169.73%. Unsecured loans to sci-tech enterprises accounted for 62.90% of the total loan balance.

The Bank collaborated with government agencies, commissions, exchanges, investment institutions, and securities firms to build a comprehensive "Xin Ecosystem" science and technology finance service alliance. The Bank launched the "Xindongneng" 3.0 service solution, catering to the developmental characteristics and service needs of customers at different stages of their growth cycle. This solution represents a comprehensive upgrade in terms of model, mechanism, products, empowerment, and ecosystem, forming a comprehensive service system with "five specialized services + six-dimensional empowerment" at its core. The "five specialized services" refer to specialized approval mechanisms, exclusive financial products, professional service teams, customized service plans, and exclusive benefit systems. The "six-dimensional empowerment" encompasses industrial resource integration, policy resource alignment, investment institution referrals, professional guidance and consulting, talent management services, and fintech empowerment.

By the end of 2023, the Bank's "Xindongneng" program encompassed **940** enterprises, including **100** listed companies (an increase of **34** from the previous year-end) and **89** companies preparing for listing (an increase of **19** from the previous year-end). The Bank served approximately **30%** of the specialized and sophisticated SMEs and nearly **50%** of "Specialized and Innovative Little Giant" enterprises within this category in Shanghai. Its ability to incubate enterprises and provide capital market services for high-growth companies has become increasingly prominent.



## Increasing Targeted Service Efforts for Technology-Based Customer Groups

The Bank focuses on serving enterprises certified by government commissions and offices, such as those in high-tech industries, specialized and sophisticated enterprises, and small and medium-sized sci-tech enterprises. It has served nearly half of “Specialized and Innovative Little Giant” enterprises and approximately 30% of specialized and sophisticated SMEs in this category in Shanghai. Among them, 175 “Specialized and Innovative Little Giant” enterprises and 1,761 specialized and sophisticated enterprises are our credit customers, with credit lines of RMB 8.848 billion and RMB 38.860 billion, respectively, representing year-on-year increases of 41.48% and 36.07%. The loan balances for these enterprises reached RMB 7.464 billion and RMB 32.937 billion, respectively, marking year-on-year increases of 43.82% and 37.02%. The Bank actively targeted high-potential customer groups within sci-tech enterprises. It focused on factors such as the technological attributes of enterprises, their development tracks, core technologies, and the backgrounds of their controlling shareholders and teams. By adopting a venture capital mindset, the Bank provided financial service support to early- and mid-stage sci-tech enterprises. Building upon its existing product system and in response to regulatory guidance, the Bank launched the “Long-term Win-Win Interest” product, which features a tiered interest rate pricing mechanism. This product further strengthens the Bank’s efforts in cultivating and supporting early- and mid-stage enterprises. The Bank strives to connect with technology finance industry customer groups, focusing on the development of Shanghai’s “2+(3+6)+(4+5)” industries. It deeply cultivates industrial parks, using financial support to drive the smooth circulation of industrial chains.

### ○ Focus Industry - Biomedicine

In the realm of biopharmaceutical financial services, the Bank has proactively pursued expansion on multiple fronts. It has established a comprehensive financial product system covering different development stages of biopharmaceutical enterprises. Additionally, the Bank has enhanced its professional service capabilities for biopharmaceutical enterprises through the establishment of research groups and specialized approval teams, as well as by hosting relevant events. Furthermore, the Bank has facilitated the financial development of the biopharmaceutical industry by establishing a resource integration service platform, thereby bolstering its exploration within this sector.



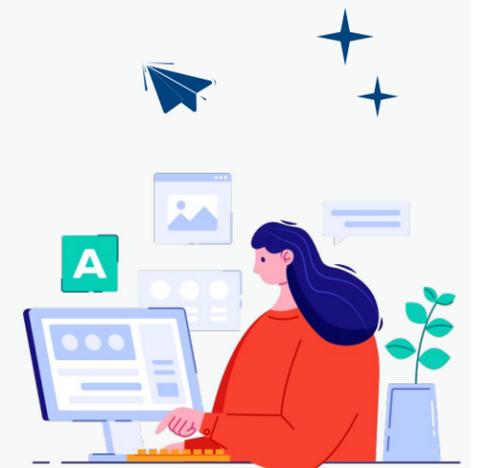
### ||| Case | Providing Credit Support and Investment Banking Services to Innovative Drug R&D Startups

Shanghai ZZ Pharmaceutical Technology Co., Ltd. (“ZZ Pharmaceuticals”) is a startup innovative drug company specializing in the research and development of small molecule targeted drugs for mental illnesses. As an incubated company within a startup incubator, ZZ Pharmaceuticals boasts a core team with extensive experience in drug development and numerous Shanghai municipal-level honorary titles. The company’s main R&D pipeline focuses on Category 1.1 new drugs with original innovation, addressing unmet clinical needs. These drugs possess independent intellectual property rights and hold promising social and commercial prospects. However, the most advanced drug in ZZ Pharmaceuticals’ R&D pipeline is still in Phase I clinical trials, while other pipelines remain in the pre-clinical stage. Consequently, the company faces certain R&D risks and operational uncertainties. Recognizing the outstanding background of ZZ Pharmaceuticals’ founder, its strong R&D capabilities, and the promising development prospects of its chosen track, the Bank formulated a tailored financial service solution based on thorough customer research and in-depth industry analysis. The Bank exclusively provided ZZ Pharmaceuticals with RMB 10 million in credit support and, leveraging its investment banking service system, recommended high-quality biopharmaceutical industry investment institutions to assist the company in its subsequent equity financing efforts.

### ||| Case | Supporting the Development of a Biotechnology Enterprise with Micro and Small Enterprise Loans

Company A is a national-level high-tech enterprise specializing in biotechnology fields such as bio-stem cells and cell gene banks. However, in 2020, the company experienced liquidity pressure. As the company was still in its early stages of development at the time, it had never received a loan from any bank. After conducting on-site visits, the Bank recognized that the biopharmaceutical industry, in which Company A operates, is one of the three major industries within Shanghai’s strategic emerging and leading industry development system. Moreover, the company’s core technology, bio-stem cell technology, holds the potential to contribute to the treatment of malignant tumors and organ regeneration. Based on its industry insights and judgment, the Bank granted Company A an RMB 3 million micro and small enterprise loan to support its resumption of production, becoming the company’s first and only loan provider.

In 2022, as Company A entered a stage of rapid development with several research achievements successfully approved for clinical trials, the company required substantial capital investment. The Bank further supported Company A through the “Xindongneng” customer cultivation program and the “Light of Huangpu River” fintech special service plan. These initiatives focused not only on the company’s financial statements and operating data but also on its core technology and development potential. Considering the characteristics of the biopharmaceutical industry and project risks, the Bank leveraged the risk-sharing advantages of the “Xindongneng” and “One Xin Four Wings” programs, ultimately enabling Company A to secure an RMB 10 million credit line. Of this amount, a RMB 6 million working capital loan was introduced through the SME Guarantee Fund platform, while the remaining RMB 4 million was provided as a principal-free loan renewal. This approach both mitigated external risks for the company and reduced its repayment costs. Today, the collaboration between the Bank and Company A has spanned three years, with the company expanding its operations by establishing branches and experimental bases in Shandong, Fujian, Jiangxi, and other regions.



# 1

## Valuing Virtue and Goodness and Improving Corporate Governance

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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## Enhancing the Level of Corporate Governance

The Bank remains unwaveringly committed to upholding all legal and regulatory statutes while maintaining a steadfast focus on its defined role and developmental transformation. We dedicate ourselves to establishing a robust corporate governance framework, continuously refining our governance structure, and enhancing information transparency to ensure the effectiveness of our corporate governance practices.

### Adhering to Leadership by Party Building

The Bank adheres to the comprehensive leadership of the Party, ensuring a correct political direction. Party leadership is effectively integrated into all aspects of corporate governance, striving to transform the Party's leadership advantage into a competitive edge and developmental strength for the Bank. We firmly establish the legal position of the Head Office Party Committee within the corporate governance structure, guaranteeing the "two-way entry and cross-appointment" leadership mechanism. We fully implement the requirement for the Party Committee to conduct pre-research on "Major Decisions, Appointment and Dismissal of Key Officials, Major Project Arrangements and the Use of Large Amounts of Funds", effectively leveraging the Party Committee's leadership role in "setting direction, managing overall situation, and ensuring implementation."

Through pre-research and discussions on major business management matters, the Bank leverages the Party Committee's role in providing guidance and direction, ensuring that the Party Committee focuses more on setting direction, managing overall situation, planning major events, and deliberating on key priorities. In 2023, a total of 52 Party Committee meetings were convened, deciding on 333 issues, including 112 issues discussed through pre-research. By managing the decision-making chain, we ensure that each governance body fulfills its responsibilities and operates in coordination. Through the process of receiving progress reports, we establish a closed-loop management system for decision tracking and implementation. The Bank's Party Committee regularly receives updates on the progress of important strategic, overarching, and critical tasks in business management. It also promptly receives reports on the progress of significant pre-research matters, achieving closed-loop management of major decisions.

In 2023, the Bank held  
**52** Party Committee meetings in total

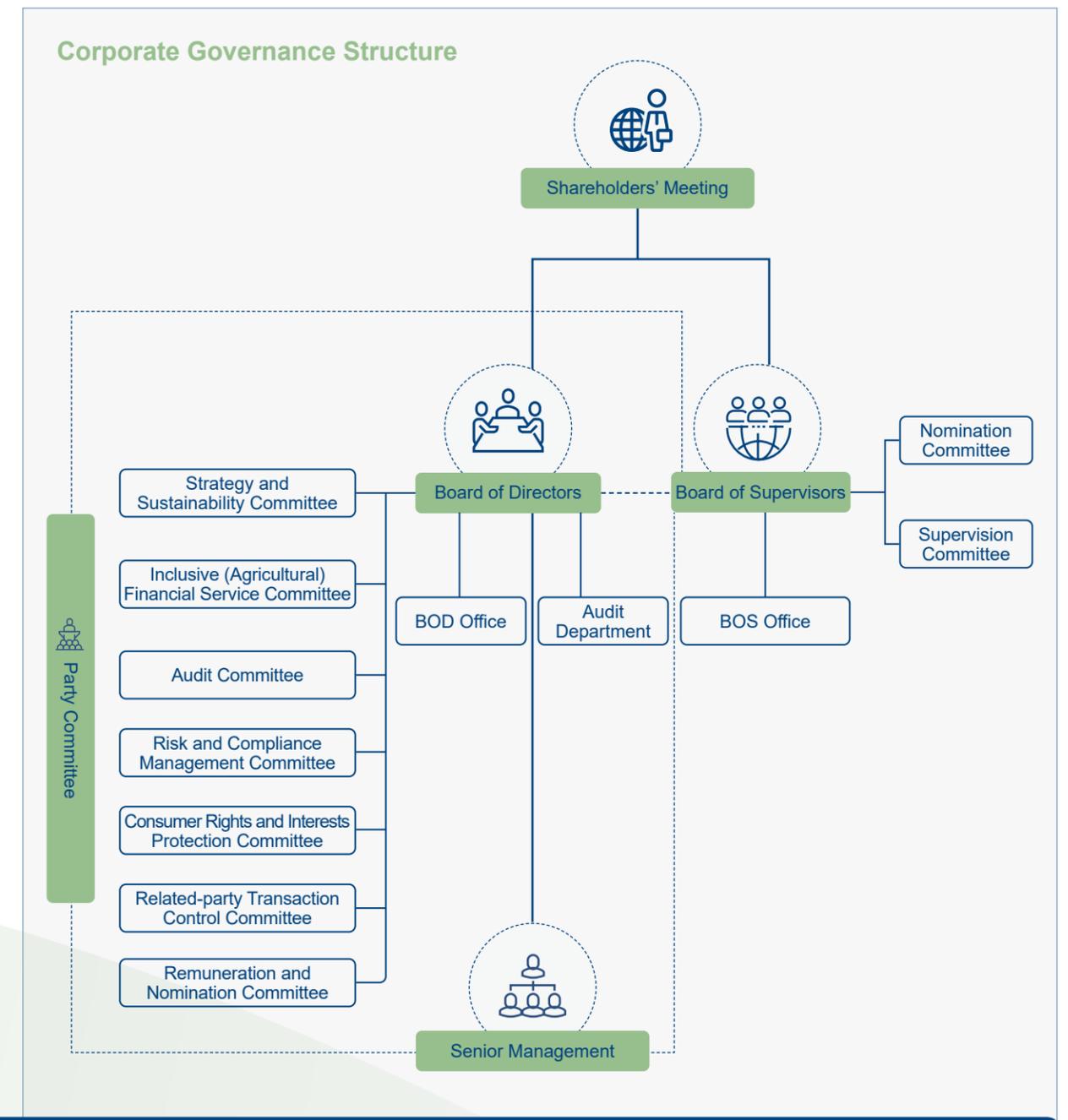
Which decided on  
**333**

Issues, including  
**112** issues based on pre-research



## 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 National Administration of Financial Regulation 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.



## ESG management events of the committees of the Board of Directors



### Strategy and Sustainability Committee

- Reviewed the 2023-2025 development strategy, strategic management measures, and strategic risk management measures. Provided guidance and recommendations on ESG management, strategic planning, corporate governance, capital management, investment management, and donations.
- Strengthened guidance on the formulation of the Bank's 2023-2025 development strategy, promoting the improvement of strategic planning. Guided the Bank in formulating strategies for capital planning, risk management, digital transformation, and fintech development, ensuring a comprehensive strategic system, clear strategic goals, and well-defined strategic initiatives for the new strategic period.
- Reviewed proposals for the Head Office and executive leadership level strategic OKR tasks for 2023, continuously improving the strategic OKR management mechanism. Heard proposals and reports on the 2023 mid-year strategic execution evaluation, acknowledging the Bank's achievements in strategic execution and providing suggestions for areas of improvement.
- Reviewed proposals for the 2022 *Social Responsibility and ESG Report*, the 2022 *Environmental Information Disclosure Report*, the 2022 *Green Finance Management Measures*, and the revision of the 2021-2025 *Green Finance Development Strategy*.
- Attached great importance to the development and management of investment work, reviewed and revised investment management measures, and guided the development of Yangtze Financial Leasing and controlled village banks.



### Inclusive (Agricultural) Financial Service Committee

- Reviewed the 2022 *Work Summary and 2023 Work Plan* of the Inclusive (Agricultural) Financial Service Committee of the Board of Directors. Heard reports on the 2022 inclusive finance work and the 2022 "agriculture, rural areas and rural residents" financial services.
- Guided the new round of development strategy period, aiming to build an inclusive financial service system characterized by "agriculture, rural areas and rural residents" finance. Further adhered to the strategic positioning of inclusive finance, insisting on finance that is positive, practical, and benevolent. Built service brands such as "agriculture, rural areas and rural residents" inclusive finance, livelihood inclusive finance, digital inclusive finance, green inclusive finance, and technological innovation inclusive finance, enhancing the Bank's brand influence.
- Paid close attention to the business development of the Bank's inclusive and "agriculture, rural areas and rural residents" finance, heard relevant work reports, acknowledged the achievements of the Bank in inclusive finance and "agriculture, rural areas and rural residents" financial services in 2022, and provided suggestions for innovating "agriculture, rural areas and rural residents" financial services and enhancing brand influence.



### Audit Committee

- Reviewed the 2022 *Performance Report of the Audit Committee of the Board of Directors*, the 2022 *Internal Audit Work Report*, and the 2023-2025 *Internal Audit Plan*. Regularly reviewed financial reports, strengthened audit communication, and made judgments on the authenticity, accuracy, and completeness of financial report information. Heard key points of annual internal audit work and various special audit reports.
- Actively exercised audit supervision responsibilities, provided suggestions on maintaining a sound financial position, improving the internal control system, and strengthening internal and external audit supervision and management.



### Risk and Compliance Management Committee

- Reviewed and supervised the implementation of proposals such as the new three-year risk strategy, comprehensive risk and compliance risk management self-assessment, internal control evaluation, and liability quality management assessment. Regularly heard reports on comprehensive risk management, case prevention, anti-money laundering, data governance, employee conduct evaluation, and risk stress testing.
- Prudently formulated the 2023 risk appetite strategy, ensuring the implementation of a "prudent" risk appetite to empower business transformation. Reviewed and formulated or revised management measures for strategic risk management, expected credit losses, liquidity risk contingency plans, liability quality, interest rate risk in the banking book, bad debt write-offs, collateral, internal control and compliance, and regulations.
- Optimized the consolidated management structure and division of responsibilities, clarified management processes and tracking and evaluation mechanisms. Optimized the risk appetite and limit management system, established a complete and unified risk appetite strategy. Deepened communication with consolidated subsidiaries, guiding them in improving their operational risk, business continuity, and information technology risk management systems.
- Urged senior management to pay close attention to various risks faced by listed companies and enhance their proactive response capabilities. Closely monitored the coverage and risk isolation of business, financial, and risk monitoring systems within the Group after consolidated management.



### Consumer Rights and Interests Protection Committee

- Reviewed and supervised the implementation of proposals such as the annual work summary and plan of the Consumer Rights and Interests Protection Committee and consumer rights protection work, the revision of consumer rights protection management measures, and the formulation of a three-year consumer rights protection strategy. Heard special audit reports on consumer rights protection.
- Discussed and researched major issues and important policies related to consumer rights protection, provided professional opinions in the field of consumer protection work, and promoted the continuous improvement of consumer rights protection.



### Related-party Transaction Control Committee

- Reviewed proposals such as major related-party transactions, deposit-related related-party transaction plans, estimated daily related-party transactions, and related-party transaction systems. Heard reports on related-party transactions for 2022 and the first half of 2023.
- Conducted professional evaluations on related-party transactions, objectively and professionally provided review opinions and recommendations.
- Strictly reviewed major related-party transactions and accepted filings for general related-party transactions.



### Remuneration and Nomination Committee

- Reviewed matters such as the annual performance evaluation of directors, the annual assessment results and assessment indicators for the next year for professional managers, the annual assessment of the head of the Audit Department, and the nomination and selection of director and senior management candidates. Reviewed and formulated or revised remuneration management systems such as the director remuneration management measures, the implementation rules for clawback of performance-based remuneration, the management measures for deferred payment and clawback of performance-based remuneration, and the implementation plan for 2023-2024 remuneration determination mechanism reform. Heard reports on the debriefing of independent directors, the annual assessment of other relevant personnel appointed by the Board of Directors, the Bank's remuneration management, and special audits on remuneration and performance management.
- Conducted director performance evaluations, formed director performance evaluation opinions based on directors' self-assessments, peer assessments, and debriefing reports. Convened an on-site debriefing meeting for senior management and an interview meeting for the new professional managers.

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 2023, the Bank had 16 directors, including 11 male directors and 5 female directors and 2 executive directors, 8 non-executive directors and 6 independent directors. All the directors performed duties honestly, diligently, professionally and efficiently, without any violations against the code of professional ethics.

**Independence of directors**

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 2023, independent directors represented more than 1/3 of the total, which is consistent with the provisions of National Administration of Financial Regulation, CSRC and Shanghai Stock Exchange.

**Performance of duty by directors**

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.

In 2023, the Bank's directors actively participated in relevant training programs organized by regulatory bodies such as the National Administration of Financial Regulation, the CSRC, the Shanghai Stock Exchange, and the China Association for Public Companies. They actively studied various regulatory policies, guidelines, and internal publications including the *References for Directors and Supervisors*, *Risk Management Updates* and *Strategy Research* forwarded irregularly by the Bank, and have the professional knowledge and ability needed to perform their duties.

**Diversification of directors**

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.

**Professionalism of directors**

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. Coming from large state-owned enterprises and acting as board chairman, general manager, deputy general manager and financial director, etc., the 8 non-executive directors have rich experience in corporate management, finance and accounting. With diversified backgrounds, the 6 independent directors are highly professional and influential respectively in financial management, accounting, auditing, legal affairs, information technology, risk management, agriculture-related fields, and social governance.



In 2023, the Bank held 1 shareholders' meeting, which reviewed or heard 18 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 2023, the Bank held 8 Board of Directors meetings, which reviewed or heard 127 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 5 Board of Supervisors meetings, which reviewed or heard 57 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.



The Bank held **1** shareholders' meeting

The Bank held **8** Board of Directors meetings

The Bank held **5** Board of Supervisors meetings

**Improving ESG Governance**

The Board of Directors and senior management of the Bank place great emphasis on ESG initiatives and continuously strive to enhance ESG management capabilities. At the Board level, the Strategy and Sustainability Committee has been established to guide the overall advancement of green finance, ESG management, and environmental protection within the Bank. The committee is responsible for strengthening research on relevant issues in the field of sustainable development, with a focus on discussing green finance development and social responsibility strategic planning, as well as tracking and evaluating the progress of green finance development and the fulfillment of social responsibilities. At the executive level, a Green Finance Leading Group has been formed to oversee and promote green finance initiatives throughout the Bank. This includes policy research, strategic planning, target setting, and road map development. The Leading Group also conducts research and makes decisions on important matters such as organizational structure, development direction, resource allocation, and incentive mechanisms. The Leading Group's office is located within the Risk Management Department. Under the Green Finance Leading Group, two working groups have been established: the Risk Management Working Group and the Business Development Working Group. The Risk Management Working Group, with its office situated within the Risk Management Department, takes the lead in constructing the green finance risk management system. This encompasses research on regulatory policies, formulation of rules and standards, development of information systems, and research and development of climate risk management tools. The Business Development Working Group, with its office located in the Corporate Finance Department, takes the lead in the coordination of green business development, assuming responsibility for the development of a full spectrum of green products and business promotion. At the operational level, we have set specialized green finance positions within the risk management departments of all Tier 1 branches. These posts are responsible for the management of green finance businesses and risks, data governance and other relevant work in branches.

The Bank has incorporated ESG management into its 2023-2025 development strategy, proposing the strategic goal of "building a model bank for ESG management" in the next three years. By establishing a benchmark for corporate governance among small and medium-sized banks, becoming the most environmentally conscious bank in the Yangtze River Delta, and creating a Shanghai model for inclusive finance to empower social governance, the Bank will continuously improve its ESG performance and provide more successful experiences and replicable cases for financial services to support China's modernization.

The Bank has incorporated social responsibility-related assessment indicators into its comprehensive performance evaluation system and executive assessment system. This encourages branches to commit to developing green finance, actively promote environmental responsibility, and guide, lead, and converge broader social groups to participate in social responsibility initiatives such as environmental protection.

## Protecting Investors' Rights and Interests

In strict compliance with regulatory requirements, the Bank established an equity management system and framework 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.

The Bank has established a highly efficient, professional, and collaborative investor relations management system, with robust investor relations management policies and continuously improved communication channels. We have established multi-channel, high-frequency communication mechanisms with investors, utilizing platforms such as the company website, investor email, consultation hotline, and the "SSE e interactions" platform. Through various forms including shareholder meetings, investor briefings, thematic investor open days, research visits, and roadshows, we addressed inquiries from investors, securities analysts, and other capital market participants regarding the Bank's strategic operations and business development. We actively showcased our operating results and communicated our investment value.

In 2023, the Bank held 3 operating results briefings. The 2022 annual operating results briefing was the first to be conducted via video live stream, with the Chairman, President, and other company leaders present. Securities analysts, institutional investors, and media reporters were invited to participate in the interactive session, where questions from investors were answered online. The conference was broadcasted live across multiple platforms, accumulating over 430,000 views. For the 2023 interim and third-quarter operating results briefings, the Bank continued to utilize the "video + online interaction" format, actively exploring innovative approaches such as "digital human" video presentations to enhance the quality and effectiveness of investor engagement.

