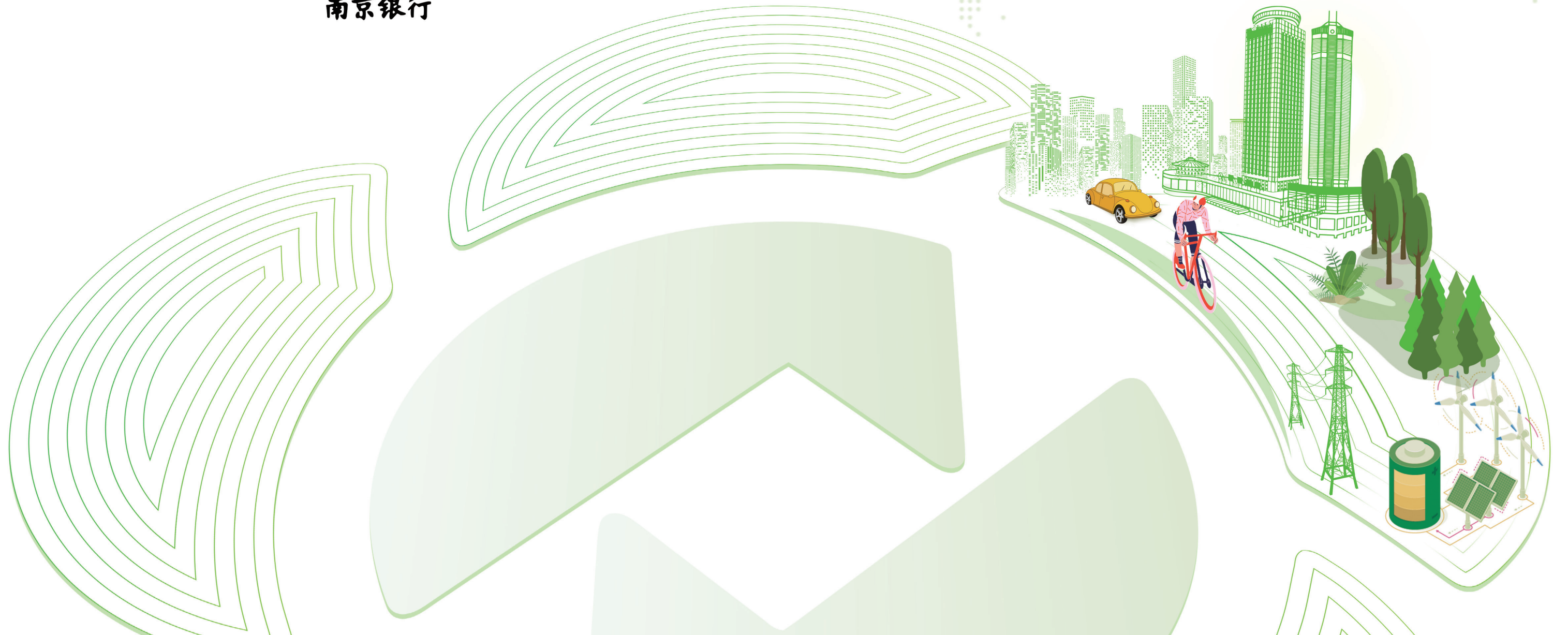




Bank of Nanjing Principles for Responsible Banking

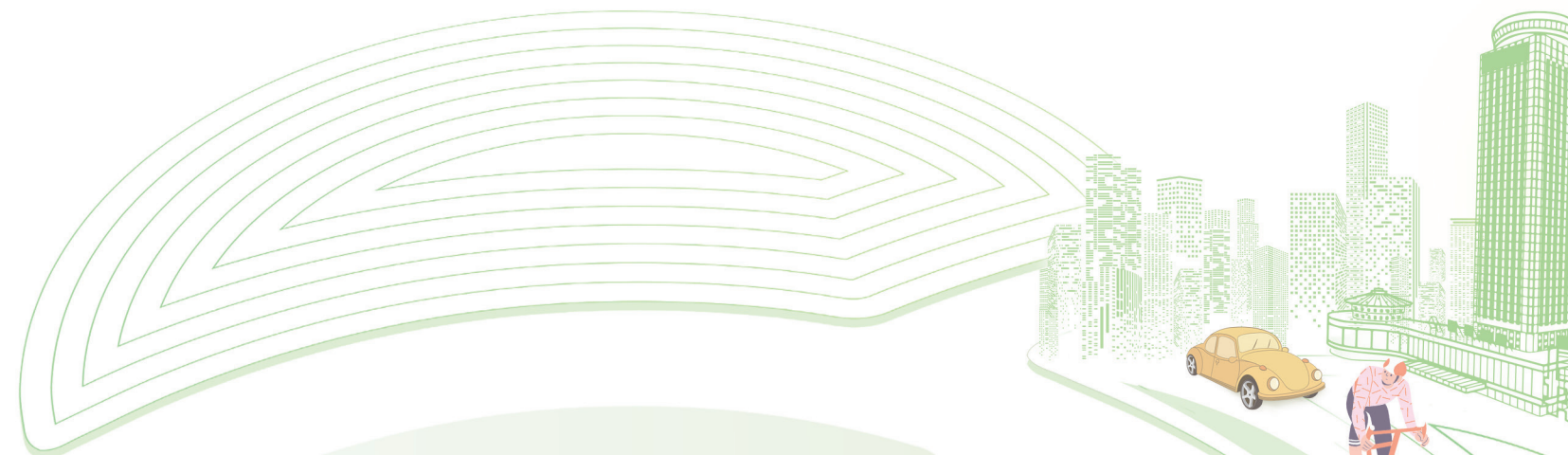
Self-assessment Report 2023



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Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Established on February 8, 1996, the Bank of Nanjing (hereinafter referred to as the "Company" or "Bank") is one of the first batch of domestic commercial banks listed on the main board in Shanghai Stock Exchange. The Company is headquartered in Jiangsu and extends its services across the Yangtze River Delta and Beijing area. After 28 years of efforts, the Company has grown into a commercial bank with sound corporate governance, distinct operating characteristics, excellent quality and efficiency, and outstanding comprehensive strength. The Company carries out business activities within the business scope approved by the concerned financial regulator(s), and its main businesses include corporate banking, personal banking, capital market business, etc. The Company's scope of business is as follows: Acceptance of public deposits; granting of short, medium and long-term loans; handling of settlement at home and abroad; handling of bill acceptance and discounting; issuance of financial bonds; agency-based issuance, redemption and underwriting

Links and references

2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.19 (https://www.njcb.com.cn/njcbmobile/2024-04/27/article_2024042708252997667.html)

of government bonds; trading of government bonds and financial bonds; engagement in inter-bank borrowing; independent or agency-based trading of foreign exchange; engagement in bank card business; provision of letter of credit (L/C) services and guarantees; agency-based receipt and payment, and insurance agency business; provision of safe deposit box service; other businesses approved by China Banking and Insurance Regulatory Commission.

Corporate banking business

The Company's services for corporate clients include corporate loan, bill issuance, trade financing, corporate deposit business, remittance business, etc. In 2023, the Company's financial segment actively integrated into the overall situation of economic and social development, and the Company deepened the implementation of strategies, continued to consolidate business characteristics and professional advantages, concentrated efforts on the physical field, and kept improving service quality and service efficiency. By the end of 2023, the operating income of the Company's corporate banking business was about RMB 22.227 billion, accounting for 49.22% of the total operating income; the total amount of relevant assets was about RMB 899.359 billion and that of relevant liabilities was about RMB 973.212 billion; the balance of corporate deposits was RMB 942.612 billion, an increase of RMB 28.413 billion or 3.11% over the beginning of the year; the balance of corporate loans was RMB 815.099 billion, increasing by RMB 140.356 billion or 20.80% over the beginning of the year. In addition, the Bank's credit resources continued to lean towards key areas such as green development, inclusive loans for small and micro enterprises, scientific and technological finance, and rural revitalization, where the loan balance increased by 33.14%, 28.01%, 28.21%, and 24.34% respectively from the beginning of the year, significantly exceeding the average credit growth rate of the Bank.

2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.42-46
 (https://www.njcb.com.cn/njcbmobile/2024-04/27/article_2024042708252997667.html)

Personal banking business

The Company's banking services for personal clients include retail loan business, saving deposit business, L/C business, remittance business, etc. In 2023, the Company deepened the implementation of its retail strategy, and gave full play to the geographical advantages of its business areas, the resource advantages of the Group's integrated operation and the client source advantages accumulated by the whole bank over the years to promote the steady growth of its retail business in both scale and efficiency. The Company's wealth business developed rapidly, with both the financial assets of retail clients and personal deposits increasing by more than RMB 100 billion. The Company responded proactively to retail loan changes, with both the product procedures and business development modes of housing loans, consumption loans and personal business loans being optimized and improved. With the improvement of personal banking services, the scale of the Company's personal banking clients reached 11,748. Based on the integration of credit card scenarios, the Company successfully issued N Card Hema co-branded credit cards, bringing the total number of N Cards issued to more than 1.25 million. With the iteration and upgrade of mobile finance, the Company successfully launched the Bank of Nanjing App7.0, and the number of the Bank's App users increased by more than 20% year on year, with a monthly activity rate of 31.58%. Additionally, the Consumer Rights and Interests Protection Department was officially established to further protect the rights and interests of financial consumers and improve the experience of client services. During the year, BON BNPP Consumer Finance Co., Ltd. achieved rapid growth in business scale, with a net increase of RMB 27.533 billion in loan scale compared with the beginning of the year. By the end of 2023, the operating income of the Company's personal banking business was about RMB 12.472 billion, accounting for 27.62% of the total operating income; the total amount of relevant assets was about RMB 305.995 billion and that of relevant liabilities was about RMB 466.287 billion.