Throughout 2023, the Bank adhered to a strategy of "going out" and "inviting in," successfully hosting a thematic investor exchange event on "Science and Technology Finance." We actively participated in investment strategy conferences and exchange meetings organized by securities firms, welcomed research visits from securities analysts and institutional investors, and proactively conducted roadshows to visit various institutions. Through diverse investor communication activities, we reached over 300 institutional investors throughout the year. With a strong emphasis on protecting the rights and interests of small and medium investors, the Bank completed the optimization and renewal of the investor relations section on its official website in 2023. We handled over a hundred calls from small and medium investors throughout the year, maintaining a 100% timely response rate on the "e-Interaction" platform, effectively meeting the communication needs of both institutional and individual investors.

In 2023, the Bank received numerous accolades, including the "Best Practice Company for Listed Companies' 2022 Annual Report Performance Briefings" award from the China Association for Public Companies, the 14th "Tianma Award" for Outstanding Board Secretary of Chinese Listed Companies, and the p5w.net Investor Relations Gold Award (2022) for "Best IR Chairman," "Outstanding Board Secretary," "Outstanding IR Company," and "Best Institutional Communication Award". These awards effectively enhanced the capital market's recognition of the Bank.

The Bank continuously refines its information disclosure and insider information management practices, promoting the development of information disclosure management mechanisms and strengthening insider information management. We strive to ensure the timely, accurate, and equal access to information for all shareholders, particularly small and medium investors. We place great importance on safeguarding investors' right to know, strictly adhering to relevant laws and regulations on information disclosure. We disclose all material information in a truthful, accurate, complete, timely, and fair manner, fulfilling all regulatory requirements. In line with the principles of "openness, fairness, and justice", the Bank discloses corporate governance and operational management information in a truthful, accurate, and complete manner, ensuring that the disclosed content is concise, clear, and easily understandable while maintaining consistency and continuity in information disclosure.

The Bank continued to improve the system for information disclosure management, and strictly observed the information disclosure-related regulatory rules for public companies. We revised the *Management Measures for Information Disclosure*, *Management Measures for Persons Knowing Insider Information*, and *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. The Bank discloses material information through the Shanghai Stock Exchange website and the Bank's official website, actively explores and adopts forms such as H5 and WeChat long images to present core data indicators from regular reports, and enhances the reading experience for investors. During the reporting period, we disclosed a total of 103 regular reports, interim announcements, and corporate governance documents, covering major events such as resolutions of the 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.

Regular reports, interim announcements, and corporate governance documents disclosed during the reporting period

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In 2023, the Bank was honored with the 2023 Best Practice Award for Listed Company Board of Directors, 2023 5A Rating for Board Secretary Performance Evaluation, and 2023 Best Practice Award for Listed Company Board Office by the China Association for Public Companies. These accolades are a testament to the capital market's high recognition of the Bank's commitment to high-quality corporate governance and information disclosure.



## 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	Strictly implemented the personal internal control system	Unified the standards for accountability
<p>Worked to create a sound environment for compliance operation by developing <i>Compliance Knowledge You Should Know</i>, <i>Compliance Bulletin</i>, <i>Prompts on Employee Behavior Management</i>, <i>Warning Education Comic about Employee Behaviors</i>, “Red Line” for <i>Compliance Operation by Commercial Banks and Selected Cases of Punishments and Case Prevention Manual</i>, and carrying out warning education on compliance culture, integrity culture, employees’ professional ethics and related cases. Regular evaluation of business ethics standards: Continuously strengthened the integrated supervisory mechanism, encompassing resident supervision, inspection oversight, and audit functions, to cultivate a comprehensive and effective oversight system grounded in scientific principles. Conducted ongoing employee behavior investigations to promote the standardization of employee behavior throughout the Bank and implement a pre-audit and post-inspection work mechanism. Collaborated and coordinated with the resident disciplinary inspection team to strengthen information exchange and resource sharing.</p>	<p>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.</p>	<p>Revised the <i>Measures of SHRCB for Handling Employee Behaviors Violating Rules</i>, 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.</p>



The Bank prioritized comprehensive compliance training for all employees. We placed particular emphasis on providing robust compliance education and induction programs for individuals in three key categories: new hires, those transitioning to new roles, and those recently promoted.

## Stepping up Anti-Money Laundering Efforts

<p><b>Anti-money laundering measures</b></p> <p>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 making the anti-money laundering system intelligent, 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.</p>
<p><b>Anti-money laundering training</b></p> <p>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 2023, anti-money laundering training reached all levels of the Bank, encompassing senior management, dedicated anti-money laundering personnel, and frontline business staff. A total of 2,595 individuals participated in these training initiatives. 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.</p>
<p><b>Anti-money laundering publicity</b></p> <p>The Bank regularly organizes themed publicity and education activities, and launches the publicity month campaign themed anti-illegal fundraising and anti-money laundering across the Bank every June and December. It fully leverages 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.</p>

Case | Inaugural Anti-Money Laundering Education Base in the City

On December 13<sup>th</sup>, 2023, the Bank was honored to be designated as one of the first Anti-Money Laundering Education Bases in Shanghai. The establishment of these bases is a significant initiative by the Shanghai Headquarters of the People's Bank of China, demonstrating its commitment to serving the people and mitigating financial risks. In recent years, the Bank has consistently adhered to the "risk-based" principle and diligently fulfilled its anti-money laundering obligations in accordance with relevant laws and regulations. We place great importance on comprehensive anti-money laundering training programs and regularly conduct public awareness campaigns on this crucial topic. We leverage various occasions, such as traditional holidays, themed awareness months, and peak business seasons, to organize targeted and accessible public education activities. Additionally, we strengthen employee awareness through educational initiatives, fulfilling our obligation to train staff and educate the public, which has garnered positive feedback.

## 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.

### 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, further strengthened the application of results 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.

## 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 TMM i3 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 2023, it had 7 software copyrights and 5 national patents, 3 of which were invention patents.

As at the end of 2023, it had

7 software copyrights

National patents

5



## Digital Intelligence in Compliance and Internal Controls

The Bank continuously advanced its “Digital Intelligence 300” initiative. By developing and implementing an intelligent compliance management system, it enhanced the effectiveness of compliance and internal control management while strengthening mid-office support for compliance functions.

### Case | China's First - Successful Launch of Phase One of the Intelligent Compliance Management System

To establish a “4A-grade” compliance management system (Anyone, Anything, Anytime, Anywhere) and transition from “digital” to “intelligent” compliance and internal controls, the Bank has focused on developing an intelligent compliance management system. Phase one of this project was successfully launched at the end of 2023.

The system, centered around “regulations”, utilizes “controls” as its tools and relies on “accountability”. It enables intelligent functions such as searching, tagging, and managing internal and external regulations across the Bank. By creating a closed-loop compliance management process encompassing all stages and roles, the system facilitates dynamic management of internalized external regulations. It constructs a complete pathway for compliance recording, interpretation, analysis, control, early warning, and evaluation, introducing a novel approach and integrated solution for “intelligent compliance”.

The Bank is the first nationwide to apply large language models and artificial intelligence technology to the field of compliance and internal controls, and the first to develop and complete a regulatory robot.

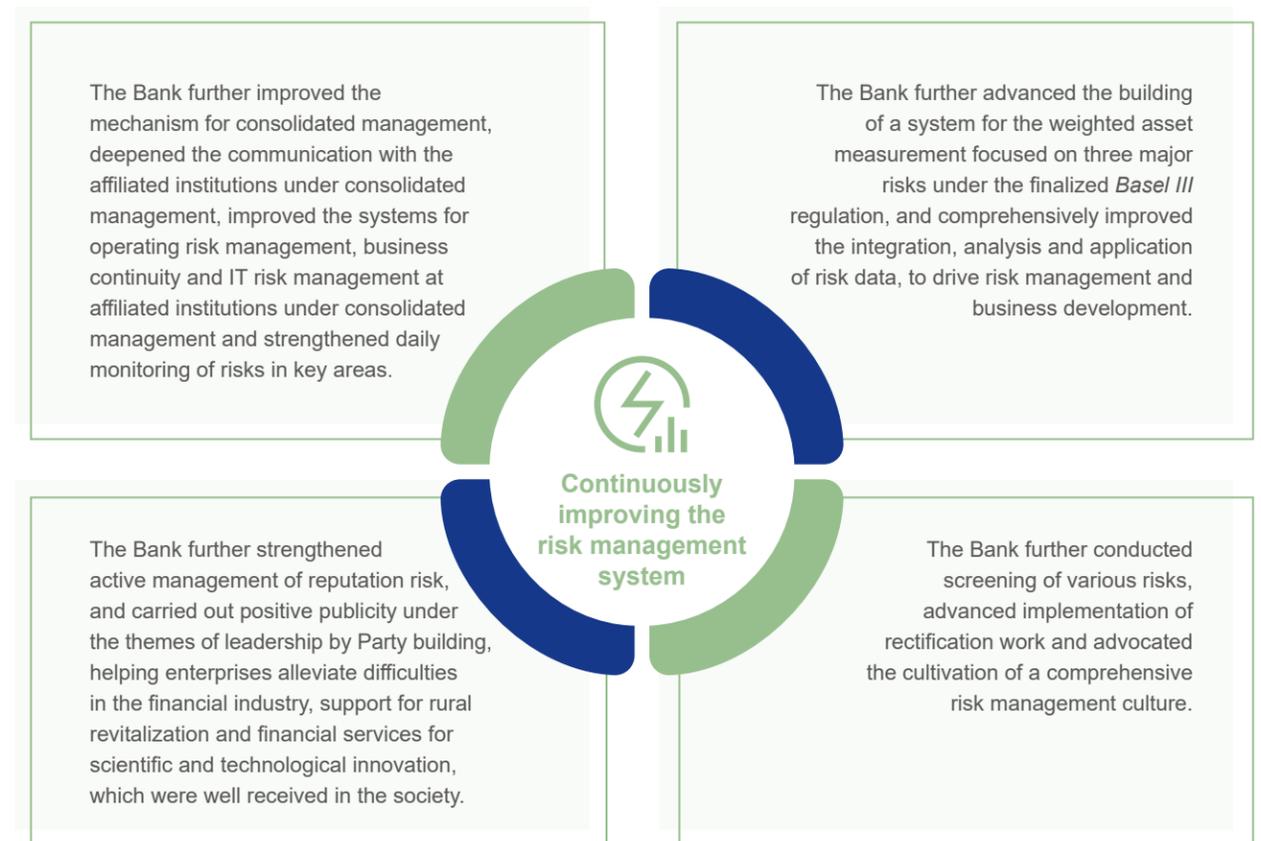
## Advancing Responsible Procurement

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 on 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.

## Comprehensive Risk Management

The Bank thoroughly implemented the guiding requirement of the 20th CPC National Congress, the Central Financial Work Conference, 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 new 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.



In 2023, to further enhance the Bank's capacity to handle business operation disruptions, standardize emergency response procedures, and ensure the smooth and orderly development of operations, the Bank revised 12 specialized business continuity plans, including those for corporate deposits, personal deposits, and remittance. Additionally, to ensure that outlets can promptly and effectively respond to emergencies when counter service systems malfunction, and minimize the adverse effects of system failures, the Head Office organized desktop emergency drills for four failure scenarios, including corporate deposit and personal deposit services. These drills aimed to improve the Bank's overall capability to handle business emergencies during unforeseen events. To ensure the continuity of cash supply throughout the Bank, a banknote vault mutual backup and emergency response mechanism was established. Emergency drills, such as inter-vault backup and centralized banknote allocation switchover, were conducted to verify the effectiveness of contingency plans and continuously improve the Bank's emergency handling capabilities for banknote vaults, guaranteeing the secure and smooth flow of cash supply.

## Advancing Data Governance

In active response to the development goals outlined in the Digital China, Digital Economy, and Digital Society initiatives, and to further deepen the understanding of data as a new factor of production, the Bank, in accordance with the requirements of the Shanghai State-owned Assets Supervision and Administration Commission, actively promoted data governance initiatives to enhance the effectiveness of data utilization.

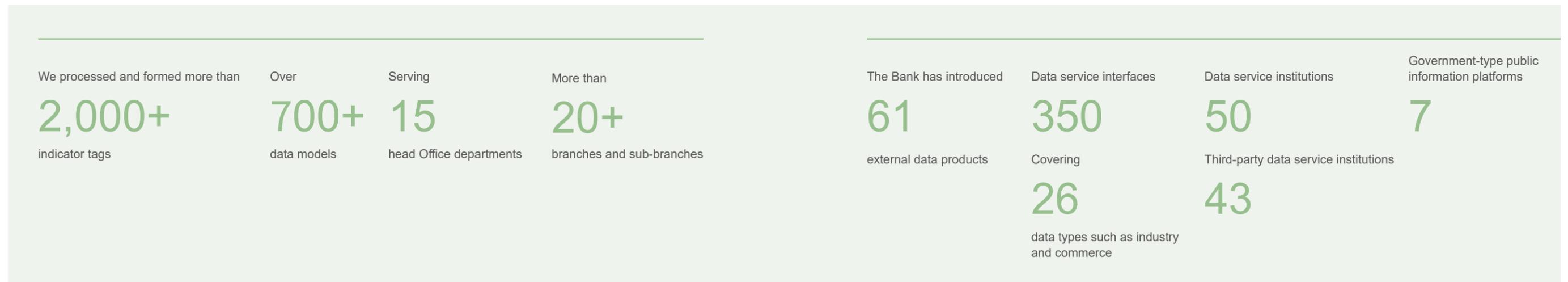
## Construction of Data Infrastructure Platforms

The Bank was committed to advancing the construction of new information infrastructure and innovatively building a new data foundation platform to comprehensively enhance the effectiveness of data utilization.

The Bank began building data storage and computing platforms in 2008 and started building a data middle platform in 2021. The Bank has gradually migrated and replaced traditional relational databases DB2 and Teradata with Hadoop big data architecture clusters, forming a data foundation that integrates traditional distributed data storage, offline computing, and stream computing capabilities.

According to the Bank's digital transformation strategy, we actively introduced intelligent applications such as graph engines and intelligent engines, and combined with machine learning technology to achieve functions such as data integration, feature engineering, scenario modeling, and intelligent analysis. Currently, we provide various policy set rule management functions for various risk control and marketing products, such as rule sets, decision trees, and scorecards. Based on the basic principles of graph theory and graph databases, the Bank established multiple scenario models such as correlation calculation, group relationship identification, and capital flow identification. In addition, based on AI technology, we developed multiple machine learning marketing models for feature engineering and model training, providing technical support for precision marketing in business.

Based on the overall planning of the Bank's data middle platform, and in accordance with the Bank's unified data standards, we constructed an enterprise-level data warehouse and six data marts, including public funds mart, retail mart, risk mart, and gold mart, for basic data such as customer information, account information, product information, transaction information, marketing information, and signing information within the Bank, combined with external data, following the construction principle of "same source of data and consistent standards". We processed and formed more than 2,000 indicator tags, and over 700 data models, serving 15 Head Office departments and more than 20 branches and sub-branches, supporting business scenarios such as regulatory reporting, business analysis, risk management, performance management, customer management, and large-screen visualization.



## Data Aggregation and Interconnection

Based on the data middle platform, the Bank formed a unified data service bus, realizing the unified convergence and storage of data from all information systems of the Bank through the data exchange platform. Based on various basic data, we built an enterprise-level data warehouse and various data marts, and established data models and indicator tags for different business scenarios. Through a unified data service platform, we provide personalized data services to various downstream systems. In addition, we continuously improve data quality through unified access specifications and data standards.

Through a "top-down" business perspective and a "bottom-up" data perspective, the Bank carried out inventory work on four types of data resources: authorized public data, collected from public markets, generated during business operations, and purchased from external markets, clarifying valuable data resources and forming an enterprise-level data resource catalog with ten theme classifications: customers, institutions, employees, products, events, marketing, agreements, channels, assets, and products, covering indicators, external data, APIs and other diverse data, for all employees of the Bank to efficiently search and use data. Around the links of incremental resource discovery, resource approval, and resource release, the Bank has established a normalized and dynamic update mechanism and process for the data resource catalog, ensuring data accuracy, further exploring the application value in credit approval, risk monitoring, operation improvement, new customer marketing and other fields, and improving the Bank's business management capabilities and customer service level.

In order to transform indicator data from "fragmentation" to "systematization and self-service", the Bank built an indicator platform that integrates indicator browsing, retrieval, and use, realizing data-driven business value. First, we stabilized the model and consolidated the data foundation. Adhering to the dimensional modeling concept, we constructed an indicator mart with a three-layer architecture consisting of loading, business, and consumption layers to support various business scenarios. We built approximately 70+ business wide tables to fully leverage the value of data. Second, we met business needs of various scenarios. In response to the needs of business personnel in viewing business data, we have constructed functional modules such as indicator homepages, indicator searches and indicator trees to achieve data-driven business value.

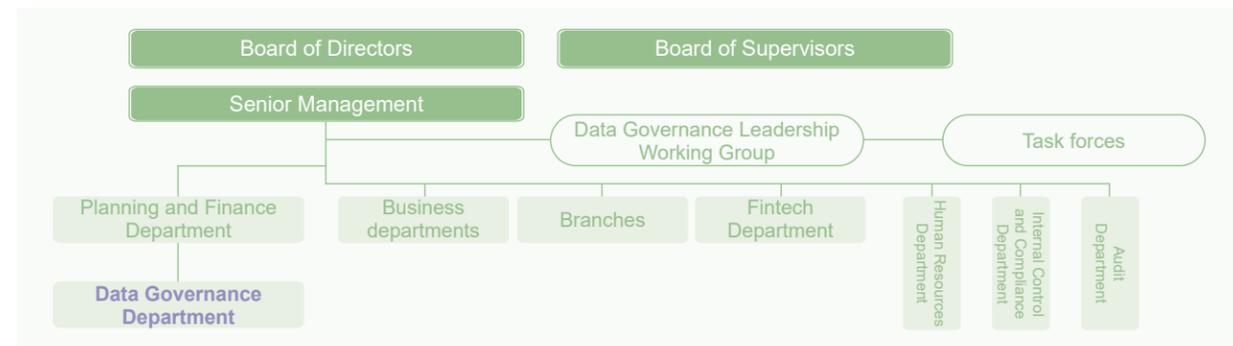
In response to the needs of various departments of the Bank for business analysis and performance appraisal, we have built report platforms such as the report center and the president's cockpit based on the indicator platform, realizing a one-stop report application process for data processing, report design, and report management. Through the three major capabilities of report "management, retrieval, and application", we have made reports "well managed, easy to find, and easy to use", enabling employees of the Bank to "quickly find and extensively use" reports.

In order to realize the unified management of external data, the Bank has introduced 61 external data products and 350 data service interfaces by the end of 2023, covering 26 data types such as industry and commerce, justice, taxation, social security, blacklist, credit investigation, customer assets, third-party scoring, public opinion, information verification, funds, and market information, in accordance with the principles of unified access, unified management, and unified sharing. There are a total of 50 data service institutions, including 7 government-type public information platforms and 43 third-party data service institutions.

# Data Governance System

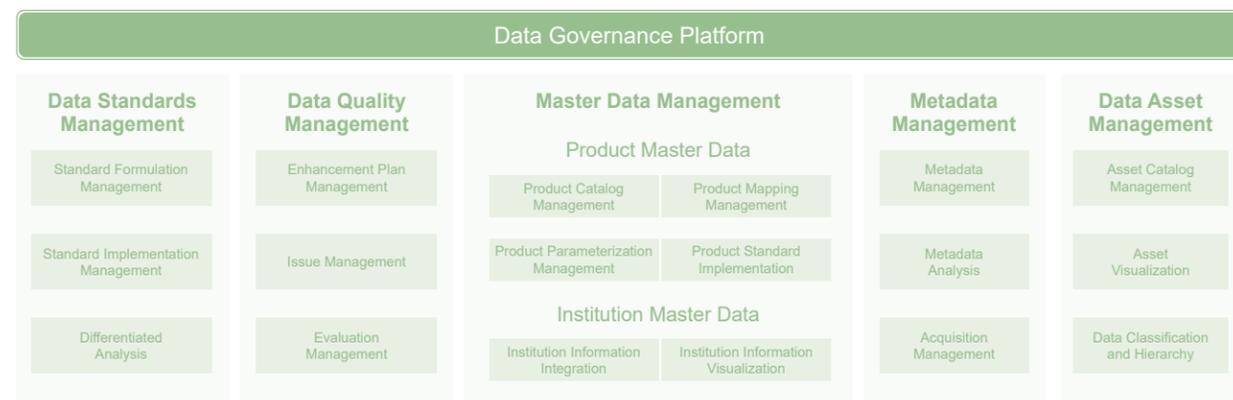
To strengthen top-level design and overall planning, the Bank formally established a data governance working group in April 2019, which comprises special task forces to coordinate data governance-related work and promote the active implementation of data governance. In December 2019, the Bank established a Data Governance Department (second-level department) under the Planning and Finance Department to unify the management of data governance work across the Bank; business departments are responsible for data governance work within their respective business areas; the Fintech Department is responsible for the technical support of data governance across the Bank; the Human Resources Department is responsible for the setup of data governance teams and incentive mechanisms; the Compliance and Internal Control Department is responsible for establishing a data governance self-assessment mechanism; and the Audit Department is responsible for data governance audits.

To implement the national major strategic deployments and regulatory policy requirements and unlock the value of data elements, the Bank scientifically formulated a data strategy for 2023-2025 in May 2023, clarifying strategic goals, principles, and key measures to guide data governance and application, contribute to the Bank's digital transformation, and drive the formation of a good data culture.



According to the relevant requirements of the banking regulatory authorities on data governance, the Bank built a "four-layer and one-body" data governance system, which currently consists of 29 items, including 1 basic system, 12 management measures, 13 procedures, and 3 business systems. The 1 basic system, the *Management Measures for Data Governance*, is the programmatic document for data governance work of the Bank, clarifying the management principles of "unified deployment, clear responsibilities; centralized management, joint governance; quality improvement, value realization", and providing principled guidance on data governance organizational structure and division of responsibilities, data management, data value realization, accountability, and incentives. The 12 special management measures include data quality, data standards, external data management, data security, and technical metadata management, which are used to regulate the refined management of various special areas of data governance. The 13 procedures and 3 business systems encompass various regulatory reporting procedures and data quality management rules for different business lines.

Relying on advanced digital technology, the Bank built a data control platform in 2020 to realize online management of core areas of data governance. Currently, the platform has implemented functionalities such as metadata management, data standard management, data quality management, and master data management (including product master data and organization master data), providing online management processes for the Bank's data governance efforts. In the future, the Bank will continue to optimize relevant functional modules to effectively support the more efficient and standardized implementation of data governance work.



### In terms of data standards

- The Bank established a data standard management approach and detailed rules for implementing basic data standards. This clarifies the responsibilities of relevant parties in data standardization and establishes a process mechanism for formulating and implementing data standards. In terms of standard formulation, the Bank established enterprise-level basic data standards based on existing data asset catalogs, regulatory requirements, and internal business needs, adhering to the principles of practicality, foresight, and openness. Indicators were defined by sorting out statistical standards, and indicator-based data standards were gradually developed. For standard implementation, the Bank utilized both project-driven and data standard-driven approaches, integrating data standard implementation throughout the system development and construction process. This promoted the implementation of basic data standards in the Bank's information systems. To enhance the effectiveness of standard implementation and strengthen awareness within the Bank, 10 training sessions on data standard implementation were conducted since 2023.

### In terms of data quality

- The Bank established a closed-loop data quality governance system based on "source prevention - monitoring and inspection - evaluation and assessment". The "define (rules), measure (data), analyze (causes), correct (problems), control (quality), and evaluate (effects)" six-step method was employed to continuously monitor, analyze, provide feedback, and correct data quality, thereby improving overall data quality. With data quality regulations as the core, responsibilities for data quality management were clearly defined, and a systematic data quality management process was implemented. Utilizing data quality inspection rules as a tool, a full-process data quality monitoring mechanism was established. A "targeted initiative and routine monitoring" mechanism was implemented to elevate data quality. This involves a system for tracking, escalating, and broadening the scope of data quality issues. Regular reports on the progress of key issues were presented to senior management, fostering a heightened awareness and commitment to continuous data quality improvement. The data quality evaluation plan was continuously improved, with regular on-site inspections and evaluations of data quality incorporated into compliance and internal control assessments.