2023 Annual Report of Bank of Nanjing Co., Ltd. / Notes to Financial Statements (Continued) p.206-207
 (https://www.njcb.com.cn/njcbmobile/2024-04/27/article_2024042708252997667.html)

Capital market business (financial market)

The Company's capital services include fund investment, asset management and trust plan investment, bond investment, repurchase and resale business, interbank borrowing business, etc. In 2023, China's macro policy focused on stable growth with a number of measures being taken to support the economy, and the financial market environment was favorable overall, but financial regulation remained strict. Centering around interbank clients, the Company laid a solid foundation for interbank clients by virtue of its comprehensive client service capability. Based on product supply, the Company satisfied the integrated needs of clients with a wealth of financial market products. The Company also, guided by resource optimization, adopted an effective collaboration mechanism to promote the formation of a joint force across the Bank and maintain a stable upward trend overall, as part of the high-quality development pattern of the whole bank. By the end of 2023, the operating income of the Company's capital market business was about RMB 10.282 billion, accounting for 22.77% of the total operating income; the total amount of relevant assets was about RMB 1,076.278 billion and that of relevant liabilities was about RMB 667.404 billion.

By the end of 2023, the total number of the Bank's business outlets reached 283, covering all counties in Jiangsu Province; the asset scale exceeded RMB 2.2 trillion, the total deposit exceeded RMB 1.3 trillion, the total loan balance was nearly RMB 1.1 trillion, the annual operating income exceeded RMB 45.1 billion, and the net profit attributable to shareholders of the Company as a listed company exceeded RMB 18.5 billion. At present, the Bank ranks 91st among the 1,000 largest banks in the world published by The Bank (a British magazine), and 21st on the list of "Top 100 Chinese Banks" evaluated by the China Banking Association in 2023.

By the end of 2023, the Bank's loan balance in Jiangsu was RMB 945.393 billion, accounting for 86.02% of the total loan balance,

2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. / 01 Consolidating the Green Foundation and Ushering in a New Chapter in High-Quality Development / 1. Overview of Green Finance p.03 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)

decreasing by 0.06 percentage points from the end of last year; the Bank's loan balance outside Nanjing was RMB 791.893 billion, increasing by RMB 118.674 billion from the end of last year.

Regional distribution	December 31, 2023		December 31, 2022	
	Balance (RMB 1,000)	Proportion (%)	Balance (RMB 1,000)	Proportion (%)
Jiangsu region	945,392,535	86.02	814,217,234	86.08
Including: Nanjing region	307,179,985	27.95	272,693,162	28.83
Yangtze River Delta region (excluding Jiangsu region)	108,168,068	9.85	90,020,151	9.51
Other regions	45,512,703	4.13	41,675,295	4.41
Total	1,099,073,306	100.00	945,912,680	100.00

By the end of 2023, the Bank's loans are mainly concentrated in such sectors as leasing and business services, manufacturing, and wholesale and retail. Specifically, the amount of loans in the leasing and business service industry, the manufacturing sector, and the wholesale and retail sectors respectively increased by 0.97, 0.43 and 0.17 percentage points from the end of last year. The top ten industries and their corresponding proportions in terms of loan balance are listed as follows:

Sector	December 31, 2023		December 31, 2022	
	Balance (RMB 1,000)	Proportion (%)	Balance (RMB 1,000)	Proportion (%)
Leasing and business service sector	298,211,529	27.13	247,425,283	26.16
Manufacturing sector	125,116,205	11.38	103,625,920	10.95
Wholesale and retail sector	114,292,066	10.40	96,745,675	10.23
Water conservancy, environment and utilities management sector	102,713,890	9.35	72,152,232	7.63
Real estate sector	48,503,022	4.41	49,299,673	5.21

2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.28 (https://www.njcb.com.cn/njcbmobile/2024-04/27/article_2024042708252997667.html)

Agriculture, forestry, animal husbandry and fishery sector	19,074,615	1.74	16,885,365	1.79
Electricity, heat, gas and water production and supply sector	18,183,612	1.65	12,287,877	1.30
Construction sector	17,772,527	1.62	15,947,337	1.68
Scientific research and technical service sector	15,824,344	1.44	11,850,460	1.25
Information transmission, software and information technology service sector	14,211,660	1.29	12,583,392	1.33
Total	773,903,470	70.41	638,803,214	67.53