### In terms of master data

- The Bank built a customer master data management system by focusing on unique customer identification and standardized customer information collection. This system reshapes customer master data management, achieving standardized collection, centralized management, and effective sharing. The Bank established a bank-wide marketing product catalog, clearly defining management mechanisms and processes. A mobile marketing product knowledge base was developed to meet the personalized product screening and recommendation needs of branches, enhancing the timeliness and precision of marketing services. The Bank unified institution coding standards and defined scope and management processes for institution master data to ensure the consistency of institution data throughout the Bank.

### In terms of data security

- In accordance with laws and regulations, and regulatory requirements, the Bank 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 Data Security*, and the *Management Measures of Shanghai Rural Commercial Bank for Personal Customer Information Protection*. These systems further clarify the organizational responsibilities and data security level standards for data security management. They also specify security protection requirements for different security levels of data throughout the data whole-lifecycle, including collection, transfer, storage, use, deletion, and destruction. Additionally, the Bank standardized the processing of personal customer information and strengthened the protection of individual information rights and interests. By implementing relevant technical and administrative measures, the Bank continuously strengthened its security defense system, constantly improving and refining the security management of data throughout its whole-lifecycle. This ensures the orderly advancement of the Bank's data security and personal information protection efforts.

# 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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## 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 major strategies launched by the state, the region and Shanghai, it supported the construction of Shanghai as an international financial center and the Pudong New Area as a pioneering zone for socialist modernization. Focusing on the building of "Five New Towns" and the "South-North Transformation", the Bank served the development of the Shanghai Pilot Free Trade Zone and the Lingang Special Area, contributing to the integrated development of the Yangtze River Delta region. Through multilevel and in-depth cooperation with various parties, the Bank strove to make practical contributions to Shanghai's sustainable growth with concrete actions.

## Supporting the Construction of Shanghai as an International Financial Center

On November 28<sup>th</sup>, 2023, General Secretary Xi Jinping visited the Shanghai Futures Exchange, where he provided important instructions on the construction of Shanghai as an international financial center, offering fundamental guidance for Shanghai's banking industry to support this initiative. In 2023, the Bank fully leveraged its strengths and dedicated its efforts to supporting the development of the international financial center. Throughout 2023, the Bank actively participated in the research and development of new businesses at the China Foreign Exchange Trade System (CFETS). We successfully became a market maker for the interbank foreign exchange spot pilot program and launched an automated quotation engine, significantly enhancing our market influence. Additionally, we joined the CFETS Free Trade Account (FT) channel and conducted foreign exchange and interbank lending transactions. In 2023, the Bank's interbank foreign exchange trading volume reached USD 366.9 billion, and interbank foreign exchange lending reached USD 348.7 billion, both achieving record highs. Our rankings in these areas at CFETS also reached their best historical performance.

As a primary dealer in the open market, a bond market spot market maker, a Bond Connect quoting bank, and a bond lending quoting bank, the Bank has consistently fulfilled its role in transmitting liquidity and provided the market with high-quality bond underwriting, market-making, and quoting services. We made active contributions to improving market resource allocation efficiency and pricing transparency, as well as participating in promoting market co-construction. Additionally, we actively participated in the innovation of RMB market businesses and trading mechanisms, and promoted the inclusion of money market transactions, bond lending, spot bond trading, bond underwriting and distribution, negotiable certificates of deposit (NCD) roadshows, and institutional foreign exchange within the iDeal ecosystem. This facilitated convenient transactions and empowered business development. In the 2023 Market Member Business High-Quality Development Evaluation Results released by the National Interbank Funding Center, the Bank was once again awarded the titles of "Institution of Annual Market Influence" and "Market Innovation Business Institution". We also received high praise in specific categories such as "Core Trader", "Money Market Trader", "Market Co-construction Institution", "X-Repo", and "iDeal".

In October 2023, the Bank obtained the *Reply on Approving the Securities Investment Fund Custody Qualification of Shanghai Rural Commercial Bank Co., Ltd.* (Z.J.X.K. [2023] No. 2335). Obtaining the fund custodian qualification facilitates our comprehensive cooperation with various financial institutions and enhances our integration into diverse financial markets. This strategic accomplishment enables us to better contribute to the development of Shanghai as an international financial center, marking a significant milestone in our endeavors to serve the capital markets and align ourselves with Shanghai's emergence as a global financial center.

In 2023, the Bank's interbank foreign exchange trading volume reached

USD **366.9** billion

Interbank foreign exchange lending reached

USD **348.7** billion

## Supporting the Development of the Pudong Leading Area

Leveraging its strategic presence in the Pudong New Area with four Tier 1 institutions and over 70 outlets, the Bank achieved a "point-to-area coverage" model. It was fully committed to supporting the construction of significant projects in the Pudong Leading Area, delivering comprehensive whole-lifecycle services to sci-tech enterprises, and rapidly providing financial "injections" to small and micro enterprises. The Bank supported the high-quality development of the Pudong New Area, with new projects, partnerships, and business initiatives flourishing across the board, thus making a proactive contribution to the local economic prosperity and sustainable development.

"Zhangjiang", "technology", and "innovation" are keywords that have consistently been integral to the development and opening of Pudong and the construction of the leading area. The Bank established specialized branches such as the Zhangjiang Technology Sub-branch and the Lujiazui Sub-branch in the Pudong New Area. These branches, with their optimized organizational structures, are dedicated to serving science and technology clients in the pilot area. They have successfully incubated and aided numerous enterprises in going public, creating benchmark models within the Bank. The *Comprehensive Reform Pilot Implementation Plan for Pudong New Area (2023-2027)* issued by the General Office of the CPC Central Committee and the State Council emphasizes the need to enhance the science and technology innovation system and build an open innovation ecosystem. It calls for financial support for technological innovation and the implementation of integrated tech-industry financial pilot projects. The Bank leverages the "Xindongneng" technology enterprise service program to vigorously support technology enterprises in the Pudong New Area, serving over 300 "Xindongneng" enterprises and offering nearly 600 products and services.

The Eastern Hub project plays a crucial role in comprehensively advancing the integrated development of the Yangtze River Delta, establishing the Pudong New Area as a pioneer zone for socialist modernization, and propelling the construction of the Shanghai Free Trade Zone's Lingang New Area. This project holds significant importance for Shanghai's accelerated development into a socialist, modern, and international metropolis with global influence. As per the blueprint, the Eastern Hub, centered around Shanghai East Railway Station, is envisioned as a large-scale comprehensive transportation hub integrating aviation, national railways, regional railways, urban rail transit, and station-city development. With a total investment of RMB 150 billion, the project aims to increase annual air passenger throughput capacity by 50 million passengers. For the currently under-construction Shanghai East Railway Station and its supporting projects within the Eastern Hub, the Bank proactively engaged with the enterprise's funding needs during the preparatory phase, actively providing financing solutions, and participating in the formation of a RMB 6 billion syndicated loan. This demonstrated our commitment to supporting the implementation of major infrastructure projects in Pudong through concrete actions.

Serving over

**300** "Xindongneng" enterprises

Offering nearly

**600** products and services

Case | Supporting Key Industries and Enhancing Engagement with Industrial Parks, the Bank Deepening Collaboration with the Biopharmaceutical Industry

To expedite financial service coverage for enterprises settling in technology-focused industrial parks, the Pudong Branch and Zhangjiang Technology Sub-branch have actively engaged in collaborative agreements with biopharmaceutical industrial parks during the first half of 2023.

The Pudong Branch signed a financial service agreement with "ZMYH", a biopharmaceutical incubator located within the Free Trade Zone's biopharmaceutical industrial park, the core area of Waigaoqiao. As the sole privately-owned industrial park within the bonded area, ZMYH provides R&D-focused enterprises with essential hardware services, such as public laboratories, alongside other soft services. It has successfully attracted over 100 innovative pharmaceutical enterprises. Moving forward, the Bank will take this partnership as an opportunity to collaborate with the park operator, to market the enterprises within the park through various means, and explore high-quality private customer groups to lay a foundation for the transformation of business structures.

The Zhangjiang Technology Sub-branch signed a strategic cooperation agreement with the SSW incubator. Both parties will leverage their respective strengths, integrating financial and industrial resources to provide comprehensive financial services to enterprises within the park. SSW focuses on biopharmaceutical industrial park operations, offering support to small and medium-sized innovative drug R&D companies in early-stage research, project operations, hardware facilities, and personnel recruitment. This enhances the R&D efficiency of these enterprises. In the future, the Bank will collaborate with SSW to visit resident enterprises, tailor comprehensive service solutions, and empower the growth of innovative pharmaceutical companies.



Case | Yangtze Financial Leasing Awarded "Pudong New Area Outstanding Economic Contribution Award" for Six Consecutive Years

On September 15<sup>th</sup>, 2023, Yangtze Financial Leasing, a subsidiary of the Bank, was nominated for the "Pudong New Area Outstanding Economic Contribution Award" due to its robust performance and dedicated service to the real economy throughout the past year. This marks the sixth consecutive year that Yangtze Financial Leasing has received this prestigious honor, signifying high recognition from the Pudong New Area People's Government.

## Supporting Major Projects in Shanghai

Cities are built by the people and for the people's benefit. As a state-owned financial institution with over 70 years of deep roots in Shanghai, the Bank consistently acts as a financial accelerator, shouldering the critical mission of supporting major projects, empowering industrial development, and serving the livelihood needs of the people. We contribute financial strength to the high-quality economic and social development of Shanghai. For many years, the Bank has dedicated itself to supporting various major projects in Shanghai. We implement a list-based management system, grid-style engagement, and specialized project advancement, ensuring comprehensive support through "fast, sufficient, and efficient" lending practices. As of the end of 2023, the Bank had followed up on 265 major projects, including municipal and district-level projects, "industrial on building" projects, and new infrastructure projects. Among these, 79 projects had received funding, with a total credit balance of nearly RMB 17 billion.

The Bank had followed up on	Projects had received funding
<b>265</b>	<b>79</b>
major projects	
With a total credit balance of nearly	
RMB <b>17</b> billion	

Case | Empowering a Major "Urban Village" Renovation Project in Shanghai

The Pujiang Town Zhaojialou "Urban Village" Renovation Project, a significant undertaking in Shanghai, leverages the Zhaojialou Ancient Town scenic area to create an ecological and cultural residential community encompassing community public facilities and cultural relic protection buildings. This project drives the development of surrounding beautiful villages, establishes Shanghai's first international agricultural cultural tourism landmark, and serves as a model for rural revitalization nationwide. Due to the project's large scale and the numerous individuals involved in the renovation, the Bank, in collaboration with other financial institutions, formed a syndicated loan totaling RMB 8.8 billion to support its implementation. The Bank contributed RMB 1 billion to this syndicated loan.

Case | Supporting a Major Industrial Project in Shanghai

The West Bund Media Port project, recognized as a major industrial project in Shanghai for two consecutive years, serves as a leading development project within the Xuhui Waterfront area. It brings together high-end cultural industries such as modern media, creative industries, boutique cultural performances, and fashion releases. The project aims to create a cultural corridor along the Xuhui waterfront and become a bridge connecting Shanghai with the world's entertainment, art, and culture scenes. Given the project's large scale and high financing requirements, the Bank conducted on-site visits and formulated a credit plan immediately upon learning of the client's funding needs. We led the formation of a RMB 2.68 billion syndicated loan, assuming RMB 1.5 billion of the total amount and acting as the correspondent bank. This demonstrated our capability to provide "sufficient and fast" financial services. The Bank also opened exclusive financing channels for major projects, offering financial support such as underwriting RMB 1.2 billion in PPN (Private Placement Notes) for project developers like Shanghai West Bund Group, ensuring the successful completion of the West Bund Media Port.

Case | Serving Urban Renewal Projects in Shanghai

Shanghai JG Group obtained development rights for two urban renewal (old district renovation) plots in Huangpu District. These projects boast prime locations and are planned to encompass residential buildings, supporting commercial facilities, and public amenities. This will improve the living environment for local residents and benefit nearly 3,300 households and enterprises relocating from the old district. Upon learning of the client's funding needs, the Bank promptly conducted on-site visits and formulated a credit plan. Due to the high total investment amount, a syndicated loan was ultimately adopted to address the project's funding gap. Currently, the project has smoothly transitioned into its second phase, with the enterprise obtaining land certificates and commencing construction.

## Serving the “Five New Towns” and “South-North Transformation” Development Strategy

As a local Shanghai bank, we consistently adhere to our mission of providing financial services to support the development of the Shanghai region, particularly its suburban areas. In 2023, the Bank actively responded to the Shanghai Municipal Government's strategy of promoting new development opportunities and comprehensively served the “Five New Towns” initiative.

### Setting dedicated credit lines and increased lending

In 2023, the Bank intensified its support for new city construction by increasing various credit resources. As of the end of 2023, the Bank's corporate credit balance for the “Five New Towns”<sup>5</sup> reached RMB 102.79 billion, representing a year-on-year increase of RMB 10.98 billion. The number of enterprises served reached 5,385, an increase of 503 from the beginning of the year, marking the third consecutive year of net growth in both credit balance and the number of enterprises served.

### Increased allocation of financial resources and developed differentiated performance-based incentives

The Bank established dedicated quotas and provided special subsidies for revenue and Economic Value Added (EVA) for major projects within the “Five New Towns”, including livelihood projects such as affordable rental housing. This effectively reduced financing costs for enterprise development and construction, supporting the comprehensive development of the new towns.

### Drove the integration of new urban areas with industrial parks, advanced specialized services in the parks, and launched the campaign of “Building a Smart Future through Financing” in parks

In 2023, the Bank successively entered Fengxian Lingang Science and Technology Park, Jiading Malu High-tech Park, Songjiang Qidi Caohejing Science and Technology Park, and Nanhui Industrial Park in the Lingang Special Area. We provided resident manufacturing and sci-tech enterprises with one-stop service solutions featuring customized financial scenarios. We continuously improved channel development, organizing 28 events with Songjiang Science and Technology City, Jinshan Carbon Valley Green Bay, and Nanda Wisdom City. We also co-hosted the “Dripping Water into the Sea, Gathering Innovation and Youth” strategic cooperation and signing ceremony with the Lingang Special Area Administrative Committee, launching a youth employment practice base. Additionally, we actively participated in the Lingang Special Area Investment Promotion Exchange Conference and the “Hundreds of Enterprises, Trillions of Yuan” series of events for new international and Chinese enterprises going global. We shared information on key trade finance products with relevant enterprises seeking international expansion.

### Launched innovative financial products, enhanced the quality and efficiency of financial services, and supported regional economic development by leveraging regional characteristics

The Bank, in collaboration with the Lingang Special Area Administrative Committee and Lingang Group, jointly launched the “Offshore Trade Supporting Service Plan of SHRCB” in 2023. This plan combines “2-4-8” (2 collaborative alignment measures, 4 high-quality services, and 8 special convenience measures) to provide precise services for enterprises within the area featured easy credit access, fast approval, speedy remittance, convenient settlement and complete supporting services. This contributes to the Lingang Special Area's efforts in promoting investment and trade liberalization and facilitation, building a special economic zone with greater international influence and competitiveness.

<sup>5</sup> Credit data standards for the “Five New Towns”: The enterprises that receive credit are registered in four administrative districts, namely Qingpu, Jiading, Songjiang and Fengxian, and in the Lingang Special Area of the Free Trade Zone.

### Case | Empowering Cultural Tourism and Promoting Regional Development

#### Lingang Special Area Sub-Branch Participates in Lingang Cultural and Art Foundation Events

On December 29<sup>th</sup>, 2023, our Lingang Special Area Sub-branch was invited to participate in the 2023 Annual Gala of the Shanghai Lingang Cultural and Art Foundation. During the event, the foundation presented a certificate of appreciation to the Bank for its financial support of cultural endeavors in Lingang. The sub-branch has consistently practiced the principles of people-oriented finance, actively supporting the development of culture, art, and tourism in Lingang, building the agricultural commercial brand, and continuously enhancing the Bank's social influence.

## Driving Industrial Transformation and Upgrading in Shanghai

In early 2023, the Bank formulated an action plan to support the high-quality development of Shanghai's manufacturing industry. This plan encompassed multiple dimensions, including “expanding the target customer base”, “increasing product innovation”, “enhancing professional management capabilities”, and “improving special project target assessments”, to advance the quality and efficiency of financial services for the manufacturing sector. Recognizing the prevalence of manufacturing and the widespread distribution of micro and small-sized enterprises in Shanghai's suburbs, the Bank increased its financial support for suburban industrial parks, advanced manufacturing, and strategic emerging industries, thereby supporting regional economic transformation and development. We implemented a differentiated subsidy policy with a quota of RMB 35 billion, utilizing EVA and net operating income subsidies to effectively reduce financing costs for manufacturing and sci-tech enterprises. We also encouraged branches to increase the pace of loan disbursement to the manufacturing sector. By the end of 2023, the Bank's outstanding loans and credit lines for the manufacturing industry reached RMB 93.302 billion, a year-on-year increase of 15.07%, with the number of loan customers reaching 4,337, an increase of 231 over the prior year-end.

By the end of 2023, the Bank's outstanding loans and credit lines for the manufacturing industry reached

RMB **93.302** billion

A year-on-year increase of

**15.07%**

With the number of loan customers reaching

**4,337** **231** over the prior year-end

### The Bank fully supported Shanghai's efforts to promote “Industrial Space on Buildings” and create “Intelligent Manufacturing Space”

On September 25<sup>th</sup>, 2023, the Shanghai Municipal Government held a meeting to advance these initiatives, aiming to transition industrial development space from horizontal to vertical, alleviating challenges such as land resource scarcity and high land costs, in an effort to support the intelligent, green, and integrated development of the manufacturing industry. On the same day, the Bank formulated and launched the *Special Financial Service Solution of SHRCB for Intelligent Manufacturing Space*. This plan proposed prioritizing “intelligent manufacturing space” projects between 2023 and 2025, striving to provide a credit support quota of no less than RMB 80 billion for such projects within three years. The plan adheres to the principles of achieving full coverage of key projects, strengthening full-product services through Financial Planning and Analysis (FPA), and enabling digital service empowerment. It focuses on the “intelligent manufacturing” needs of “park entities and park enterprises”, creating a “comprehensive service, customized credit” customer experience, building core competitiveness within industrial clusters, and effectively strengthening support for the real economy. The plan's targets include, but are not limited to, park entities undertaking “intelligent manufacturing space” projects, park enterprises purchasing “intelligent manufacturing space”, and manufacturing enterprises constructing their own “intelligent manufacturing space” projects. Through various methods and products, such as syndicated loans, the plan provides financial support for “industrial space on buildings” initiatives, achieving “full-process undertaking and one-stop service” for financing operations. Following the plan's formulation, the Bank participated in the signing ceremony for the city-wide “industrial space on buildings” promotion conference and successfully implemented the construction of Shanghai's first batch of “intelligent manufacturing space” projects, including the “Chint Smart Power Port Project”, as well as launching the first “industrial space on buildings” project in Jiading District, contributing to the upgrading and development of the manufacturing industry.

The Bank deepened “100 industrial parks and 10,000 enterprises” Campaign to serve private enterprises

The “Park Express” program under “100 industrial parks and 10,000 enterprises” Campaign is a dedicated effort by the Bank to implement the national strategy of “focusing on the real economy” and to strengthen support for private enterprises in their transformation and development. The Bank concentrates on characteristic industrial parks and key industrial zones within Shanghai. By nurturing relationships with enterprises within these parks, leveraging locational advantages, and coordinating resources from various stakeholders, the Bank provides superior financial services and establishes regular communication channels. This approach facilitates the precise alignment of financial resources with the actual needs of businesses, enhances overall service efficiency, and deeply promotes the integration of industrial and urban development. In the second half of 2023, the Bank paid a series of visits to various private manufacturing enterprises in the “Five New Towns”, the “South-North Transformation” area, and the Yangtze River Delta region, further strengthening its interactions with the manufacturing sector and exploring experience and practices for providing financial services to the real economy. By the end of 2023, the Bank’s “100 industrial parks and 10,000 enterprises” project served 3,500 enterprises that met the standards, including 2,613 enterprises in suburban parks, with an average daily loan increase of RMB 24.496 billion compared to the previous year.

Case | Promoting “Industrial Space on Buildings” and Creating “Intelligent Manufacturing Space”

Songjiang Sub-branch Launched One of Shanghai’s First “Intelligent Manufacturing Space” Projects

On November 10<sup>th</sup>, the Bank’s Songjiang Sub-branch successfully launched one of Shanghai’s first “Intelligent Manufacturing Space” projects – the Chint Smart Power Port Phase III Industrial Park “Intelligent Manufacturing Space” project. Through a syndicated loan arrangement, the total contract amount was RMB 480 million, with the Songjiang sub-branch contributing RMB 160 million.

The project is located in the G60 Science and Innovation Corridor, with the park positioned to introduce Shanghai’s strategic emerging industries. This Phase III of the project aims to enhance the plot ratio and upgrade the industrial level by pioneering the construction of an “Industrial Space on Buildings” project, which is also recognized as one of Shanghai’s first “Intelligent Manufacturing Space” projects by the government.

## Serving Rural Revitalization

The Bank actively practices people-oriented finance, optimizes the “agriculture, rural area and rural residents” (“Sannong”) service system, and steadily and orderly promotes financial services for rural revitalization. By focusing on modern agriculture and rural integration, with suburban branches and village banks as the main battleground, the Bank precisely matches the responsibilities and positioning of serving “Sannong”. It aligns with the tasks of consolidating poverty alleviation achievements and implementing rural revitalization strategies, striving to build the brand of “leading force in agricultural finance” in Shanghai. As of the end of 2023, the Bank’s agricultural loan scale reached RMB 66.378 billion, an increase of 3.04% from the beginning of the year, with continuously expanding service coverage, maintaining its position as the leading force and leader in “Sannong” financial services in Shanghai. The accumulated loan amount issued by the guarantee fund business for agricultural business entities exceeded RMB 1 billion, continuing to maintain the first place in the industry.

As of the end of 2023, the Bank’s agricultural loan scale reached

RMB **66.378** billion

An increase of

**3.04%**

The accumulated loan amount issued by the guarantee fund business for agricultural business entities exceeded

RMB **1** billion

## Strengthening Top-Level Design Guided by the Rural Revitalization Strategy

The Bank diligently studied and implemented the spirit of the *Opinions of the CPC Central Committee and the State Council on Doing a Good Job in Key Work of Comprehensively Promoting Rural Revitalization in 2023*. Aligning with the theme of studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank has undertaken a special research project focused on “financial support and services for the agricultural industry chain”.

In 2023, the Bank formulated its 2023-2025 development strategy, emphasizing the establishment of “an inclusive financial service system with agricultural finance at its core”. This strategy prioritizes the comprehensive promotion of inclusive financial services, with a focus on developing service brands in areas such as inclusive finance for “Sannong” and livelihood, as well as digital, green and sci-tech innovation inclusive finance, ultimately enhancing the Bank’s brand influence. In line with this overall strategy, the Bank also developed the 2023-2025 “Sannong” business development strategy, outlining the guiding principles, development goals, target customer groups, and key initiatives for this sector. Additionally, the Bank launched and implemented a 3-year action plan (2023-2025) to promote high-quality development in towns and villages, contribute to rural revitalization, empower social governance, and foster common prosperity. This plan prioritizes inclusive, basic, and professional financial services, with a focus on strengthening planning and guidance to revitalize the Bank’s competitive edge in town and village areas.

## Expanding the Coverage of Agricultural Services through Channel Development

The Bank actively builds a diverse network of channels to broaden the coverage of its agricultural services and enhance customer satisfaction. As of the end of 2023, the Bank boasted 243 outlets across 108 townships in Shanghai, basically covering all towns and townships. Additionally, the Bank had deployed 672 intelligent teller machines, 82 intelligent low counters for corporate business, and 148 smart lobby queuing devices in its suburban outlets, significantly improving basic financial service capabilities in these areas and establishing a strong foundation for supporting rural revitalization.

The Bank boasted 243 outlets across 108 townships in Shanghai

**243**

**82**

intelligent low counters for corporate business

The Bank had deployed

**672**

intelligent teller machines

**148**

smart lobby queuing devices in its suburban outlets



### Collaboration with government authorities

In partnership with the Shanghai Agriculture and Rural Affairs Commission’s “Land of Fish and Rice” platform and leading cooperatives like Shanghai Taoyong, the Bank established an online service platform integrated with its “Mental Home” mini-program, retail rights platform, and community group purchase of quality products services. This initiative creates a direct link between high-quality agricultural products and consumers, effectively bridging the gap between “field and table”.

Case | The Bank Participates in the Opening Ceremony of the Shanghai Main Venue of the 2023 China Farmers’ Harvest Festival

In September 2023, the Bank, as the only banking institution, co-organized the sixth “China Farmers’ Harvest Festival” Shanghai main venue event. The Bank showcased and promoted its achievements in promoting projects such as fintech-assisted agriculture, empowering the “Sannong”, and developing beautiful villages, demonstrating the inclination of financial resources towards key areas of rural revitalization and the effectiveness of implementing the decisions and deployments of the CPC Central Committee and the State Council on promoting rural revitalization.





Collaboration with scientific research institutes

Leveraging the comprehensive expert pool of the Shanghai Academy of Agricultural Sciences and the Shanghai Rural Revitalization Research Center, the Bank provides decision-making basis for its financial innovation. This collaboration aims to achieve a “dual engine” effect, driving agricultural development in Shanghai through the combined power of finance and scientific research achievements.



Collaboration with townships

The Bank remained dedicated to its mission of “Inclusive Finance Delivers Better Life”. By actively exploring ways to empower social governance and utilizing its “Mental Home” public welfare service project, the Bank extended its reach to townships and rural areas, effectively addressing the diverse needs of rural residents, migrant workers, and other groups while expanding the coverage of its agricultural services.

Case | Supporting Shanghai's First Rural Land Affordable Rental Housing Project - The Bank Signs a Special Cooperation Agreement with Zhangjiang Town, Pudong New Area on “Serving Rural Revitalization”

On October 31<sup>st</sup>, 2023, the Bank participated in the groundbreaking and signing ceremony for the Huandong Central Village Affordable Rental Housing Project in Zhangjiang Town. This project marks a significant milestone as Shanghai's first affordable rental housing development on rural collective land, serving as a prime example of the city's innovative implementation of the national rural revitalization strategy.



The project is characterized by its “three collectives” approach: utilizing collective construction land, employing collective funds, and developing centralized affordable rental housing. Upon completion, the project will not only revitalize local village collective assets and provide tangible dividends for villagers but also address the housing needs of skilled professionals in the Zhangjiang Science City area, promoting employment and generating significant social benefits.

## Leveraging Digital Transformation to Build a “Sannong” Financial Ecosystem



Building an agricultural industry chain financial ecosystem centered around core leading enterprises

The Bank strengthened the closed-loop cooperation model involving five key players: leading agricultural industrialization enterprises, banks, farmers, agricultural service companies, and agricultural product purchasers. Recognizing the unique characteristics of rural customer groups, the Bank accurately identified and addressed the pain points, difficulties, and blockages in financial services within the agricultural industry chain. By integrating cutting-edge technologies such as big data and satellite remote sensing, the Bank piloted the development of an open, shared, intelligent, and inclusive digital agricultural industry chain financing platform, comprehensively empowering financial scenarios within the agricultural industry chain. In 2023, the Bank successfully provided over RMB 2.3 billion in loans to upstream and downstream customers within the industry chain.

Case | “Xinyizhilian” empowers leading agricultural enterprises to co-build a supply chain service ecosystem

The Bank developed the “Xinyizhilian” intelligent supply chain finance platform to promote innovation in supply chain financial services, contribute to the development of the agricultural and animal husbandry economy, and explore new paths for fintech to serve rural revitalization. With “Xinyizhilian”, suppliers can enhance the flexibility and efficiency of their capital management, creating favorable conditions for sustainable business development. Also, core enterprises, suppliers, and the Bank's branches established stronger partnerships, entering a new phase of resource sharing and mutual growth.



Continuous advancement of the ecological construction of agricultural wholesale and retail platforms

The Bank built a comprehensive service system based on an order credit model + settlement + other non-financial services, constructing an agricultural wholesale and retail ecological platform with unique characteristics. This year, the platform has successfully launched both the product and risk control sides, providing a one-stop solution for challenges related to loans, settlements, and account reconciliation.

Case | Awards for the “Intelligent Inclusive Financing Platform for Rural Revitalization”

Focusing on rural revitalization, the Bank established an inclusive financial service system characterized by “agriculture, rural areas and rural residents” finance, and built the “Intelligent Inclusive Financing Platform for Rural Revitalization”. The platform adopts a modular and standardized system design, utilizing big data, artificial intelligence, and cloud computing technologies to achieve full-process online operation. This platform represented proactive attempts in constructing an agricultural credit risk control system, creating an agricultural finance ecosystem, and helping agricultural entities quickly and conveniently access financial services to achieve wealth growth and income increase. It holds significant value for rural commercial banks exploring agricultural industry chain financial service models and was awarded the third prize of the People's Bank of China Fintech Development Award in 2022 and the first prize of the Shanghai Banking Industry Fintech-Empowered Inclusive Finance Special Contribution Competition in 2023.



Focusing on the agricultural industry, implementing financial services to meet the demands of real entities

The Bank focused on local industry leaders such as Dingdong Maicai and Qingmei, leveraging its intelligent supply chain platform and combining “scenarios + products + risk control” with an “online + digital” service model to provide customers with online, contactless financial services, thereby increasing the accessibility of finance for agricultural enterprises.

Case | Embracing the Green Era and Co-creating the Future of Agriculture - The Bank Signs a Strategic Cooperation Agreement with Shanghai Agricultural Investment Group

The Bank partnered with Shanghai Agricultural Investment Group in March 2022 to provide dedicated team services and reached a strategic cooperation agreement on comprehensive financial services. In line with the development plan of the Group and leveraging the traditional advantages of local agricultural credit, the Bank utilized financial resources to support the construction of the Hengsha Dongtan Modern Agricultural Industrial Park as a strategic base. This collaboration aims to create a demonstration zone integrating green ecology, technological innovation, and openness, aligning with the goals of a megacity and achieving high-quality development of modern green agriculture in Shanghai.

## Expanding the Breadth of Agricultural Support Services with a Focus on “Sannong” Characteristic Products

### Aggregating resources from government, banks, insurance, and guarantee entities to build a new platform for agricultural assistance

As one of the first participating banks, the Bank joined the “government + bank + insurance + guarantee” platform led by the Shanghai Finance Bureau and the Agriculture and Rural Affairs Commission. The Bank signed strategic agreements with the Shanghai Guarantee Center and Anxin Agricultural Insurance, and successfully implemented the first batch guarantee business under the “government-bank-insurance-guarantee” mechanism in Shanghai. By the end of 2023, the cumulative loan amount under this special batch program exceeded RMB 80 million.

### Supporting the development of new agricultural business entities through the Credit Express

The Bank actively responded to the “Rural Trip” campaign of the Ministry of Agriculture and Rural Affairs’ Credit Express. As a key supporting bank in Shanghai, the Bank designated a specialist to promote the Credit Express initiative. By the end of the reporting period, the Bank had successfully granted credit lines exceeding RMB 800 million to over 300 agricultural business entities, leading the city in terms of annual credit approvals. Additionally, the Bank achieved a direct API connection with the Ministry of Agriculture and Rural Affairs’ Credit Express within the year.

### Participating in the construction of the “Sannong” bond market and establishing a diversified financial support system for agriculture

The Bank actively aligned with the debt financing needs of major infrastructure construction and renovation projects related to rural revitalization, continuously enriching its product service system for customers and strengthening product strategy support. By the end of 2023, the Bank’s holdings of rural revitalization-themed bonds reached a balance of RMB 650 million.

### Case | The Bank successfully underwrote and issued the first “Carbon Neutral Bond/Rural Revitalization” green medium-term notes in Shanghai

On February 21<sup>st</sup>, 2023, the first phase of 2023 green medium-term notes (carbon neutral bonds, rural revitalization) issued by China Power Investment Corporation Ronghe Financial Leasing Co., Ltd., underwritten by the Bank as one of the lead underwriters, was successfully issued in the interbank market. The issuance amount of these bonds was RMB 1 billion, with an interest rate of 3.21%. The raised funds were used to repay green ultra-short-term financing bonds, marking the first “carbon neutral bond/rural revitalization” green medium-term notes in Shanghai.

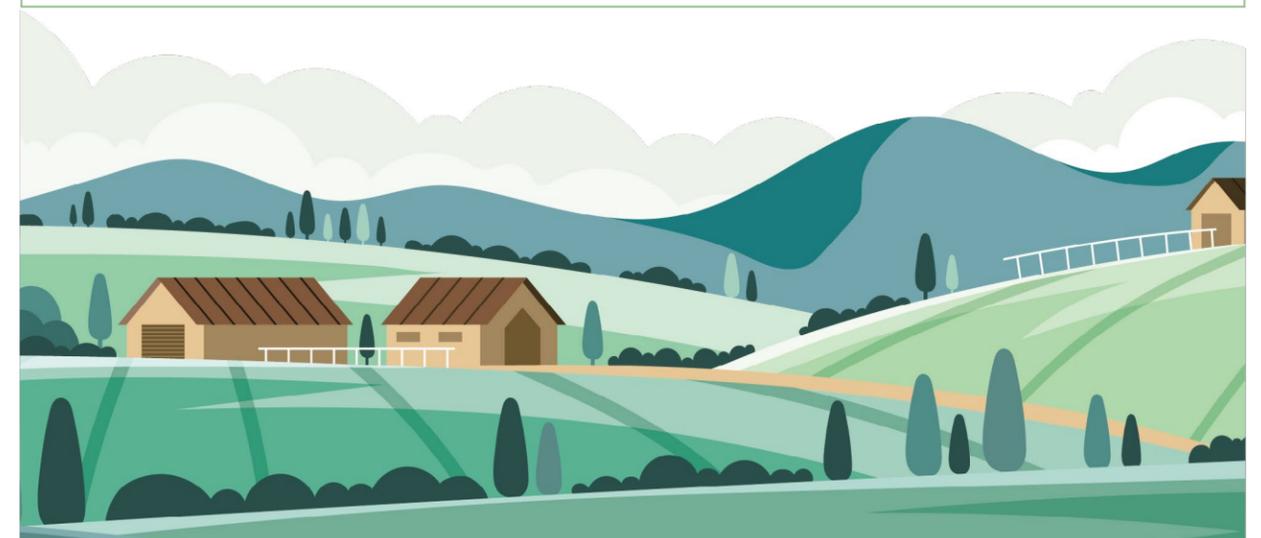
This bond issuance is another successful practice of the Bank’s goal of “building a bank with green development as a defining feature in the Yangtze River Delta” and an effective move to comprehensively promote the national rural revitalization strategy.

### Case | Jiading Sub-branch Implements a Rural Revitalization Entrusted Loan

In 2024, led by the Jiading District Agriculture and Rural Affairs Commission, the Jiading Sub-branch successfully implemented the Bank’s first entrusted loan of RMB 50 million. The loan funds were primarily used for the expansion of grain reserve warehouses and the purchase of properties in Jiading District, while also supporting projects such as investment attraction and community business development. This entrusted loan not only revitalized the idle funds of rural collective economic organizations and achieved the preservation and appreciation of rural collective assets, but also broadened the path to prosperity for villages and residents. Additionally, it created a positive synergy effect in safeguarding food security and enhancing the quality of rural industrial development.

### Case | Promoting the Intellectual Property Pledge Financing for Geographical Indication Agricultural Products

“Geographical indication” is a sign that identifies the geographical origin of a product, where the specific quality, reputation, or other characteristics of the product are essentially attributable to its geographical origin. The Bank delved into regional characteristics and focused on Chongming District, which boasts abundant ecological resources and holds the highest number of geographical indication products in Shanghai. Among them is “Chongming Rice”, which has been awarded the geographical indication product by the National Intellectual Property Administration. Upon learning about a local cooperative’s plan to upgrade its production line for processing 150 tons of refined low-temperature rice per day, the Bank proactively reached out and provided fixed asset loans. Subsequently, the Bank further increased credit support through intellectual property pledge financing using the rice trademark, ensuring the cooperative’s cash flow. With financial security, the cooperative’s deep processing capabilities will be further enhanced. Once completed, the project will cover over 20,000 mu of surrounding paddy fields, effectively improving the quality and competitiveness of agricultural products, and promoting agricultural efficiency and farmers’ income growth.



## Supporting Small and Micro Enterprises

The Bank adheres to the development philosophy of “putting people first” and firmly establishes the business philosophy of “customer-centered and value creation-oriented”, writing a “grand article” on inclusive finance and fully serving small and micro enterprises, self-employed business owners, farmers, and new agricultural business entities. By the end of 2023, the balance of inclusive small and micro loans with a total credit line of RMB 10 million (inclusive) or less under the “two increases and two controls” criteria reached RMB 77.9 billion, representing an increase of RMB 13.8 billion compared to the end of the previous year. The growth rate of inclusive small and micro loans reached 21.55%, exceeding the growth rate of all loans by over 16 percentage points during the same period. The number of inclusive small and micro loan accounts reached 50,268, an increase of 16,156 compared to the end of the previous year.

The Bank formulated an annual plan for inclusive small and micro credit, improved the index system for inclusive small and micro businesses, and increased the allocation of resources, developed special assessment plans for inclusive finance and peak season marketing activities. It also set up special rewards for inclusive small and micro credit, optimized the due diligence exemption mechanism for inclusive small and micro enterprise credit business, and enhanced the enthusiasm for inclusive small and micro business. In addition, the Bank improved the seamless loan renewal mechanism, further strengthened financial services for the real economy, promoted the seamless connection between loan maturity and renewal from multiple dimensions, and actively carried out seamless loan renewal mainly through methods such as loan renewal without principal repayment, T+0 renewal, and revolving loans. As of the end of December 2023, the Bank had provided a total of RMB 61.174 billion in seamless loan renewals for micro, small and medium-sized enterprises, including RMB 19.995 billion in loan renewals without principal repayment for micro, small and medium-sized enterprises, benefiting 2,382 accounts.

The Bank further expanded its coverage of small and micro enterprises. It actively promoted the “10,000 Enterprises, 100 Billion” initiative, formulated the *Action Plan of SHRCB for 10,000 Enterprises, 100 Billion and First-time Loan Customers “1,000 Enterprises, 10,000 Households*, and actively promoted the “Partner Plan” customer acquisition special action plan. By leveraging existing customer partners, the Bank opened up customer acquisition network channels through the “customer acquisition, batch acquisition, and customer return” model. By the end of 2023, the Bank had acquired nearly 2,800 new customers through the “Partner Plan”. The Bank also carried out the “Spring Breeze Action” pilot program for inclusive finance linkage, promoting the conversion of non-loan customers and enriching precise services for inclusive small and micro enterprises. During the event, the two pilot sub-branches jointly referred 243 non-loan customers, with 179 enterprises scanning the code, achieving a success rate of over 70%.

The balance of inclusive small and micro loans  
RMB **77.9** billion

Representing an increase of  
RMB **13.8** billion

The growth rate of inclusive small and micro loans reached  
**21.55%**

Exceeding the growth rate of all loans by over  
**16**  
percentage points during the same period

The number of inclusive small and micro loan accounts reached  
**50,268**

Increase of  
**16,156**  
compared to the end of the previous year

As of the end of December 2023, the Bank had provided a total of

RMB **61.174** billion

Small and medium-sized enterprises, including

RMB **19.995** billion

in loan renewals without principal repayment for micro

Small and medium-sized enterprises, benefiting

**2,382** accounts

The Bank had acquired nearly

**2,800**

new customers through the “Partner Plan”

### Case | “10,000 Enterprises, 100 Billion” Initiative

Since the launch of the “10,000 Enterprises, 100 Billion” initiative and the “1,000 Enterprises, 10,000 Households” project for first-time loan customers by Shanghai’s banking and insurance industry in August 2023, the Bank immediately organized actions and actively implemented them, treating this event as a key task in serving the real economy throughout the year. The Bank conducted key research and visits across Shanghai, proactively understanding the financial needs of small and micro enterprises, and established a grid-based and regular engagement mechanism with sources such as industrial parks, associations, and chambers of commerce to provide precise empowerment and implement inclusive finance.

In 2023, the Bank actively carried out the “10,000 Enterprises, 100 Billion” initiative. First, the Bank conducted data mining on the customers on the list, categorized and sorted them, and formulated targeted marketing and engagement plans. Additionally, the Bank focused on Shanghai’s featured and key industrial parks, carried out regular engagement and joint visits with public and private sectors, and actively connected with chambers of commerce and industry associations from various provinces and cities in Shanghai, continuously promoting comprehensive strategic cooperation with chambers of commerce from Jiangsu, Zhejiang, and Anhui.

## Focusing on Livelihood Projects

### Supporting Infrastructure Construction

The Bank continued to strengthen its service support for infrastructure construction projects. It actively aligned with project lists, improved policies, products, and approval processes, and enhanced supporting financing services through a package of measures to ensure the advancement of major infrastructure projects. In 2023, the Bank proactively strengthened real estate loan management, differentiated treatment of different types of real estate credit businesses, and focused on supporting the construction of affordable housing (including affordable rental housing) in Shanghai, as well as projects such as the centralized relocation of farmers from suburban homesteads. We also supported the development of general commercial housing projects in Shanghai and provided support for research and development buildings, storage facilities, and operating property projects serving the real economy such as manufacturing with stable operating conditions.

### Case | Successful Implementation of the Syndicate Loan for the “Baoshan Renewable Energy Utilization Center Project”

This project is a major municipal green infrastructure project in Shanghai, which can meet the short- and long-term waste disposal requirements of Baoshan District. It is also expected to generate nearly 800 million kWh of electricity annually, with over 500 million kWh being fed into the grid.

During the project preparation phase, the Bank proactively engaged with the enterprise to understand their funding requirements and actively provided financing solutions. Overcoming the challenge of weak project guarantees, we facilitated the formation of a syndicate through a purely credit-based approach, becoming an original participating bank in the syndicated loan for this project.

## Facilitating the Development of the Culture and Tourism Industry

In 2023, the Bank actively participated in and promoted the construction of all-for-one tourism demonstration zones, optimized credit policies to actively support the development of the cultural tourism industry, and prioritized credit support for key cultural tourism projects declared by Shanghai Municipality. For the cultural and creative industries and tourism industry within the modern service industry, the Bank provided different products and services for different types of customers. The Bank prioritized support for the construction of the "Three Circles, Three Belts, One Island", 6 national-level tourism functional zones, 9 municipal-level tourism functional zones, 7 ecological tourism functional zones featuring country parks, and 9 rural tourism and leisure belts. We vigorously supported comprehensive rural ecological environment management, infrastructure construction such as rural roads, country parks, wetland parks, and environmental and ecological bases; and actively supported the quality improvement and upgrading of integrated projects in modern urban agriculture, leisure agriculture, rural tourism and culture, and health and elderly care industries. As of the end of 2023, the Bank's credit balance in the cultural tourism industry reached RMB 11.75 billion.

The Bank's credit balance in the cultural tourism industry reached

RMB **11.75** billion

## Supporting Private Enterprises

In 2023, the Bank thoroughly implemented the *Opinions of the CPC Central Committee and the State Council on Promoting the Development and Growth of the Private Economy* and the *Notice on Strengthening Financial Support Measures to Help the Development and Growth of the Private Economy* jointly issued by the People's Bank of China, the National Financial Regulatory Administration, and six other departments. The Bank continued to increase financial services for private enterprises, expanding both in quantity and scope, and delivered a responsible and accountable answer sheet in promoting the private economy and boosting market confidence. As of the end of 2023, the Bank's loan balance for private enterprises exceeded RMB 300 billion, with the number of loan accounts exceeding 320,000. In addition, the Bank established credit cooperation relationships with nearly 4,000 private enterprises for the first time throughout the year, providing credit lines of over RMB 70 billion, with a cumulative granted amount exceeding RMB 60 billion within the year. In 2023, the Bank supported the loan renewal needs of over 2,200 private enterprises through loan renewals without principal repayment, with a cumulative amount of approximately RMB 17.8 billion.

Starting from April 2023, the Bank actively responded to the "Service Month of Shanghai Financial Support for Private Economy" event jointly organized by the Shanghai Branch of the People's Bank of China and the Shanghai Federation of Industry and Commerce. During the eight-month period, the Bank visited and engaged with over 2,000 private enterprise customers in 167 national, municipal, and district-level industrial parks and 53 Shanghai characteristic industrial parks, with a cumulative intended cooperation credit amount of nearly RMB 50 billion. The Bank focused on hot development industries such as green and low-carbon, "3+6" advanced industries, and transportation and logistics, and gained in-depth understanding of private enterprises through organizing bank-enterprise matchmaking meetings and other forms. Additionally, the Bank also reached over 100,000 customers through questionnaire surveys and other methods, and further expanding the coverage of private enterprises.

The Bank continued to thoroughly implement the mechanism for the cooperation among governments, chambers of commerce and industrial associations, banking institutions and enterprises. It continued to promote strategic cooperation with the Zhejiang Chamber of Commerce, Anhui Chamber of Commerce, Jiangsu Chamber of Commerce in Shanghai, and other types of chambers of commerce at the city and prefecture levels, strengthening connections with private enterprises in the Yangtze River Delta region. The Bank deepened cooperation with the Shanghai Financing Guarantee Center, jointly exploring the business model of intellectual property coupled with small and micro guarantee fund loans. As the only special supporting financial institution participating in the Lingang International Top Incubator Forum, the Bank implemented high-quality incubator cultivation policies and carried out bank-enterprise activities with a group of high-quality incubators and venture capital institutions in Lingang to serve start-up sci-tech enterprises. The Bank signed a strategic cooperation agreement with the Lingang Special Area Management Committee and launched a youth employment practice base, contributing financial strength to continuously optimizing the open and innovative business environment, enhancing the innovation source of the technology industry, and creating a talent highland with bursting vitality. Additionally, the Bank leveraged the advantages of linking banking and leasing businesses and provided financial leasing services for private enterprises through partnership with Yangtze United Financial Leasing Co., Ltd., a subsidiary of the Bank.

The Bank's loan balance for private enterprises exceeded

RMB **300** billion

With the number of loan accounts exceeding

**320,000**

The Bank established credit cooperation relationships with nearly

**4,000**

private enterprises for the first time throughout the year

Providing credit lines of over

RMB **70** billion

## Facilitating Cross-Border Trade

### Serving National Strategies and Promoting the Construction of a Trader of Quality

In 2023, the Bank actively responded to the national strategy of building a new development pattern with the domestic cycle as the mainstay and the domestic and international dual cycles promoting each other. It actively served local foreign trade, new trade formats, and new model enterprise customers, and effectively promoted the construction of a trader of quality. By deeply exploring customer needs in multiple scenarios and innovating business types, the Bank successfully implemented the first privatization and acquisition loan business for Chinese concept stocks within the year and implemented multiple projects supporting green "Belt and Road" initiatives, demonstrating the strategic significance of the transformation of cross-border financing towards a green direction.

### Optimizing Cross-Border Settlement and Expanding Financial Service Needs

The Bank promoted the reconstruction of the new international settlement system, to enhance the cross-border settlement experience for customers. By building a new trade finance business support system, the second generation of the international settlement system, the foreign exchange receipt and payment declaration system, and updating and replacing the corporate online banking 3.0 foreign exchange business module, the Bank provided information technology system support for creating an "online and integrated" trade finance product system. The launch of the new system restructured the remittance business process, significantly improved the adaptability of customer business processes and electronic channels, and effectively enhanced the level of intelligent and automated processing of cross-border settlement business.

Based in Shanghai, the Bank actively engaged with the cross-border financial service needs of overseas enterprises, including convenient payment and settlement, cross-border RMB capital pools, asset allocation, and capital management. By actively implementing various facilitation policies, the Bank supported high-quality enterprises in simplifying processes and facilitating capital settlement, providing strong support for their cross-border operations.

### Serving the CIIE and Promoting High-level Opening-up

The Bank actively leveraged its home-field advantage and comprehensive features to serve the China International Import Expo (CIIE) for six consecutive years, committed to promoting the transformation of "exhibits into commodities" and expanding the "CIIE circle of friends". The Bank used financial resources to promote high-level opening-up, iteratively upgraded its exclusive service plan for the CIIE, and promoted the faster access of CIIE exhibits to a wider range of consumers, sharing the dividends of opening-up with global merchants. Over the years, the Bank has closely cooperated with CIIE exhibitors and purchasers, providing financial services to over 1,600 enterprises, covering a wide range of fields such as fresh food and agricultural and sideline products. It achieved an international settlement volume of approximately USD 52 billion and provided financing arrangements of over USD 1 billion for enterprises. In addition, the Bank launched a special financial service plan for the fresh food industry chain, enhanced credit support for import trade financing, and introduced intelligent routing and direct remittance services to address the pain points of international settlement. Additionally, the Bank joined hands with high-quality enterprises in the industry chain to build a "CIIE circle of friends", playing an active role in building, extending, supplementing, strengthening, and stabilizing the chain. It also carefully organized a multilingual volunteer team to the national pavilions, providing precise services and showcasing multilingual talents. Through this series of measures, the Bank continuously deepened global trade cooperation and contributed to promoting China's high-level opening-up.

# 3

## Putting People First

### Pursuing Excellence with 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. The Bank actively fulfills its social responsibilities, prioritizing employee rights and talent management. We are committed to fostering a harmonious and positive work environment that promotes the holistic development and growth of our employees.

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# Excellence in Ageing Finance Services

As a state-owned financial institution with over 70 years of deep roots in the Shanghai, the Bank has long been dedicated to the field of ageing finance services, contributing to national strategic initiatives. The "Mental Home" public service project effectively catered to the diverse needs of the elderly population, earning recognition from People's Daily as the "Shanghai Model" for elderly financial services.

## Enhancing Service Quality for Elderly Customers

The Bank strengthened its services for elderly customers by establishing a multi-level service mechanism centered around age-friendly service outlets, senior care service outlets, and pension finance-featured outlets. We continuously refined our care initiatives to provide warm and considerate services for the elderly population. The Bank established ageing finance-featured outlets, with Huaxin and Guangzhong sub-branches designated as such. Based on pilot programs, we developed case studies and standards for replication and promotion. We upgraded the senior version of our mobile banking app by enlarging fonts, incorporating voice prompts, and optimizing actions based on the usage habits of elderly customers to help them bridge the digital divide. Additionally, the Bank established green channels for the elderly, providing services in dialects and offering door-to-door services such as card replacement and other assistance. In 2023, the Bank's Caolu and Liantang sub-branches were awarded the title of "Shanghai Banking Industry Senior Service Featured Outlets"; Anshun Road, Lujiazui, Tacheng Road, Baozhen, Jiuting, Fengxian, Meilong, and North Tibet Road sub-branches were recognized as "Shanghai Banking Industry Senior Service Outlets". Currently, the Bank has established over 300 age-friendly service outlets, 41 Shanghai Banking Industry Senior Care Service (Featured) Outlets, 2 ageing finance-featured outlets, and 2 barrier-free environment construction outlets.

Currently, the Bank has established over

 **300** age-friendly service outlets

 **41** Shanghai Banking Industry Senior Care Service (Featured) Outlets

 **2** ageing finance-featured outlets

 **2** barrier-free environment construction outlets



### Case | The First Ageing Finance-Featured Outlet: Delivering Services with Innovation and Heart

Huaxin Sub-branch is the Bank's first pension finance-featured outlet, continuously promoting the operation, maintenance, and service cultivation of elderly customers with a focus on specialization, professionalism, warmth, and accessibility. For hardware, the outlet, recognizing the social nature of elderly individuals, has created a dedicated social area where they can gather and participate in various salons and social activities. "Enjoy with Age" public welfare health services are offered, and digital experience equipment is provided, demonstrating the outlet's commitment to warm and caring service. Furthermore, the outlet incorporates barrier-free design features, including accessible parking spaces, ramps, 24-hour accessible self-service equipment, convenient service counters, low-level filling tables, and low-level online banking experience machines. Ample legroom is provided for wheelchair users, and low-level counters and accessible restrooms have been installed for the convenience of individuals with special needs and the elderly. Service bells are strategically placed throughout the outlet, with dedicated personnel providing prompt responses to further enhance the customer experience. In terms of software enhancements, the outlet further standardized service procedures to comprehensively improve service quality. Employees are encouraged and motivated to proactively and consciously improve service levels. The outlet actively promotes multi-channel, multi-faceted, and three-dimensional marketing to create a unique and distinctive financial service brand.



## Developing “Anxiangbanlao” Wealth Management

To create comprehensive, differentiated, and companion-style financial services tailored to the whole-lifecycle of individual customers and centered around diversified asset allocation, the Bank launched the “Anxiangbanlao” wealth management project. This project utilizes “Anxiangbanlao” wealth management as a carrier, adopting asset portfolio and scientific allocation methods. Based on the customer’s age, retirement years, and current income level, it generates personalized asset allocation recommendations following the logic of diversified asset allocation. Additionally, the “Anxiangbanlao” portfolio inquiry feature helps customers clearly understand the progress of their personal retirement asset planning, cultivating good habits of long-term holding and diversified asset allocation.

### Case | “Anxiangbanlao” Wealth Management Project

The “Anxiangbanlao” wealth management project is the Bank’s response to the national call for a third pillar pension system. Building upon tax preferential policies and leveraging the Bank’s comprehensive financial account service system and rich product line, the project focuses on leading asset managers with extensive experience, a steady management style, and outstanding product advantages. This project provides customers with comprehensive, differentiated, and companion-style financial services tailored to their whole-lifecycle and centered around diversified asset allocation. By the end of 2023, the “Anxiangbanlao” wealth management project had opened accounts and provided planning services to 31,456 customers, an increase of 18,615 customers compared to the end of 2022.



The “Anxiangbanlao” wealth management project had opened accounts and provided planning services to

**31,456** customers

An increase of

**18,615**

customers compared to the end of 2022



## Commitment to Quality Service

With the goal of enhancing customer experience, the Bank further optimized outlet environments, creating outlets that offer convenient transaction processing, professional services, and a welcoming atmosphere. This initiative aimed to transform outlets from mere transaction processing centers to comprehensive service providers that cater to diverse customer needs, ultimately elevating the overall image of the Bank’s branch network. First, the Bank optimized regional design to enhance the in-branch experience. By integrating business processes and customer behavior patterns into outlet functionality design, the Bank ensured that functional areas align with customer service flow, improving efficiency and service quality. Second, the Bank expanded regional functionality to enrich service offerings. In outlets with suitable conditions, the Bank established salon areas and “Aixin” stations, transforming outlets into shared spaces where community residents can relax and participate in activities, extending beyond just financial transactions. The Bank leveraged the advantage of its outlets being deeply embedded within communities to provide resting places for workers, fostering warmth and care within the urban landscape.

### Case | Uninterrupted Service During the Spring Festival

The Bank has implemented a unified plan to ensure sufficient cash supply during the Spring Festival period, guaranteeing uninterrupted cash availability at both outlets and cash vaults. On the one hand, to ensure convenient cash withdrawal and deposit services for the public during the Spring Festival, the Bank monitored the operation of ATMs and cash boxes in real-time. It increased the frequency of machine cleaning, cash replenishment, and maintenance during this period to guarantee the normal operation of ATMs within its jurisdiction. On the other hand, considering the public’s preference for exchanging new and small denomination bills for “lucky money” during the holiday, the Bank prioritized customer needs by stocking sufficient new bills and small denomination cash to meet diverse cash demands.



## Protecting Customer Rights and Interests

Those who keep trying succeed, those who keep going get there. Always closely aligning with its overall strategy, the Bank remained deeply aware of the political and social significance of financial work, focusing on the vision of “Group-oriented, Specialized, and Digitalized” operations. It consistently strove to realize, safeguard, and develop the fundamental interests of the vast majority of people. Through upholding principles while embracing innovation, the Bank continuously protected the legitimate rights and interests of consumers, and through exploration and practice, it continuously enhanced the quality of financial education and publicity efforts.

## Protecting Consumers’ Financial Rights and Interests

The Bank attached great importance to consumer rights protection. Centered around the eight fundamental rights of financial consumers, it deeply integrated consumer rights protection with corporate governance, corporate culture development, and business development strategies. The Bank continuously improved the consumer rights protection system, comprehensively promoted full-process consumer protection management, and earnestly fulfilled its primary responsibility for protecting consumer rights and interests. The Bank incorporated consumer rights protection into its corporate governance structure by establishing a Consumer Rights & Interests Protection Committee under the Board of Directors, which oversees and promotes consumer rights protection efforts throughout the Bank.

The Bank, with a focus on “group-wide integration”, consolidated its consumer protection culture and released a new three-year strategic plan for consumer rights protection (2023-2025). The Bank strengthened the concept of “comprehensive consumer protection” and promoted the “top leader” project. With “professionalization” as a priority, the Bank focused on the urgent financial issues faced by the people and continuously implemented new regulations and industry standards. Leveraging platform construction, the Bank utilized “digitalization” as a strategy to ensure comprehensive risk awareness, management, and control.

### Case | “SHRCB Consumer Protection” Reaches Out to the Elderly, Young, and New Citizens

The Bank focused on the eight fundamental rights of financial consumers, featuring the “SHRCB Consumer Protection” consumer protection brand to fully protect financial consumers.

#### Focus on the elderly

In 2023, the Bank partnered with Shanghai Elderly University to create a “University for the Elderly at Your Doorstep”, offering “SHRCB Consumer Protection” courses to over 150 senior citizens during the spring semester. In the next phase, offline teaching locations for the fall semester will increase to five, with 18 planned classes to popularize consumer protection knowledge among the elderly. Online, the Bank’s mobile banking “Elderly Care Zone” was added a “Shanghai Elderly University Column”.

#### Focus on the young

Since 2018, the Bank has been carrying out the “Growing Under the National Flag” and “Little Financiers” corporate open day activities, guiding young people to cultivate rational consumption awareness from a young age. Statistics show that over the past four years, more than 1,000 families and over 1,000 young people have visited SHRCB, acquiring financial knowledge through joyful and educational activities.

#### Focus on the new citizens

“The Bank kindly reminds you that ‘personal credit repair’ is a scam that may lead to personal information leakage or property losses. Please care for and pay attention to your credit record, and develop good credit habits”. During commutes, one often hears such broadcast reminders from SHRCB. In the past three years, the Bank has conducted over 11,200 online and offline education and publicity activities, reaching 180 million financial consumers. It has also disseminated over 100 pieces of financial knowledge popularization information through its official Weibo and WeChat accounts.

## Strengthening Personal Information Protection

The Bank relied on the Personal Information Protection Working Committee of the Senior Management to oversee the management of personal information processing throughout the Bank. It issued a series of organizational and management systems, including the *Management Measures of Shanghai Rural Commercial Bank for Personal Customer Information Protection* and the *Management Regulations of SHRCB for Personal Information Protection Policy*, clarifying the relevant principles of personal information protection.

The Bank used “technology” to safeguard trust. By firmly grasping two “cycles” and relying on one “transformation”, with the goal of “seeing all, seeing clearly, and keeping watch” over risks, the Bank integrated personal information protection into product development and the whole-lifecycle of personal information. In 2023, the Bank became the first financial institution to be awarded the two-star Personal Information Protection Impact Assessment (PIA) label initiated by the China Academy of Information and Communications Technology (CAICT).

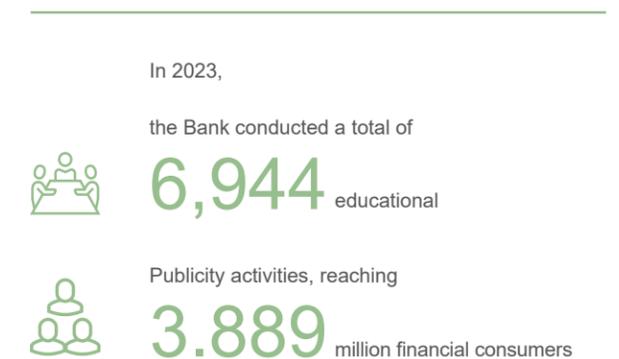
## Valuing Consumer Complaint Management

In 2023, the Bank continued to prioritize consumer complaint management, handling a total of 3,443 consumer complaints with a 100% response rate. We considered complaint resolution as a crucial aspect of strengthening consumer rights protection. To this end, we established the “Top Leader” petition and complaint case review and reception work management measures, reinforcing the “top leader case handling” approach. Senior management regularly received reports on complaint handling throughout the Bank, deeply practicing the “Pujiang experience”. With a people-centered sentiment of “constant concern and empathy”, we focused on the urgent financial issues faced by the people and strove to resolve them effectively. We emphasized source governance and root cause analysis, extracted valuable insights from complaints through data analysis to drive product optimization and service improvement. We actively promoted the development of a diversified dispute resolution mechanism and established a whistleblower protection mechanism, encouraging the use of mediation to resolve complaint disputes and improve the quality and effectiveness of conflict resolution.



## Carrying out Public Financial Education

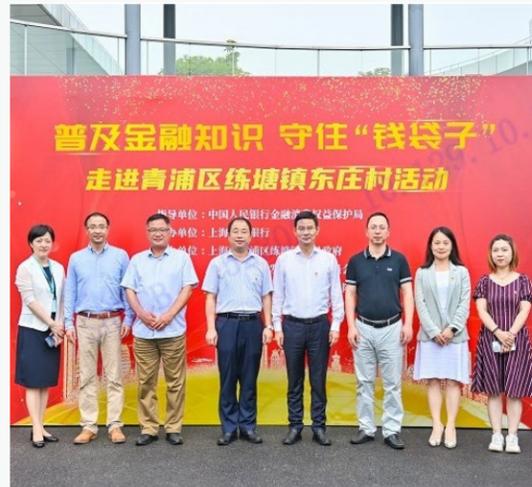
In 2023, adhering to the philosophy of “prevention first, education foremost”, the Bank strictly followed the principles of public welfare, timeliness, service, and sustainability. It held thematic education and publicity campaigns consistently over the years, joined the editorial team for education and publicity among Shanghai financial institutions, and steadily expanded the recognition and influence of its consumer protection efforts. Leveraging the “Mental Home” public welfare service platform, the Bank continued to carry out various educational and publicity activities for the general public, including interpreting financial policies, popularizing financial knowledge, and disclosing financial product risks. These efforts aim to continuously improve the effectiveness of consumer rights protection education and publicity, effectively safeguarding the right to education for financial consumers. Throughout the year, the Bank conducted a total of 6,944 educational and publicity activities, reaching 3.889 million financial consumers. These actions demonstrated its commitment to the concept of “protecting the elderly with appropriate methods, protecting the young with proper guidance, and protecting new citizens with responsibility”.



Case | "Popularizing Financial Knowledge, Protecting Your Wallet, Safeguarding Your Happy Home" Campaign

Under the guidance of the Shanghai Head Office of the People's Bank of China, the Bank visited the "Mental Home" public welfare service station in Xiaduoyuan, Maqiao, Minhang, to carry out the 2023 SHRCB "Popularizing Financial Knowledge, Protecting Your Wallet, Safeguarding Your Happy Home" publicity campaign.

During the event, a mediator from the Shanghai Financial Consumer Dispute Mediation Center introduced the diversified financial consumer dispute resolution mechanisms to residents, enhancing their understanding of the center and raising their awareness of risk prevention. An officer from the Anti-fraud Center of the Minhang Public Security Economic Investigation Detachment used recent real-life cases, such as "impersonating admissions office staff after the high school and college entrance examinations", to remind residents to strengthen risk prevention and protect their property against new fraud tactics employed by criminals. Through the "SHRCB Consumer Protection" public welfare class, video skits, and interactive games, the Bank's staff called on community residents to be vigilant, resist the temptation of high-interest fundraising, choose investment channels rationally, and report suspected illegal fundraising activities promptly to maintain a sound financial order.



Case | "March 15th" Financial Consumer Rights Day Event at Huandong Central Village

To further promote financial consumer rights protection, embed financial education in rural areas, optimize the financial consumption environment in suburban counties, and improve the financial literacy of the people, the Bank, under the guidance of the Consumer Protection Bureau of the People's Bank of China, held the "March 15th" Financial Consumer Rights Day event at Huandong Central Village on the morning of March 10th.

The event took place at the ecological park of Huandong Central Village, a national civilized village, establishing a comprehensive network for financial knowledge publicity through both "regular and localized" and "online and offline" approaches. During the event, the Bank's staff enriched the financial knowledge of elderly villagers in Huandong Central Village through the "SHRCB Consumer Protection" public welfare class and shadow puppet shows. Coinciding with the 10th anniversary of the promulgation of the *Regulations on the Administration of the Credit Investigation Industry*, the event emphasized the importance of credit information and enhanced villagers' awareness of risk prevention, providing them with strong knowledge safeguards against illegal financial activities.



## Guarding against Potential Safety Dangers

The Bank places a high priority on cybersecurity, data security, and customer privacy protection. It actively implemented the *Cybersecurity Law*, *Data Security Law*, and *Personal Information Protection Law*, and established a series of management systems, including the *Management Measures of SHRCB for Cybersecurity*, *Management Measures of Shanghai Rural Commercial Bank for Data Security*, *Management Measures of SHRCB for External Data*, *Management Measures of SHRCB for Information Security Incident*, and *Management Measures of Shanghai Rural Commercial Bank for Personal Customer Information Protection*. These systems effectively ensured cybersecurity, data security, and customer privacy protection.

The Bank established the Leading Group for Network Security and Informatization of SHRCB, taking full responsibility for organizing and leading the Bank's network security and information management work. 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 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.

The Bank adopted multiple measures to implement network security management responsibilities. A network security accountability system was established across the bank, with relevant regulations formulated for accountability purposes. The Chairman serves as the primary person responsible for network security incidents, while the leader in charge of network security bears direct responsibility. The FinTech Department is responsible for the bank-wide planning and management of FinTech-related work as well as the management of bank-wide network and information security. As the second and third lines of defense for network security governance, the Risk Management Department and Audit Department warn against network security risk and supervise problem rectification.

The Bank has established a "two-city three-center" disaster recovery architecture in Shanghai and Shenzhen, further enhancing disaster recovery capabilities, and has put in place a corresponding operation management mechanism and team. The Bank continuously enhanced all employees' awareness of network security responsibilities, incorporating data security and information security into the overall training system, and providing specialized security skills training for technology personnel to improve development, operation and maintenance security levels. In addition, the Bank continuously improved its security technology protection system and security operation mechanism, covering network, host, terminal, data, application security, and other aspects, constantly enhancing its in-depth defense capabilities to achieve comprehensive, around-the-clock security monitoring and protection.

The Bank also formed virtual teams for offensive and defensive security operations (blue teams), data security, etc., coordinating cross-departmental efforts to advance key projects such as critical period security assurance and data security protection. Additionally, the Bank actively participated in national network security skills competitions and achieved outstanding results, thus promoting the enhancement of employees' security skill levels.



# Developing Digital Finance

The digital economy represents the integrated state of new quality productive forces in the current era, with new technologies, new energy sources, and new industries all relying on its foundation. As General Secretary Xi Jinping emphasized, "A comprehensive analysis indicates that developing the digital economy is of great significance and is a strategic choice to seize new opportunities in the new round of technological revolution and industrial transformation". Digital finance serves as a crucial driving force for the development of the digital economy, and in 2023, the Bank actively embraced digital finance to fully support the digital economy.

Establishing and improving the top-level design of digital transformation strategy

Firmly believing that digital transformation is one of the Bank's three core strategies, we formulated and released the *SHRCB 2023-2025 Digital Transformation and Financial Technology Development Strategy*. This strategy drove six main business lines, including corporate finance, retail finance, and inclusive finance, and others, along with two supporting pillars: data and technology. The Bank formed an overall layout with the digital transformation special strategy as the guide and the planning and construction of system groups as the starting point. The Bank continuously strengthened its fintech infrastructure. In 2023, we upgraded to Technology Management 2.0 and released the "3+2" application architecture system to standardize application system construction. We optimized the architect training system to continuously improve the effectiveness and control of technology management. The underlying architecture of application systems was continuously optimized, with the orderly launch of dual-center, dual-active reconstruction for 63 key information systems. This significantly reduced disaster recovery time and greatly improved system availability and business continuity. By the end of 2023, the Bank's investment in fintech reached approximately RMB 1.135 billion, 14.05% increase compared to the end of last year. The number of full-time fintech personnel reached 818, accounting for 9.15% of the total employees, representing a 14.40% increase compared to the previous year.



The Bank's investment in fintech reached approximately

RMB **1.135** billion



Increase compared to the end of last year

**14.05%**



The number of full-time fintech personnel reached

**818**



Accounting for

**9.15%**

of the total employees



Representing a

**14.40%**

increase compared to the previous year

Empowering businesses to serve the real economy with the "Focus+" strategy

For corporate banking, we comprehensively upgraded Corporate Online Banking 3.0, enhancing six core business modules, including transfer, payroll agency, bill, and foreign exchange. We also launched a new corporate customer management system, achieving a new level of whole-lifecycle management for customer engagement, marketing, and customer service. The implementation of a new-generation bill business system significantly improved the self-service and online capabilities of bill business. Additionally, the launch of a new international settlement business system restructured cross-border remittance business processes, comprehensively enhancing the customer experience. For retail finance, we built a retail mart system to unify data sources, strengthen data asset precipitation and reuse, and improve data utilization efficiency, laying a solid foundation for digital transformation. We constructed a retail marketing strategy system, achieving visualized strategy deployment, automated execution, and intelligent processes, thereby enhancing scenario-based marketing capabilities and implementing hierarchical and classified refined management of customer whole-lifecycle marketing operations. We established a digital risk control system architecture with four modules: model, anti-fraud, strategy, and data monitoring. This architecture improved the data system by accessing official data sources such as Baihang Credit and the Shanghai Big Data Center, as well as through joint modeling with data source companies. In product design, we segmented customer groups, differentiating between mass-market and high-value products. We also piloted an invitation-based business model, comprehensively assessing pre-approved credit solutions for high-quality customers in mortgage, payroll agency, and wealth management lines within the Bank. Additionally, we built a digital operation platform for unsecured personal loans, continuously improving customer labeling and achieving data visualization. This allowed for refined marketing nodes, the development of special projects for large-amount consumer loans, and multi-channel customer outreach. For inclusive finance, we promoted the construction of a series of high-quality projects, including the "Agricultural Wholesale and Retail Eco-Platform Project", which utilizes information technology such as SAAS services and aggregated payments to form an industrial chain business expansion model. We also launched the "Aixingrong One-Stop Service Project", which offers innovative financing services such as house-based credit assessment, tax-based credit assessment, and Huixinxuan intelligent recommendation. For trade finance, we comprehensively upgraded the second phase of the international settlement system project, launching services such as intelligent routing, direct remittance, and fee optimization. This achieved four key benefits for enterprises: paperless processing, high efficiency, instant arrival, and lower fees. Based on the principles of optimal, fastest, and most economical features, the system automatically selects the best remittance path, automatically recognizes key fields in documents such as contracts and invoices to generate remittance application forms, and automatically calculates various discount combinations to provide enterprises with the greatest possible settlement fee discounts.

Deepening fintech innovation and application

The Bank established a usability research laboratory, employing comprehensive research methods such as evaluation inspections, usability testing, in-depth interviews, focus groups, and eye-tracking tests. This promoted the development of laboratory projects in research, innovative exploration, and visit exchanges. In 2023, we focused on electronic channels, conducting customer experience research on Mobile Banking 7.0 and Corporate Online Banking 3.0. We also explored and practiced data mining, using digital means to empower customer management and enhance customer experience. In terms of artificial intelligence technology application, we established a technical framework encompassing perception, cognition, and decision-making capabilities, which was applied in business scenarios such as identity recognition, intelligent customer service, intelligent marketing, and intelligent risk control. We also leveraged OCR technology to empower nearly 30 business application scenarios and RPA technology to empower over 100 business application scenarios. The privacy computing platform enabled "data availability without visibility", expanding data application under the premise of security and compliance, and effectively addressing the challenges of data security and privacy protection. This has been applied in business scenarios such as retail long-tail activation and inclusive finance potential customer mining. Additionally, large model technology achieved remarkable results in the application of intelligent compliance systems.

# Fostering Public-welfare Culture

In 2023, the Bank actively strengthened its public welfare culture, demonstrating care for vulnerable groups, participating extensively in charitable donations, and innovatively carrying out volunteer services. We leveraged finance as a source of energy to provide warmth and support, giving back to society and realizing corporate value. In 2023, the Bank continued with the project of "100 Enterprises helping 100 villages", donating RMB 300,000 respectively to the construction of village activity centers in Mula Sizu and Nipo Laowuji, Renhe Town, Maguan County, Yunnan Province, and RMB 300,000 to the village collective economy development project of Wuluzhe Village Committee, Bazhai Town, Maguan County. These contributions continuously promoted comprehensive rural revitalization and improved the lives of residents in the Maguan area. The Bank launched the "Xingongyi" special fund project, conducting "Little Financier" financial literacy instructor training, "Little Financier" public welfare open day, "Little Financier" volunteer training together with the "Caring Summer Camp" program, and the "The Runaway Egg" project, donating a total of RMB 663,000. Throughout 2023, the Bank also conducted or participated in various other public welfare projects, including the Ping An Good Doctor Health Assistance Project, the China Welfare Institute's Chinese Traditional Culture Communication Project, donations to the Shanghai Workers' Relief Fund, and donations to the Shanghai Supporting the Army and Giving Preferential Treatment to Families of Servicemen and Martyrs Fund. In 2023, the Group's total donation amount reached RMB 11.758 million.



## Case | Cultivating Cultural Confidence, the Bank Launched the "Baby Sees Intangible Cultural Heritage" Chinese Traditional Culture Charity Project

During the Labor's Day holiday in 2023, the Bank partnered with the Shanghai Children's Art Theater to launch the "Intangible Cultural Heritage in Children's Eyes – 'Hello, Dunhuang' Cultural Arts Week" Chinese traditional culture charity project, providing children with a meaningful cultural journey. Spanning the entire holiday, this cultural arts week helped children discover the essence of ancient Oriental aesthetics amid historical changes and experience the unique Dunhuang culture.

To cultivate a sense of "loving China" and cultural confidence among youth and children, and to help parents fasten the "first button" of patriotic and cultural education for their kids, the Bank initiated the "Intangible Cultural Heritage in Children's Eyes" Chinese traditional culture charity project as early as 2021 in collaboration with the theater. The upgraded "Baby Sees Intangible Cultural Heritage" event featured a more diverse range of activities, including not only "Gather Around! Shadow Puppet Show" and "Lion King Showdown" (Lion Dance), but also "Gather Around! Cloth Puppet Show", "Puppet on a String: Flame Mountain", and various other intangible cultural heritage performances, contributing to the promotion of Chinese traditional culture and enhancing the nation's cultural soft power.



## Case | Deep Bonds with Rural Areas, the Bank's "Shanghai-Nurtured Seedlings" in Action

In 2023, focusing on the urgent need to renovate and expand the teaching environment, reading areas, and sports facilities in rural schools in Yunnan province, the Bank implemented the pilot improvement and optimization projects in Kaiyuan, Mengzi, and Baoshan, aiming to nurture the growth of these "seedlings" and extend care to children in remote rural areas.

Shanghai Bookworm: "Love Book Rooms" Illuminate Poetry and Distant Places. To address the challenges of outdated teaching facilities and the lack of dedicated reading spaces, the Bank initiated the "Shanghai Bookworm" book room renovation project. During the summer break, reading areas were constructed or renovated, and thousands of books were added to the schools. After more than 40 days of construction and renovation, the old desks and chairs at Lingquan Central School were removed, and the construction team resurfaced the walls and floors before installing wooden bookshelves and furniture. Functional areas were divided based on different age groups. At Xibeile Central School, the second-floor corridor next to the former library was enclosed with windows, and bookshelves and seating were added, transforming the corridor into a reading area. At Shengjia Primary School, a 25-meter-long reading corridor was built inside the school canteen, completed with bookshelves, desks, and chairs. Today, these bright and new reading areas have become children's favorite places to spend time after class.



Shanghai Classroom: Financial Literacy Education Fosters Proper Money Mindset. "Little Financiers" is the Bank's public welfare and volunteer service brand, focusing on children's financial literacy education to help young students develop a proper understanding of money. The SHRCB rural banks brought the "Little Financiers" series of courses to local schools in Yunnan. Through simple and vivid language and interactive games, children learned about the origins of currency, how to identify genuine banknotes, and other financial knowledge, planting the seeds of financial literacy in their minds. In addition to "Financial Knowledge in Schools", the "Shanghai Classroom" brought "Growing Up Under the National Flag" to school playgrounds, where children witnessed the five-starred red flag rising majestically. Under the witness of the national flag, the spirit of patriotism was promoted, and the red gene was passed on.



Shanghai Care: Personalized Assistance Enriches Extracurricular Life. Beyond "Shanghai Bookworm" and "Shanghai Classroom", the "Shanghai-Nurtured Seedlings" initiative also provided personalized assistance to the three schools by providing sports and physical education equipment and improving classroom facilities, enriching the children's campus life and conveying warmth and care. With the help of "Shanghai Care", the members of the Lingquan Central School brass band received brand-new trumpets. In the evenings, the resounding sound of drums and trumpets echoed through the campus, carrying the melodic notes of children's hopes and dreams into the sky. Simultaneously, the Xibeile Central School basketball team upgraded its basketball competition equipment, while Shengjia Primary School added table tennis, badminton, and other sports equipment, and installed blackout curtains in the classrooms. A trumpet, a ping-pong table, a set of basketball gear – these small additions safeguarded the comprehensive development of children in moral, intellectual, physical, aesthetic, and labor aspects.



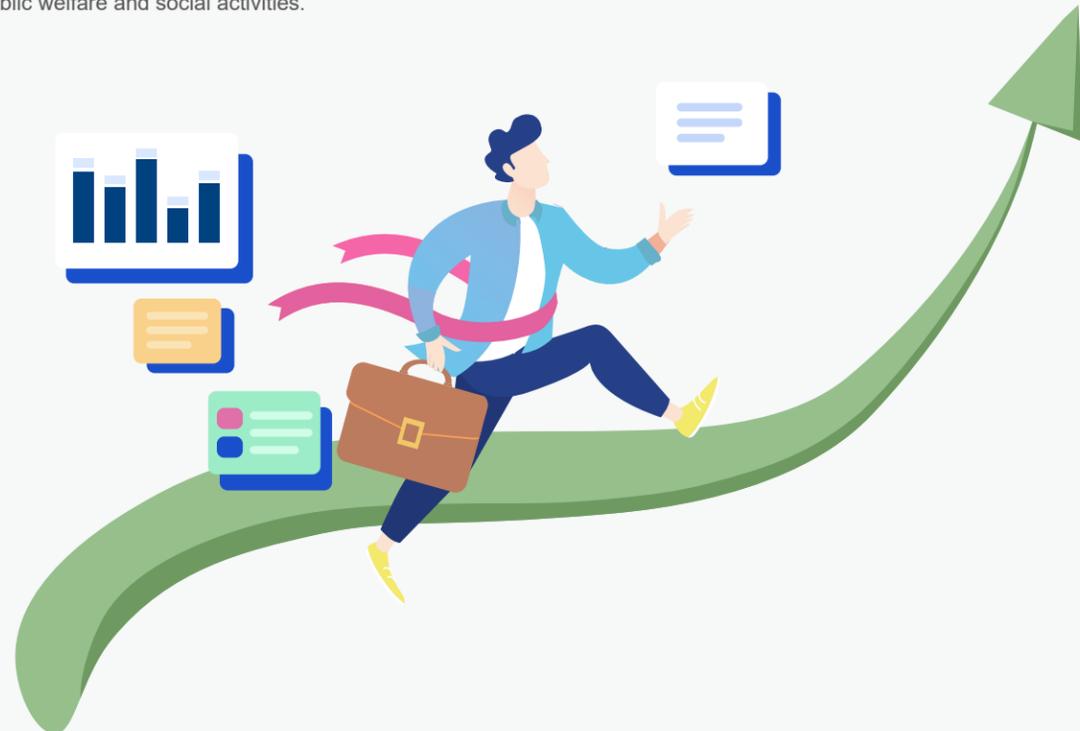
Case | The Bank's Public Welfare Health Activity in Guandu District, Kunming, residents enjoying Free Medical Examinations at doorstep

In November 2023, the Bank launched the "Above the Clouds, Walking with Medicine" public welfare health project in Guandu District, Kunming. Over 200 residents of Guandu Street were able to enjoy free medical examinations and health consultations right at their doorstep.

Despite the chilly weather, residents lined up for medical checkups. A "mobile testing vehicle" equipped with fully digital DR, color ultrasound, electrocardiogram, blood cell analyzer, and other basic equipment was present at the event site. Experts used the equipment to provide residents with examinations and diagnoses, and popularized health knowledge on diet and daily care based on individual conditions. Health gift packages were also distributed to residents.

"This time, we collaborated with a professional medical examination institution to customize a relatively comprehensive and scientific medical examination package for the public, including 24 blood routine tests, 11 urine routine tests, 8 liver function tests, and other routine examinations. Additionally, based on individual health conditions and disease development trends, experts analyzed major health problems and identified relevant risk factors. Medical examination data and original images will be permanently stored, allowing residents to access their health information anywhere with internet access. Original images such as DR and CT scans can also be used for remote expert consultations," explained Deng Xuehua, the person in charge of Guandu SHRCB Rural Bank. This medical examination primarily targeted vulnerable groups, elderly individuals, and chronic patients in Guandu Street, providing over 200 residents with medical examination packages worth RMB 1,500 each. The entire medical examination activity lasted for two days.

Since the establishment of Guandu SHRCB Rural Bank over a decade ago, 35 SHRCB rural banks have forged a path of resonance with local economies in Beijing, Shenzhen, Hunan, Shandong, and Yunnan. They have injected financial vitality into their respective regions, yielding fruitful results in serving small and micro enterprises and agriculture, rural areas and rural residents. Guandu SHRCB Rural Bank actively fulfilled its social responsibilities and conveyed the warmth of financial services. Since the beginning of 2023, the Bank had held over 100 events, including "Inclusive Finance Classes", "Financial Knowledge into Thousands of Households", and "Little Financier" programs, benefiting tens of thousands of people. It organized residents to watch the anti-fraud film "No More Bets" and participated in community public welfare activities such as "Love to Help Exams" and "Patriotic Support for the Army" 12 times. It also assisted Guandu District in hosting cultural and sports events such as the "2023-2024 China Women's Basketball League Preseason", actively conveying the positive energy of the financial industry in various public welfare and social activities.



## Growing with Employees

The Bank was committed to actively fulfilling its social responsibilities, prioritizing employee rights, emphasizing talent management, actively promoting career development, cultivating a positive work environment, and contributing to philanthropic and cultural initiatives, striving to build a harmonious society.

## Safeguarding Employee Rights

The Bank strictly adhered to 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 Using Child Labor*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and other relevant laws and regulations. We attached great importance to employees' legitimate rights, interests and demands in employment, compensation, remuneration, benefits, recruitment, promotion and other aspects, improved labor relations management, and deepened democratic management. We strove to build harmonious labor relations, safeguarded employees' legitimate rights and interests, enhanced the training system, and cared for employee growth. In the process of selecting and appointing officers and evaluating and appointing senior and veteran professionals in business sequences, the Bank had no specific requirements or tendencies regarding candidates' gender or ethnicity.

The Bank valued employees' grievance and reporting procedures, established multiple channels, and formulated sound handling processes to ensure that employees' rights and interests are protected in a timely, fair, and transparent manner. Additionally, it emphasized publicity and training to enhance employees' awareness of safeguarding their rights, providing a solid foundation for the Bank's steady operation.

The Bank carefully listened to employees' voices. For five consecutive years, we have conducted surveys on young employees to understand their status and demands from nine aspects, including organizational affiliation, interpersonal relationships, and satisfaction. We actively observed the changing characteristics of the youth group as reflected in the survey data. The survey results showed that the Bank's young employees have higher satisfaction than industry averages in terms of job positions and levels, compensation and benefits, training and education opportunities, work autonomy, work value and significance, interpersonal relationships with colleagues, and humanistic care.

We highly valued employee satisfaction and actively monitored and improved it through regular surveys, data analysis and feedback, establishing feedback channels, and utilizing survey results. This lays a solid foundation for the Bank's steady development.

## Attracting High-Quality Talents

The Bank adhered to the principles of "openness, fairness, and impartiality" in recruitment, insisting on standardized employment and respect for human rights. We objectively based recruitment decisions on applicants' abilities, experiences, and education backgrounds, without discriminating against them due to gender, age, ethnicity, nationality, skin color, religious beliefs, sexual orientation, or social origins. During the recruitment process, the Bank strictly verified candidates' identity and strictly prohibited the employment of child labor and forced labor.

By virtue of our innovative talent recruitment, diverse development plans, and other efforts, the Bank has successively won awards such as 2023 China's Most Attractive Employer for University Students (four consecutive years), 2023 China's Model Employer (three consecutive years), 2023 ESG Practice Model, 2023 Shanghai Annual Outstanding Employer, 2023 China Human Resources Management Excellence Model Award, 2023 Nfuture Most Socially Responsible Campus Recruitment Employer, 2023 Best Employer for Employment at Shanghai University of International Business and Economics, and Best Employer for Graduates at Shanghai Polytechnic University. These accolades reflected the Bank's strong employer brand recognition from authoritative industry institutions and major universities.

- 2023 China's Most Attractive Employer for University Students (four consecutive years) 
- 2023 China's Model Employer (three consecutive years)
- 2023 ESG Practice Model
- 2023 Shanghai Annual Outstanding Employer
- 2023 China Human Resources Management Excellence Model Award
- 2023 Nfuture Most Socially Responsible Campus Recruitment Employer
- 2023 Best Employer for Employment at Shanghai University of International Business and Economics
- Best Employer for Graduates at Shanghai Polytechnic University.

## Promoting Talent Development

The Bank clearly defined job classifications, employee levels, and promotion rules, formulating the *SHRCB Employee Level Management Measures*, the *SHRCB Professional Sequence Management Measures*, and the *SHRCB Officer Management Measures*. We improved talent development safeguard mechanisms, broadened employees' career development paths, and established a personnel management mechanism that allows for upward and downward mobility. In the process of selecting and appointing officers and evaluating and appointing senior and veteran professionals in business sequences, the Bank had no specific requirements or tendencies regarding candidates' gender or ethnicity.

The Bank established an innovative "integrated body with two wings and three orientations collaborating in four dimensions" talent management mechanism. With talent development as the main body, performance management and resource allocation as the engines, and market-orientation, professionalization, and information as the directions, the Bank formed a management system jointly managed by leaders at all levels, human resources teams, various business lines, and employees themselves. We focused on building a "721" talent development system with three core modules: 70% on-the-job training, 20% coaching and sharing, and 10% training and learning, continuously enhancing employees' comprehensive qualities and professional capabilities.

The Bank established a dedicated evaluation system for chief talent officers and implemented the responsibility of "top leaders" in each entity as the primary person accountable for talent management in their respective entities. We implemented the "Ten-Hundred-Thousand" youth development plan, aiming to cultivate more than ten youth stars, discover more than one hundred youth role models, and nurture more than one thousand young talents, enriching talent development platforms. The Bank improved its talent evaluation mechanism, conducted talent inventories and core talent selection in Head Office departments, strengthened the management, incentivization, and retention of core talents and high-performing employees, and optimized the officer structure in an orderly manner.

The Bank continuously provided certification and education rewards to stimulate employees' self-driven learning. We encouraged employees to independently obtain professional qualifications related to their work and pursue higher academic degrees, and provided education rewards based on relevant regulations. The Bank also offered specialized training classes to empower employees with important qualifications, aiming to support employees' professional development through multiple mechanisms.

## Emphasizing Care for Employees

The Bank has always prioritized strengthening care for employees, viewing employees as its most valuable assets. It persists in creating a positive and harmonious working environment, encouraging cooperation and unity, and advocating open communication. The Bank offers flexible work arrangements and leave policies to help employees balance work and life, offers comprehensive benefits including health insurance, pension plans, and training opportunities, and pays attention to employees' mental health by establishing caring mechanisms and providing psychological counseling and support.

The Bank was honored as a "Model Organization in Corporate Affairs Openness and Democratic Management in Shanghai for 2020-2023", marking the first time it received this recognition. Over the years, the Bank has actively promoted the construction of a corporate affairs openness and democratic management system, striving to protect workers' rights and interests, and building harmonious labor relations. By improving democratic institutions, enriching democratic forms, and unblocking democratic channels, the Bank fully implemented the workers' congress system, signed collective contracts, and ensured employees' democratic rights and channels for participating in decision-making. In the future, the Bank's trade union will continue to promote the standardization, deepening, and innovation of corporate affairs openness and democratic management to meet employees' needs, enhance cohesion and a sense of belonging, and contribute to comprehensively promoting people's democracy and building harmonious labor relations.

The Bank regularly organized employee physical examinations, mutual aid insurance, health care services, welcome packages for new hires, seasonal gifts, holiday benefits, paid annual leave, and daily condolence services. Focusing on employees' health concerns, the Bank promoted the "Health Culture" project, including purchasing health care service plans for employees and providing telephone psychological counseling, 24-hour video doctor consultations, appointments with specialists for critical illnesses, and medication benefits.



To effectively safeguard the legitimate rights and interests of female employees and establish harmonious labor relations, based on the comprehensive labor contract system and the Collective Contract, and in accordance with the Labor Law of the People's Republic of China, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and other relevant laws and regulations, the Bank and the trade union jointly signed a special collective contract on the protection of female employees' special rights and interests in line with the principles of voluntariness and equality, further safeguarding female employees' legitimate rights and interests and special benefits.

To further support the personal development and growth of the Bank's female employees, the Head Office trade union actively organized activities for female employees to achieve remarkable accomplishments, identified and selected model and exemplary female employees as "SHRCB Pacesetters in Women's Posts", and recommended them for various municipal-level honorary selections. These actions provided a broader stage for the Bank's female employees to showcase their dedication and excellence in pursuing excellence.

### Case | "Books Permeate SHRCB, Culture Nourishes the Bank" - 2023 SHRCB Book Presenter Competition

The Bank's Book Presenter Competition was held on September 22nd, 2023, where 20 finalists from hundreds of book presenters across the Bank took the stage. With their voices, they conveyed their reflections on reading and vividly narrated stories about books. The genres covered were extensive, spanning classical Chinese literature, business management, workplace communication, family parenting, and personal growth across five major thematic areas. The contestants' presentation styles were equally diverse, shining brilliantly as they delved into life values, self-growth, family dynamics, and humanistic science fiction – each book illuminated by the presents' insights. After intense competition, the Bank's "Top 10 Book Presenters", "Outstanding Book Presenters", "Best Orator Award", and "Most Popular Award" were born. Xu Li, the Head Office Party Secretary and Chairman, attended the event.

To implement the guiding principles of the 20th CPC National Congress and bolster cultural confidence, the trade union, under the leadership of the Party Committee of the Head Office, upheld the values of "Happy Work, Wonderful Life" and organized a series of cultural activities for employees, creating an internal stage for self-actualization and growth while promoting mutual development between employees and the Bank. As an effective vehicle for deepening the "National Reading" concept and advancing the "Book-Loving Enterprise" initiative, the inaugural Book Presenter Competition emerged. Over two and a half months, the event sparked a new reading craze across the Bank, accumulating 143 entries and garnering over 53,500 likes on the "Work Home Cloud" platform.

By nurturing hearts with books and embracing wisdom, this event encouraged more book lovers to join the book presenter ranks, sharing their reading experiences and conveying the beauty and power of diverse literary works. This campaign enhanced cultural confidence while contributing the Bank's strengths to the new era's cultural mission.



Case | The Bank's Book Club Activity Awarded as an Outstanding Model Project at the 2023 Shanghai Renaissance of Chinese Reading Activities

The closing ceremony of the inaugural Shanghai Workers' Cultural Season and the 25th Shanghai Reading Festival took place at the Wanping Theater. The Bank's "Book-Loving SHRCB: Cultural Appreciation Through Reading" book club activity was honored as an "Outstanding Model Project" at the 2023 Shanghai Renaissance of Chinese Reading Activities and the 25th Shanghai Reading Festival. Among the 50 annual outstanding model projects at the municipal level, it was the sole financial institution to receive this recognition.



Case | "Culture Permeates and Unites, Vibrant SHRCB Showcases Its Charm" - The 8th Staff Cultural and Artistic Festival

The closing ceremony and staff artistic performance of the Bank's 8th Staff Cultural and Artistic Festival was held on October 29<sup>th</sup>, 2023, at the Hongkou Workers' Cultural Palace. This staff artistic performance revolved around traditional Chinese culture and the Bank's core values, distilled into four thematic chapters: "Cherish Benevolence", "Practice Diligence", "Strive for Sincerity", and "Harmony in Beauty". It reinforced ideological guidance and cultural promotion, with over 150 employees presenting carefully rehearsed programs and passionate performances as a showcase. Over 500 principal leaders from the Bank's departments, branches and sub-branches, and employee representatives attended the closing ceremony, and over 3,000 employees across the Bank watched the live broadcast via the union's Weijiyuan platform.



Case | Spreading Warmth to Employees during New Year's and Spring Festival

Upholding the principle of "consoling one person, warming one household, and influencing a broader area", the Bank launched a Warmth Delivery Activity during the New Year's and Spring Festival period at the beginning of the year. Based on the varying degrees of employee difficulties, multi-level assistance and consolation were provided, implementing precise support measures. The Bank's leaders led teams to visit and console key Party members and employees experiencing hardships. In their daily operations, the trade union handled tasks such as mutual aid claims effectively, allowing the union to play its role in providing relief and filling gaps for those in need, alleviating employees' urgent difficulties.



Case | "March 8th" Activities

The Head Office Trade Union organized the Bank's "Pacesetters among Women Employees" commendation activity, honoring 15 outstanding female employees to inspire women workers' enthusiasm for achievement and career development. A Women's Day commemoration event was held, inviting representatives of outstanding female employees to share and exchange insights. A Kunqu opera art lecture titled "Giving the Past a Future" was organized, while grassroots unions simultaneously held various themed activities in diverse formats.

The Bank conducted in-depth research and interviews with female employees at the grassroots level on multiple occasions, producing reports on the issues of work stress, living conditions, and development needs of women employees. By understanding their inner thoughts and aspirations, the Bank aimed to guide career women's self-development, family harmony, and the coordinated progress with society.

# 4

## Preserving Green

### Havens and Serene Waters to Realize the Shared Dream of Harmony

The Bank actively responded to the national strategy of carbon peak and carbon neutrality, supporting green and low-carbon development through the development of green finance, making greater contributions to environmental protection and sustainable development, and achieving sustainable economic growth and a better life for the people.

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# Addressing Environmental and Climate Change

## Incorporating Climate Risks into the Risk Management System

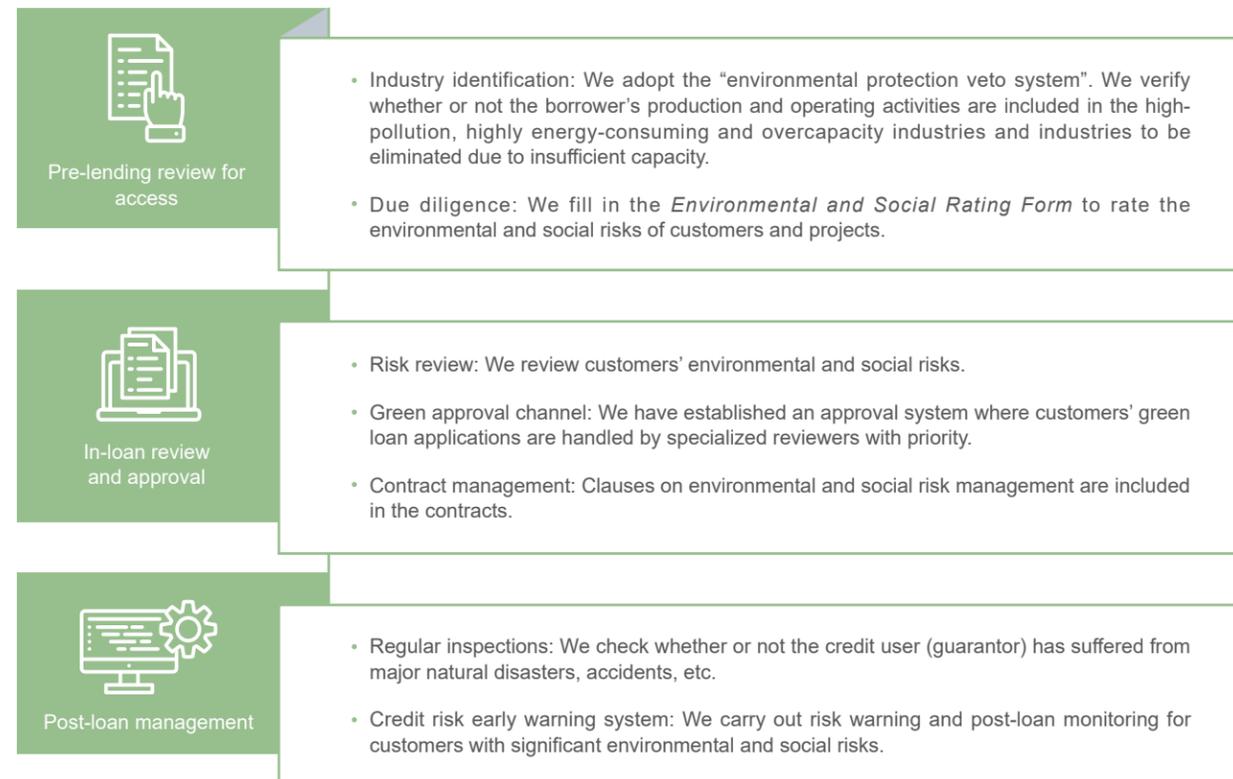
The Bank attached great importance to environmental and climate risk management, exploring and constructing forward-looking climate risk assessment and measurement methods, and gradually promoting the integration of environmental and climate risk management into the entire process of business and risk management.

To further explore the climate risk situation of credit debt assets with a relatively wide geographic distribution, the Bank pioneered a quantitative analysis of the physical climate risks faced by credit debt entities, evaluating the level of physical risks posed by the current geographic and industry distribution of credit debt. The analysis showed that under the context of climate change, the main physical risks faced by credit debt entities in the Bank's investment portfolio are heat waves, followed by water scarcity, extreme cold, drought, and floods, with relatively low risks of ecological environmental damage and sea-level rise.

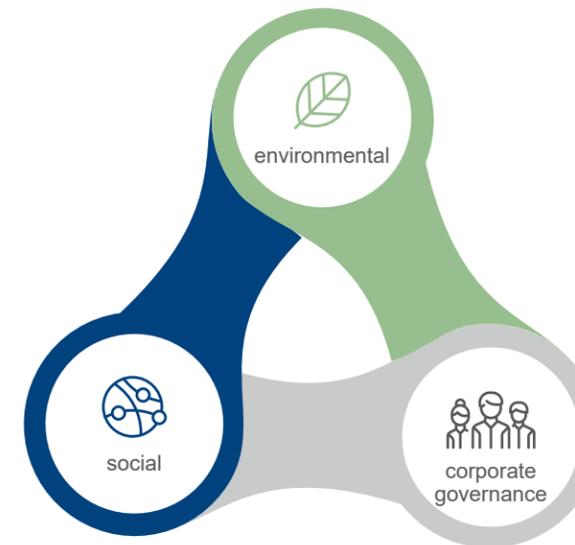
## Strengthening Environmental and Climate Risk Management

The Bank integrated environmental and climate risk management requirements into multiple stages, including pre-lending, lending, and post-lending links, and strengthened relevant risk control throughout the entire process including due diligence, project review and approval, and post-lending management, thereby enhancing the quality and effectiveness of environmental and climate-related risk management.

### Environmental Risk Management for Credit Customers



### ESG Risk Management for Credit Debt



The Bank introduced authoritative ESG ratings and early warning data for credit debt entities from external public markets, assessed credit debt entities from the three dimensions of environmental, social, and corporate governance, thereby identifying and preventing environmental and social risks of the entities, while discovering high-quality customers with sustainable development potential. Based on the ESG ratings of credit debt entities, the Bank set corresponding admission thresholds to prevent investment ESG risks.

The Bank kept monitoring and evaluating the ESG performance of debt issuers, strengthened investment analysis, enhanced pre-investment risk identification, during-investment credit review, and post-investment risk management, and actively promoted green investment and green development.

## Climate Risk Stress Testing

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.



## Developing Green Finance

The Bank resolutely implemented the national strategy of carbon peak carbon neutrality and actively explored new paths for finance to support the green transition. It was committed to building a comprehensive, multi-level, and diversified financial service system to meet the diverse funding needs of enterprises during the low-carbon transition process and promoting the development of green industries in a coordinated manner.

## Deepening Green Finance Strategic Initiatives

The Bank was dedicated to creating a sustainable finance service system with green finance as its foundation. It continuously improved the "2+N" strategic system for green finance, clarifying its green finance strategic layout and strategic objectives, and further refining the implementation path. The Bank formulated green finance management measures, improved lending policies, enriched green product systems and marketing plans, and enhanced green finance service capabilities, providing a solid institutional guarantee for the high-quality development of green finance across the Bank.

The Bank took 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* as the twin pillars of the top-level system design for green finance. The Bank clearly incorporated green finance into its overall strategy, specifying relevant strategic initiatives, work plans, and institutional mechanisms for its green finance development, supported by sub-systems for business development, risk management, assessment and incentives and the like.

## Expanding the Scale of Green Finance Services

The Bank's green finance FPA (Full Product and Service) system provided comprehensive financial services in both domestic and foreign currencies, on and off the balance sheet, centered on green credit, green bonds, green retail, green investment banking, and green leasing, earnestly creating a "one-stop" green finance service platform for customers.

In 2023, the Bank focused on the five core sectors of green agriculture, green energy, energy conservation and environmental protection, green manufacturing, and green construction, providing comprehensive green finance services in five business areas: green credit, green bonds, green services, green wealth management, and green leasing. As of the end of 2023, the Bank's green credit balance reached RMB 61.431 billion<sup>6</sup>, significantly higher than the overall credit growth rate during the same period. Its green bond investment holdings ranked first among rural financial institutions nationwide, and the growth of green leasing more than quadrupled compared to the previous year.



## Innovating Green Finance Products and Services

The Bank was committed to innovating green finance products and services, with a continuous stream of "first deals" and "pioneering initiatives". It acted as a joint lead underwriter for the first "carbon neutrality/rural revitalization" green medium-term note in Shanghai. The Bank implemented Shanghai's first batch of "Water Conservation Benefit" businesses, created the first Yangtze River Delta Green-Themed Bond Basket in the interbank market, became one of the inaugural institutions to join the Shanghai Green Finance Service Platform, and explored corporate and individual carbon accounts, meeting the market's diverse green financing needs. The Bank actively promoted the deep integration of green finance and inclusive finance, providing financial services to a large number of green agricultural industry clusters, such as Nanhui honey peaches and 8424 watermelons.

<sup>6</sup> According to the China Banking and Insurance Regulatory Commission (CBIRC) definition, green loans encompass on-balance sheet green loans, as well as off-balance sheet instruments such as letters of credit and bankers' acceptances.

## Launching Shanghai's First Batch of "Water Conservation Benefit" Business to Jointly Protect Water Resources

In April 2023, the Bank signed a special cooperation agreement on "Water Conservation Benefit" with the Shanghai Water Affairs Bureau and a cooperation agreement with Shanghai Pudong Water (Group) Co., Ltd., providing intended credit to support the construction of water supply and drainage infrastructure, such as deep treatment renovation of water plants in southern Pudong, renovation of water supply and drainage pipelines, and sewage treatment. This transaction marked the first "Water Conservation Benefit" loan for water network renovation in Shanghai. According to calculations, after the water network renovation, the pipeline leakage rate in the Nanhui area will significantly decrease, with a daily water-saving of at least 78,000 cubic meters and an annual water-saving of at least 29 million cubic meters, equivalent to the storage capacity of two Dishui Lakes.



With a daily water-saving of at least

**78,000**

cubic meters

An annual water-saving of at least

**29**

million cubic meters



Bank signed a special cooperation agreement on "Water Conservation Benefit" with the Shanghai Water Affairs Bureau

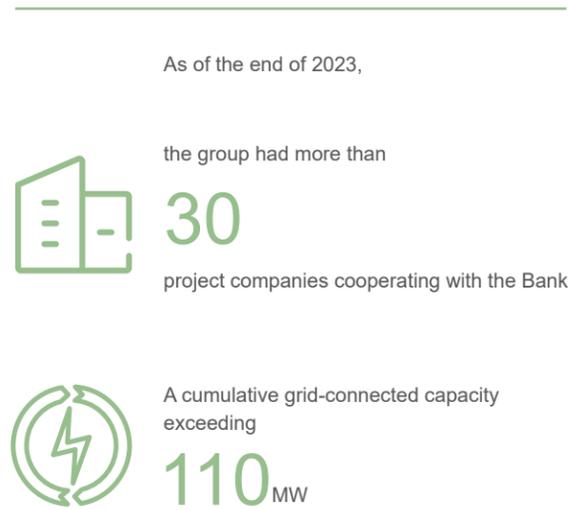
## Launching "Emission Rights Mortgage Loans" to Support Green Transformation

In 2023, the Bank formulated the *Management Measures of SHRCB for Emission Rights Mortgage Loan*, including emission rights as pledged items, providing more credit enhancement and limit increase channels for enterprises to reduce emissions during production, and supporting green transformation. In 2023, the Bank launched its first emission rights mortgage loan, assisting enterprises within the Yangtze River Delta Ecological Green Integration Demonstration Zone in their green transformation.



## Offering “Distributed Photovoltaic Loans” to Promote Energy Structure Adjustment

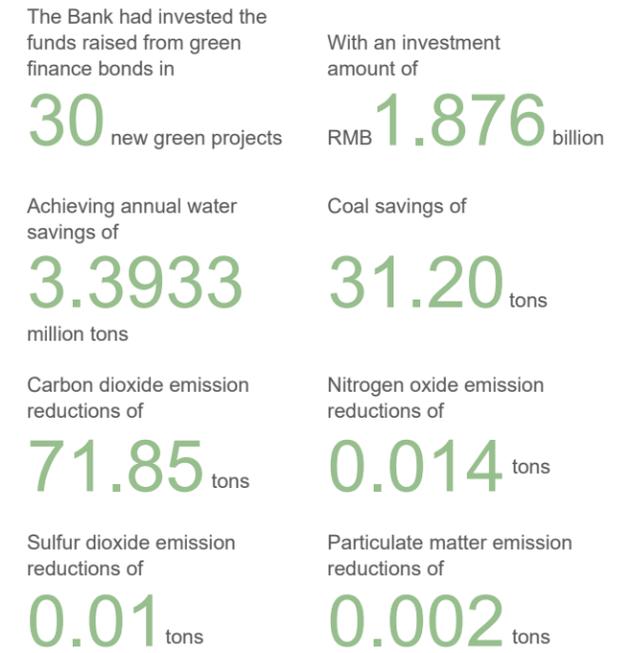
The Bank took “distributed photovoltaic loans” as a breakthrough to accelerate the green transformation of its asset structure, contributing to the achievement of the carbon peak and carbon neutrality goals. The Bank formulated a *Specialized Service Plan for Distributed Photovoltaic Loans*, with energy service companies and energy investment funds as the borrowers. Based on obtaining sufficient credit limits and approval authority, operating institutions can independently decide the withdrawal amount for projects that meet the relevant conditions, thereby improving credit efficiency and enhancing market competitiveness. In the first quarter of 2023, the Bank launched its first “distributed photovoltaic loan” across the Bank. The Bank established a cooperation with PF New Energy Group in 2019 and innovatively adopted the “distributed photovoltaic loan” submission and approval model. For new projects, it implemented a “rapid submission, accelerated approval, and prompt disbursement” process, greatly improving the operational efficiency of the enterprise’s projects. As of the end of 2023, the group had more than 30 project companies cooperating with the Bank, with projects located across Jiangsu, Zhejiang, Shanghai, and Anhui, and a cumulative grid-connected capacity exceeding 110 MW.



## Issuing Green Finance Bonds to Support Green Industry Development

The Bank actively expanded its green finance financing channels and successfully issued green finance bonds in July 2023. The funds raised will be specifically used for projects in green areas such as energy conservation and environmental protection industries, clean energy industries, and green upgrades of infrastructure. The issuance of these green finance bonds was an important move for the Bank to broaden green finance financing channels and guide social capital to specifically support green development.

In accordance with the categories of green projects stipulated in the *Green Bond Support Project Catalogue (2021 Edition)*, the Bank strictly screened and actively engaged with potential projects. In 2023, it successfully implemented the first batch of green finance bond projects, with funds mainly invested in the construction of green projects such as new energy batteries, ultra-low energy consumption buildings, and green buildings. As of the end of 2023, the Bank had invested the funds raised from green finance bonds in 30 new green projects, with an investment amount of RMB 1.876 billion, achieving annual water savings of 3.3933 million tons, coal savings of 31.20 tons, carbon dioxide emission reductions of 71.85 tons, nitrogen oxide emission reductions of 0.014 tons, sulfur dioxide emission reductions of 0.01 tons, and particulate matter emission reductions of 0.002 tons.



## Innovating Flywheel Energy Storage Project Financing Leasing to Enable Low-Carbon Transformation

In 2023, Yangtze Financial Leasing, a subsidiary of the Bank, completed the industry’s “first deal” in flywheel energy storage project financing leasing, contributing to the low-carbon transformation of the energy structure and providing strong and stable support for green electricity consumption in Shanghai. Yangtze Financial Leasing conducted risk assessments around the project’s construction and operation, identified the revenue model for independent frequency regulation power stations based on local policy support, and further analyzed the project’s feasibility, considering the market prospects of the flywheel energy storage industry as an emerging energy storage technology based on precision manufacturing. Through a “direct leasing + tax reduction” model and a flexible repayment structure with low payments at the beginning and higher payments later, complemented by the project’s long cycle, the Bank helped the start-up enterprise quickly put a new project into operation, precisely aligning with the enterprise’s long-term development plans and enabling stable operations. This close cooperation effectively alleviated the cost pressure on the power station, constructed a new power system centered on new energy, and enabled multiple application scenarios, driving downstream demand and achieving a win-win of economic and environmental benefits.



Xiehe New Energy Storage Power Station

## Created the first Yangtze River Delta green-themed bond basket in the market to promote low-carbon and economic development in the region

In December 2023, the Bank successfully launched the SHRCB Yangtze River Delta Green Commercial Bank Bond Basket (basket code: BBX034001) in the interbank market. On the first day of its launch, the Bank entered into transactions with multiple city commercial banks, securities companies, and other market institutions, becoming one of the first bond basket creators in the market. The green commercial debt basket comprised four green financial bonds issued by commercial banks in the Yangtze River Delta region, with maturities of three years or less. The bond issuers were primarily selected based on their high investor recognition and strong credit quality. This basket assisted investors in achieving diversified exposure to multiple green commercial bank financial bonds through a single investment, providing access to low-risk assets with attractive returns. Simultaneously, it catered to investors' interest in participating in green and low-carbon initiatives while supporting the economic development of the Yangtze River Delta region.

## Implementing Carbon Emission Reduction Support Tools to Accelerate Green Asset Transformation

The Bank released the *SHRCB Action Plan on Implementing Carbon Emission Reduction Support Tools and Accelerating Green Asset Transformation*, providing targeted services to carbon emission reduction projects and successfully granting its first carbon emission reduction support tool loan across the Bank. As of the end of 2023, the Bank had reported a total of 16 carbon emission reduction support tool projects to the People's Bank of China, amounting to a combined value of RMB 250 million.

<p>The Bank had reported a total of</p> <p><b>16</b></p> <p>carbon emission reduction support tool projects to the People's Bank of China</p>	<p>Amounting to a combined value of</p> <p>RMB <b>250</b> million</p>
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## Participating in Thematic Green Lending and Investment and Strengthening Biodiversity Protection

As one of the 36 domestic banking and financial institutions that signed the *Joint Declaration of Banking Financial Institutions to Support Biodiversity Conservation*, the Bank actively implemented the "Post-2020 Global Biodiversity Framework", continuously enhancing its biodiversity protection strategy, and actively leveraging finance to support eco-friendly, sustainable, green, and inclusive development.

The Bank participated in investing in the green bond themed "Yangtze River Basin Ecosystem Protection and Restoration", using financial power to protect biodiversity in the Yangtze River Basin and supporting the construction of green ecological corridors along the river basin.

The Bank provided a 10-year fixed asset special loan of RMB 15 million to Langxia Country Park in Jinshan District, supporting the transformation of existing farmland, nursery plants, and conservation forests into understory spaces, improving the natural water ecological purification system, achieving the internal circulation of water resources and nutrients, and providing green spaces for biodiversity to thrive.

## Issuing Green Union Cards to Promote Low-Carbon Lifestyles

The Bank, in collaboration with the Shanghai Federation of Trade Unions, issued co-branded debit and credit cards (the "Union Cards") to trade union members across the city. Additionally, the Bank launched the "One Cent Subway Ride" campaign with the "Little Yellow Card" of the trade unions, encouraging Union Card holders to adopt green transportation. The campaign garnered participation from 40,000 customers.

In addition, the Bank developed the "Xinsu Card", a green credit card product, as the Bank's first fully digital credit card. Throughout its whole-lifecycle, the "Xinsu Card" relies on digital technology, offering "five real-time features": real-time application, real-time approval, real-time activation, real-time binding, and real-time consumption. Combined with a paperless application process, this card aligns with green and eco-friendly concepts while enhancing card issuance efficiency and improving the customer experience.

## Exploring Innovative Research in Green Finance

In 2023, the Bank actively conducted research in the field of sustainable development. Green finance was designated as one of the research directions among the annual key research topics. Over the course of the year, the Bank completed several green finance-related research projects, including the *Research on Comprehensive Financial Service Solutions for Green Parks*, *Research on Internal Mechanism Construction for the Bank's Green Finance Sustainable Development*, *Research on Rural Financial Institutions' Support Model for Rural Green Finance*, and *Research on Carbon Accounts to Facilitate Green Agriculture and Rural Revitalization*.

The Bank consistently conducted research on regulatory policies, products, risk management, and other aspects related to green finance in its regular research work, such as the *Interpretation of the Initial Two International Sustainability Standards Board (ISSB) Exposure Drafts on General Requirements for Disclosure of Sustainability-related Financial Information*. Additionally, the Bank actively participated in green finance research projects organized by regulatory authorities and external associations, contributing to chapters on topics like *ESG Practices Exploration and Regulatory Considerations for Banking and Insurance Institutions* by the former Shanghai Banking and Insurance Regulatory Bureau and the *Yangtze River Delta Green Finance Development Report* by the Shanghai Banking Association.



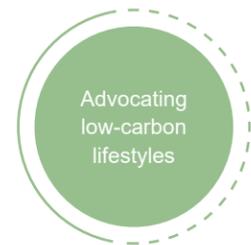
## Practicing Green Operations

The Bank has consistently regarded green operations as a strategic objective, actively fulfilling its corporate social responsibility by implementing green supply chain management and promoting green office practices, making tangible contributions to environmental protection and sustainable development.

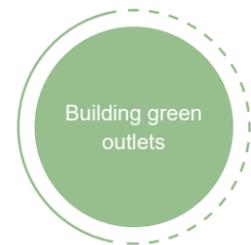
## Advocating Green Office Practices



The Bank continuously advanced green operations, implementing multi-pronged measures to reduce energy consumption and resource usage across water, electricity, and paper. It optimized video conferencing systems and collaborative office system functions, promoting paperless meetings and electronic archive management. Furthermore, the Bank installed print management systems in the Head Office buildings, setting default double-sided printing as a detailed measure to reduce paper consumption.



The Bank emphasized cultivating green lifestyles among its employees. In 2023, it developed an employee "low-carbon lifestyle" mini-program within the "Ban Ban" office software. This mini-program initially included 12 personal daily low-carbon behavior check-in items. Based on different behaviors, it calculated carbon emissions and awarded points, encouraging employees to reduce energy consumption through various energy-saving and emission-reduction initiatives.



The Bank actively promoted green operations by piloting the "Xingongcheng" at the Sijing Sub-branch. This project enabled real-time monitoring of air quality, energy consumption, and timely identification of high-consumption peaks and anomalies in air conditioning, lighting, and special electricity usage. By collecting and analyzing monitoring data, the Bank formulated scientific and reasonable energy-saving and water-saving measures, improving energy utilization efficiency. Furthermore, the "Xingongcheng" platform will also be able to provide early warnings for equipment failures, control equipment operating status, and automatically handle maintenance, inspections, and warranty tasks, reducing operating costs and enhancing the green and low-carbon management level of outlets. The Zhangjiang Science and Technology Sub-branch was the first carbon-neutral banking premises in the Shanghai region. For three consecutive years since 2021, it has achieved carbon neutrality and obtained carbon-neutral certification. In 2023, the scope of its greenhouse gas inventory was further expanded to include methane, nitrous oxide, and others, actively fulfilling its social responsibility.

### Case | The Sijing Sub-branch was designated as a Green Banking Model Branch in Shanghai

The Bank designated the Sijing Sub-branch as a pilot and starting point for comprehensively constructing green and low-carbon operational outlets across the Bank, successfully establishing it as a green bank demonstration outlet in Shanghai. Leveraging the profound cultural and historical heritage of the Songjiang Sijing Ancient Town and its people-friendly environment, the Sijing Sub-branch was transformed into a new-generation, people-oriented, green, and low-carbon bank outlet based on principles of eco-friendly materials, energy-efficient mechanical and electrical equipment, age-friendly facilities, green and low-carbon operations, and innovative technological measures. From the design stage, the Sijing Sub-branch thoroughly considered its own needs, design capacity, equipment selection and layout, system efficiency, and green and low-carbon effects. Its design adhered to the *Applicable Technology Catalog for Green Bank Branches in Shanghai* and the *Implementation Rules for the Evaluation of Green Bank Branches in Shanghai (Trial)*, integrating the green branch concept throughout the planning, design, construction, and operations life cycle, embodying a multi-dimensional design philosophy of health, usability, and efficiency.



Green Decoration of Sijing Sub-branch

## Promoting Green Procurement

The Bank actively promoted supplier management, incorporating carbon-neutral certificates and environmental management system certification (ISO 14001) into the procurement scoring criteria as a crucial indicator for evaluating suppliers. This move aimed to encourage suppliers to make positive efforts in reducing carbon emissions and improving environmental management.

# Appendix

## ESG Performance

### Governance performance

Indicator name	Unit	2023	2022	2021
Corporate governance				
Number of board members	Person	16	16	19
Number of executive directors	Person	2	2	2
Number of non-executive directors	Person	8	7	10
Number of independent directors	Person	6	7	7
Number of male directors	Person	11	12	14
Number of female directors	Person	5	4	5
Number of board meetings	Time	8	10	9
Average attendance rate of board meetings	%	96	95	94
Number of supervisory board meetings	Time	5	4	5
Average attendance rate of supervisory board meetings	%	100	100	98
Business Ethics and Anti-Corruption				
Percentage of employees trained in integrity building	%	100	100	100
Number of anti-money laundering training sessions	Time	16	13	14
Number of people trained in anti-money laundering	Person-time	2,595	3,023	7,162
Number of compliance case prevention warning education training	Time	12	16	17
Compliance case prevention warning education training attendance	Person-time	9,248	8,998	8,470

### Economic performance <sup>7</sup>

Indicator name	Unit	2023	2022	2021
Total assets	RMB 100 million	13,922.14	12,813.99	11,583.76
Principal amount of deposits taken	RMB 100 million	10,164.12	9,434.85	8,381.38
Total loans and advances	RMB 100 million	7,114.83	6,706.23	6,135.77
Operating income	RMB 100 million	264.14	256.27	241.64
Interest expense	RMB 100 million	247.61	226.99	217.05
Net profit	RMB 100 million	124.87	113.93	100.47

<sup>7</sup>[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	2023	2022	2021
Return on average total assets	%	0.93	0.93	0.91
Return on weighted average net assets	%	11.34	11.22	11.39
Core tier 1 capital adequacy ratio	%	13.32	12.96	13.06
Capital adequacy ratio	%	15.74	15.46	15.28
Non-performing loan ratio	%	0.97	0.94	0.95
Provision coverage ratio	%	404.98	445.32	442.50
Total tax payment	RMB 100 million	55.93	54.82	50.46
Social contribution value per share <sup>8</sup>	RMB/share	4.46	4.65	4.31
Number of outlets	Outlet	364	364	366
Number of intelligent teller machines	Set	794	781	782
Number of outlets with barrier-free access	Outlet	300	300	278
Number of branches	Branch	364	364	366
Number of village banks	Bank	35	35	35
Green Finance				
Green credit balance <sup>9</sup>	RMB 100 million	614.31	435.67	197.75
Scale of green bonds issued	RMB 100 million	30	0	0
On-balance sheet balance of green bond investments	RMB 100 million	115.49	90.34	36.00
Scale of green bonds underwritten	RMB 100 million	10.50	30.30	21.80
Balance of green leasing	RMB 100 million	101.47	69.89	63.21
Balance of green bonds held by asset management products	RMB 100 million	21.39	16.59	14.01
Inclusive Finance				
Balance of loans to small and medium-sized enterprises	RMB 100 million	4,492.69	3,721.42	3,305.43
Balance of loans to small and micro-sized enterprises	RMB 100 million	2,870.24	2,345.12	2,021.46
Number of borrowers of small and medium-sized enterprises	Household	56,806	37,860	27,201
Number of borrowers of small and micro-sized enterprises	Household	55,567	36,812	26,234
Number of specialized institutions serving small and micro-sized business	Institution	34	35	35
Supporting the agriculture, rural areas and rural residents				
Balance of agriculture-related loans	RMB 100 million	663.78	644.22	649.13
Loans to farmers	RMB 100 million	161.17	169.42	166.55
Loans to rural enterprises and organizations	RMB 100 million	160.26	136.13	143.18
Agriculture-related loans for urban enterprises and organizations	RMB 100 million	340.84	337.57	338.67
Other agriculture-related loans	RMB 100 million	1.51	1.10	0.72

<sup>8</sup>[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.

<sup>9</sup>[Statistical standards] 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 2023, 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 Report 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.

## Social performance

Indicator name	Unit	2023	2022	2021
Employee Employment <sup>10</sup>				
Total number of employees	Person	9,419	9,093	8,222
By gender				
Number of male employees	Person	4,499	4,386	4,099
Number of female employees	Person	4,920	4,707	4,123
Number of female management staff	Person	728	712	686
Number of male management staff	Person	787	772	745
Number of primary-level female employees	Person	4,192	3,995	3,437
Number of primary-level male employees	Person	3,712	3,614	3,354
By employment type				
Labor contract system	Person	8,936	8,582	7,705
Labor dispatch system	Person	483	511	517
By education				
Number of employees with master's degrees or above	Person	2,110	1,882	1,564
Number of employees with bachelor's degrees	Person	6,288	6,072	5,450
Number of employees below to bachelor's degrees (not included)	Person	1,021	1,139	1,208
By type				
Number of employees with Shanghai hukou	Person	7,645	7,421	7,142
Number of employees without Shanghai hukou	Person	1,774	1,672	1,080
Number of employees in Hong Kong, Macau and Taiwan	Person	2	3	-
Number of ethnic minority employees	Person	118	115	81
Number of employees with disabilities	Person	15	17	18
By age				
Number of employees aged 35 and under	Person	5,430	5,317	4,779
Number of employees aged 36 (inclusive) - 55 (inclusive)	Person	3,689	3,430	3,080
Number of employees aged 56 and over	Person	300	346	363
New employees				
Total number of new employees	Person	940	1,226	933
Number of new female employees	Person	507	745	546
Number of new male employees	Person	433	481	387
Number of new fresh graduates	Person	581	881	584

<sup>10</sup> [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.

Indicator name	Unit	2023	2022	2021
Number of new socially recruited employees	Person	359	345	349
Employee turnover				
Employee turnover rate	%	4.04	3.85	3.46
Male employee turnover rate	%	3.98	3.62	2.58
Female employee turnover rate	%	4.09	4.06	4.28
Turnover rate of employees aged 35 and under	%	6.09	5.58	5.27
Turnover rate of employees aged 36 (inclusive) - 55 (inclusive)	%	1.06	1.32	0.83
Turnover rate of employees aged 56 and over	%	0	0	0
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	23	16	8
Number of working days lost due to work-related injuries	Day	969	683	433
Development and Training				
Number of employee training sessions	Session	2,195	1,755	1,980
Employee training expenses	RMB 10,000	1,891.00	1,609.50	1,848.10
Number of employee trainees	Person-time	331,817	362,712	237,495
Amount of employee financial assistance	RMB 10,000	107.05	101.15	99.92
Number of employee trainees	Person-time	331,817	362,712	-
Number of male employee trainees	Person-time	157,112	174,954	-
Number of female employee trainees	Person-time	174,705	187,758	-
Total hours of employee training	Hours	1,738,521	1,985,537	-
Total hours of training for male employees	Hours	823,174.39	957,722.00	-
Total hours of training for female employees	Hours	915,346.61	1,027,815.00	-
Percentage of employees trained	%	99.60	99.40	-
Percentage of male trainees	%	99.62	99.30	-
Percentage of female trainees	%	99.58	99.50	-
Percentage of executive employees trained	%	100	100	-

Indicator name	Unit	2023	2022	2021
Percentage of middle-level employees trained	%	100	100	-
Percentage of primary-level employees trained	%	99.59	99.30	-
Number of training hours per employee	Hours	182.16	218.36	-
Number of training hours per male employee	Hours	163.82	203.47	-
Number of training hours per female employee	Hours	202.56	234.34	-
Number of training hours per executive employee	Hours	212.32	200.27	-
Number of training hours per middle-level employee	Hours	209.42	126.50	-
Number of training hours per primary-level employee	Hours	181.41	223.25	-
Employment and Labor Guidelines				
Confirmed incidents of discrimination	Case	0	0	0
Confirmed incidents of discrimination	Case	0	0	0
Confirmed incidents of child labor	Case	0	0	0
Consumer Protection				
Number of trainings for the protection of customer rights and privacy	Time	4	4	4
Number of people trained in the protection of customer rights and privacy training	Person-time	36,646	38,109	38,085
Total number of annual financial literacy activities	Time	6,944	2,669	2,028
Financial literacy audience	10,000 people	388.90	490.46	487.07
Consumer rights protection expenditure	RMB 10,000	161.50	155.80	148.50
Customer inquiries and handling	Case	2,471,347	2,781,346	2,793,028
Customer complaint handling rate	%	100	100	100
Number of customer complaints	Case	3,443	3,198	1,149
Customer complaint resolution rate	%	100	100	100
Customer survey satisfaction <sup>11</sup>	%	99.43	99.47	99.47
Public Charity				
Amount of public charity donations	RMB 10,000	1,175.80	2,126.10	1,218.40
Number of public welfare activities	Time	2,705	97	101
Number of public charity projects	Case	39	41	31
Number of recipients of public charity projects	Person-time	30,278	103,340	70,201
Supplier Management				
Supplier review coverage	%	100	100	100
Total number of suppliers	Supplier	756	1,062	882
Number of domestic suppliers	Supplier	754	1,061	881
Number of foreign suppliers	Supplier	2	1	1

<sup>11</sup> [Statistical caliber] Source: Customer service hotline customer satisfaction.

Indicator name	Unit	2023	2022	2021
Information Security				
Number of information security training sessions	Time	8	6	8
Number of people trained in information security	Person-time	39,011	38,914	50,711
Cases of major information security and customer privacy breaches	Case	0	0	0
Electronic Banking Services				
Mobile banking customers	10,000	534.52	490.53	449.61
Online banking customers	10,000	376.38	374.01	369.83
WeChat bank customers	10,000	182.71	161.69	129.24
WeChat bank customers Change	%	13.00	25.11	40.33
Contracted customers of personal mobile banking within the year	10,000	43.99	40.92	57.19
Amount of remote banking manual service	10,000 times	102.40	112.44	116.88
Intelligent counter coverage rate	%	100.00	99.45	98.91
Customer service hotlines answered	10,000 times	247.13	278.13	279.30

## Environmental performance

Indicator name	Unit	2023	2022	2021
Emissions <sup>12</sup>				
Total greenhouse gas emissions <sup>13</sup>	Tons of CO <sub>2</sub> equivalent	50,370.48	43,396.69	40,438.55
Scope 1	Tons of CO <sub>2</sub> equivalent	1,878.67	1,446.45	1,515.68
Scope 2	Tons of CO <sub>2</sub> equivalent	46,469.00	41,950.24	38,922.87
Scope 3	Tons of CO <sub>2</sub> equivalent	2,022.81	-	-
Greenhouse gas emissions per capita	Tons of CO <sub>2</sub> equivalent/person	4.66	4.12	4.19
Energy and Resource Use <sup>14</sup>				
Natural gas consumption	10,000 m <sup>3</sup>	32.96	30.79	28.09
Natural gas consumption per capita	m <sup>3</sup> /person	30.46	29.21	29.08

<sup>12</sup> [Statistical caliber] The data cover the Bank's Head Office and 21 branches in Shanghai.

<sup>13</sup> [Calculation Method] Greenhouse gas emissions primarily result from energy consumption and the release of greenhouse gases, including Scope 1, Scope 2, and Scope 3 as defined by ISO 14064. Scope 1 includes direct emissions from the combustion of fossil fuels such as natural gas, gasoline, and diesel; Scope 2 comprises indirect emissions from purchased electricity; and Scope 3 encompasses supply chain carbon emissions from purchased goods, employee business travel, and other sources. Scope 3 carbon accounting is a new addition for the Bank in 2023.

The emission factors for the Bank's operational carbon emissions are determined in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Public Building Operation Enterprises (Trial)*, the *Collection of Greenhouse Gas Emission Factors for Chinese Products over the Whole-Lifecycle (2022)*, and the *Notice on Relevant Work for the Management of Greenhouse Gas Emission Reporting in the Power Generation Industry for 2023-2025* (H.B.Q.H.H. [2023] No. 43).

<sup>14</sup> [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 Head Office building and Zhangjiang Central Park, while the statistical criteria for the purchased power and water consumption of the headquarters building are the Bank's Head Office building.

## Independent Assurance Report

Indicator name	Unit	2023	2022	2021
Diesel consumption	10,000 liters	7.15	3.04	4.14
Diesel consumption per capita	Liter/person	6.61	2.88	4.29
Owned vehicle gasoline usage	10,000 liters	43.79	30.92	36.38
Purchased power	10,000 kWh	8,148.17	7,355.81	6,699.29
Specifically: Purchased power of the headquarters building	kWh	2,435,394.80	2,148,497.00	2,426,211.00
Electricity consumption per capita	kWh/person	7,531.35	6,978.29	6,935.80
Total energy consumption	Tons of standard coal	23,971.46	-	-
Water consumption	Ton	11,525.00	9,605.00	9,593.00
Water consumption per capita	Ton/person	7.35	6.40	7.90
Business office paper consumption	Ton	26.80	37.43	45.15
Per capita paper consumption	kg/person	7.49	10.46	12.62
Waste Management <sup>15</sup>				
Non-hazardous waste				
Disposal volume of electronic and office supplies	Piece	17,338	13,605	16,099
Disposal volume of kitchen waste	Ton	43.75	67.00	53.00
Hazardous waste				
Toner cartridge disposal volume	Ton	6.60	6.90	7.50
Green Office				
Percentage of credit card e-billing	%	90.93	86.00	86.00
Videoconferencing	Time	2,774	4,384	1,289

<sup>15</sup> [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.

上海农村商业银行股份有限公司  
2023年度社会责任暨环境、社会及治理(ESG)报告中  
选定的2023年度绩效信息  
有限保证的注册会计师独立鉴证报告





#### 对经鉴证的绩效信息的责任

贵行的董事负责：

- 设计、执行和维护与编制经鉴证的绩效信息有关的内部控制，以使经鉴证的绩效信息不存在由于舞弊或错误而导致的重大错报；
- 选择或制定用于编制经鉴证的绩效信息的适当标准，并适当地提及或描述所使用的标准；和
- 按照编制基础编制经鉴证的绩效信息。

#### 固有限制

我们提请使用者注意，针对非财务数据，尚无公认的评估和计量标准体系，因此存在不统一的计量方法，这将会影响公司间数据的可比性。

#### 注册会计师的责任

我们负责：

- 计划和实施鉴证工作，以对经鉴证的绩效信息是否不存在由于舞弊或错误导致的重大错报获取有限保证；
- 基于我们已实施的程序及获取的证据形成独立结论；以及
- 向贵行董事会报告我们的结论。

#### 我们已执行工作的概述，以作为形成结论的基础

在执行鉴证工作的过程中，我们运用了职业判断，并保持了职业怀疑。我们设计并实施了相关程序，以对经鉴证的绩效信息获取充分、适当的证据，作为形成结论的基础。选择的鉴证程序取决于我们对经鉴证的绩效信息和其他业务情况的了解，以及我们对能出现重大错报的领域的考虑。在实施鉴证工作时，我们：

- 1) 与贵行参与提供社会责任报告中选定的绩效信息的相关部门进行访谈；
- 2) 对社会责任报告中选定的绩效信息实施分析程序；
- 3) 对社会责任报告中选定的绩效信息实施抽样检查；及
- 4) 重新计算。



有限保证鉴证业务所实施程序的性质和时间较合理保证鉴证业务有所不同，且范围较小。因此，有限保证鉴证业务的保证程度远低于合理保证鉴证业务。

毕马威华振会计师事务所(特殊普通合伙)



中国北京

日期：2024年4月25日

**附件一：经鉴证的绩效信息编制基础**

**营业网点数量（个）：**社会责任报告披露的营业网点数量是指截至 2023 年 12 月 31 日，上海农商银行营业网点数量总和，即获得机构金融许可证的所有分支机构。

**绿色信贷余额（亿元）：**社会责任报告披露的绿色信贷余额是指截至 2023 年 12 月 31 日，上海农商银行绿色信贷余额表内余额。绿色信贷定义来源于原中国银行保险监督管理委员会 2020 年发布的《关于绿色融资绿色信贷余额统计制度有关工作的通知》等法律法规的有关规定，绿色信贷余额统计填报依据上海农商银行 2022 年发布的《关于进一步加强绿色信贷认定与分类标准工作的通知》附件《上海农商银行绿色信贷分类标准》中原中国银行保险监督管理委员会统计口径进行统计测算。统计范围为总行及各分支机构。

**小微企业专营机构数量（个）：**社会责任报告披露的小微企业专营机构数量是指截至 2023 年 12 月 31 日上海农商银行小微企业专营机构数量，小微企业专营机构包含持牌专营机构和小微特色支行。持牌专营机构是指经银行业监管部门批准领取金融许可证的小微企业专营支行。小微特色支行是指主要服务于小型、微型企业的，由农合机构自身认定的专业或特色支行（未得到银行监管部门认定）。统计范围为总行及各分支机构。

**女性员工人数（人）：**社会责任报告披露的女性员工人数是指截至 2023 年 12 月 31 日，签有劳动合同的正式员工中女性员工和劳务派遣用工中女性人员的总人数，不包含退休返聘的员工。员工性别信息来源于员工身份证，统计范围为总行及各分支机构。

**女性管理人员人数（人）：**社会责任报告披露的女性管理人员人数是指截至 2023 年 12 月 31 日，上海农商银行女性管理人员总人数，员工性别信息来源于员工身份证，管理人员是指科级助理及以上职级员工。统计范围为总行及各分支机构，包含劳务派遣人员。

**总行大楼外购电力（千瓦时）：**社会责任报告披露的总行大楼外购电力是指 2023 年度上海农商银行总行大楼的外购电力消耗总量，外购电力数据来源于每月电费账单。

## Content Index

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, 2023 to December 31, 2023 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 About Us
2-2	Entities included in the organization's sustainability reporting	Report Preparation Instructions
2-3	Reporting period, frequency and contact point	Report Preparation Instructions
2-4	Restatements of information	Nil
2-5	External assurance	Independent Assurance Report
Activities and Workers		
2-6	Activities, value chain and other business relationships	About Us
2-7	Employees	3.7 Growing with Employees ESG Performance
2-8	Workers who are not employees	Nil
Governance		
2-9	Governance structure and composition	1.1 Enhancing the Level of Corporate Governance ESG Performance
2-10	Nomination and selection of the highest governance body	1.1 Enhancing the Level of Corporate Governance Please refer to the 2023 Annual Report of the Company
2-11	Chair of the highest governance body	Please refer to the 2023 Annual Report of the Company
2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to the 2023 Annual Report of the Company
2-13	Delegation of responsibility for managing impacts	Please refer to the 2023 Annual Report of the Company
2-14	Role of the highest governance body in sustainability reporting	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-15	Conflicts of interest	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-16	Communication of critical concerns	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-17	Collective knowledge of the highest governance body	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Please refer to the 2023 Annual Report of the Company
2-19	Remuneration policy	Please refer to the 2023 Annual Report of the Company
2-20	Process to determine remuneration	Please refer to the 2023 Annual Report of the Company
2-21	Annual total compensation ratio	Please refer to the 2023 Annual Report of the Company

GRI Standard	Disclosure	Location
Strategy, Policy and Practices		
2-22	Statement on sustainable development strategy	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-23	Policy commitments	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-24	Embedding policy commitments	ESG Management 1.1 Enhancing the Level of Corporate Governance
2-25	Processes to remediate negative impacts	ESG Management 1.1 Enhancing the Level of Corporate Governance 1.2 Intensifying Internal Control and Compliance 3.3 Protecting Customer Rights and Interests 3.4 Guarding against Potential Safety Dangers
2-26	Mechanism for seeking advice and raising concerns	ESG Management 3.3 Protecting Customer Rights and Interests 3.4 Guarding against Potential Safety Dangers 3.7 Growing with Employees
2-27	Compliance with laws and regulations	1.1 Enhancing the Level of Corporate Governance 1.2 Intensifying Internal Control and Compliance 3.3 Protecting Customer Rights and Interests 3.7 Growing with Employees
2-28	Membership associations	Honors and Awards in 2023
Stakeholder engagement		
2-29	Approach to stakeholder engagement	ESG Management
2-30	Collective bargaining agreements	3.7 Growing with Employees
GRI 3 Material Topics 2021		
3-1	Process to determine material topics	ESG Management
3-2	List of material topics	ESG Management
3-3	Management of material topics	ESG Management
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	ESG Performance
201-2	Financial implications and other risks and opportunities due to climate change	4.2 Developing Green Finance
201-3	Defined benefit plan obligations and other retirement plans	3.7 Growing with Employees
201-4	Financial assistance received from government	Please refer to the 2023 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	Chapter II Serving Real Economy to Benefit the City and People Column 1 Cultivating Inclusive Finance, Empowering Social Governance Chapter II Serving Real Economy to Benefit the City and People
203-2	Significant indirect economic impacts	Chapter II Serving Real Economy to Benefit the City and People Chapter III Putting People First, Pursuing Excellence with Diligence 4.2 Developing Green Finance

GRI Standard	Disclosure	Location
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	1.2 Intensifying Internal Control and Compliance
205-2	Communication and training about anti-corruption policies and procedures	1.2 Intensifying Internal Control and Compliance
205-3	Confirmed incidents of corruption and actions taken	ESG Performance
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 2023 Annual Report of the Company
207-2	Tax governance, control and risk management	Please refer to the 2023 Annual Report of the Company
207-3	Stakeholder engagement and management of concerns related to tax	Please refer to the 2023 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
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
302-2	Energy consumption outside the organization	ESG Performance
302-3	Energy intensity	ESG Performance
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	4.3 Practicing Green Operations
303-2	Management of water discharge-related impacts	4.3 Practicing Green Operations
303-3	Water withdrawal	4.3 Practicing Green Operations
303-4	Water discharge	4.3 Practicing Green Operations
303-5	Water consumption	4.3 Practicing Green Operations
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
305-2	Energy indirect (Scope 2) GHG emissions	ESG Performance
305-3	Other indirect (Scope 3) GHG emissions	ESG Performance
305-4	GHG emissions intensity	ESG Performance
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 <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Plan to disclose in the future
GRI 306 Waste 2020		
306-1	Waste generation and significant waste-related impacts	4.3 Practicing Green Operations
306-2	Management of significant waste-related impacts	4.3 Practicing Green Operations
306-3	Waste generated	ESG Performance
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
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
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.7 Growing with Employees ESG Performance
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	3.7 Growing with Employees
403-2	Hazard identification, risk assessment and incident investigation	Plan to disclose in the future
403-3	Occupational health services	3.7 Growing with Employees
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	3.7 Growing with Employees
403-6	Promotion of worker health	3.7 Growing with Employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.7 Growing with Employees
403-8	Workers covered by an occupational health and safety management system	3.7 Growing with Employees
403-9	Work-related injuries	ESG Performance
403-10	Work-related ill health	3.7 Growing with Employees
GRI 404 Training and Education 2016		
404-1	Average hours of training per year per employee	ESG Performance

GRI Standard	Disclosure	Location
404-2	Programs for upgrading employee skills and transition assistance programs	3.7 Growing with Employees
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	1.1 Enhancing the Level of Corporate Governance ESG Performance
405-2	Ratio of basic salary and remuneration of women to men	Please refer to the 2023 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 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 1 Cultivating Inclusive Finance, Empowering Social Governance 3.6 Fostering Public-welfare Culture
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant operations
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	ESG Performance
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	Chapter III Putting People First, Pursuing Excellence with Diligence
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	1.2 Intensifying Internal Control and Compliance
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

Dear readers:

Hello!

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:

Tel: 021-61899333

Email: ir@shrcb.com

Address: 9th Floor, No. 70, Zhongshan East 2nd Road,  
Huangpu District, Shanghai.

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 Regulatory  
 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?

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Sincerely thank you for your support and help to SHRCB.