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: Guidelines on Green Finance for the Banking and Insurance Industries issued by the China Banking and Insurance Regulatory Commission; Guidelines on Financial Institutions Environmental Information Disclosure issued by the People’s Bank of China
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: -----
 None of the above

Response

In alignment with United Nations Sustainable Development Goals (SDGs)

Guided by the SDGs, the Bank provides strong support for the high-quality economic and social development of China and Jiangsu Province through continuous innovation and optimization of services. According to the summary of the Bank’s achievements in the field of sustainable development in 2023, the Bank mainly contributed to the following 13 goals during the year: No poverty (SDG1), zero hunger (SDG2), good health and well-being (SDG3), quality education (SDG4), gender equality (SDG5), affordable and clean energy (SDG7), decent work and economic growth (SDG8), industry, innovation and infrastructure (SDG9), reduced inequalities (SDG10), sustainable cities and communities (SDG11), responsible consumption and production (SDG12), climate action (SDG13), and partnerships for the goals (SDG17). Specifically, SDG1, 3, 4, 5, 8, 9 and 10 represent the target areas where the Bank made the greatest efforts.

In alignment with the Paris Agreement and the “Carbon Peaking and Carbon Neutrality” goals of China

Attaching great importance to the development of green finance, the Bank proactively seizes opportunities around the Paris Agreement and the “Carbon Peaking and Carbon Neutrality” goals to comprehensively promote its green finance brand building, business development, talent cultivation, etc. In 2023, according to the requirements of the Jiangsu Provincial Financial Regulatory Administration, the Bank issued the Self-Assessment Report of the Bank of Nanjing on the Implementation of Regulatory Policies on Green Finance (N.Y.F. (2023) No. 396) to assess the implementation of regulatory policies on green finance and systematically sort out the implementation effects of such policies. In addition, the Bank also formulated the *Marketing Guidelines for Green Finance of Bank of Nanjing in 2023* and the

Links and references

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / I. Dedication to High-quality Development / 1.2 Contribution to United Nations Sustainable Development Goals p.20 (https://www.njcb.com.cn/njcb/2024-04/27/article_202404270838305678748.html)

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / VI. Deepening of Green Philosophy / 6.1 Green Finance p.89-91 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

<p><i>Scheme for the Special Action on Green Finance of Bank of Nanjing in 2023</i>, with a view to better serving green finance clients centering around the three main lines of “pollution reduction, carbon reduction and green expansion”. The aforesaid documents not only specify substantive policies and action deployments for continuously responding to the requirement of the Paris Agreement to “hold the global average temperature increase to well below 2 degrees Celsius over pre-industrial times”, but also enable the Bank of Nanjing to contribute its own strength to the in-depth implementation of policy documents such as the Working Guidance of the CPC Central Committee and the State Council for Carbon Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (Z.F. [2021] No. 36), and the Guidelines on Green Finance for the Banking and Insurance Industries (Y.B.J.F. [2022] No. 15).</p> <p>In alignment with major national and regional development strategies</p> <p>Bearing in mind the most fundamental interests of the country, the Bank constantly strengthens its capability to undertake relevant missions and responsibilities, continuously optimizes its financial services, effectively enhances the provision of high-quality financial services for major strategies, key areas and weak links, and does well in the five segments of scientific and technological finance, green finance, inclusive finance, pension finance, and digital finance. The Bank takes serving the real economy by finance as its fundamental purpose, optimizes the capital supply structure, promotes scientific and technological innovation, advanced manufacturing and the development of micro, small and medium-sized enterprises, and vigorously supports the coordinated regional development strategy. During the year, the balance of loans to the manufacturing industry increased by 19.13% from the beginning of the year, the balance of loans to private enterprises increased by 7.42% from the beginning of the year, the balance of loans to small and micro enterprises increased by 14.83% from the beginning of the year, and the</p>	<p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / Leader Speech p.04-05 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>	<p>balance of inclusive loans to small and micro enterprises increased by 28.01% from the beginning of the year. The Bank strongly supports rural revitalization, proactively responds to the aging population trend, and promotes the development of new-type urbanization. During the year, the Bank carried out relevant work in alignment with the four key directions of agricultural industry revitalization, rural construction planning, new-type agricultural operation entities, and urban-rural integrated development, with the balance of agriculture-related loans increasing by 24.34% from the beginning of the year; the Bank continued to enrich the supply of financial products and services for the elderly, further supported the health and elderly care industries as well as the silver economy, and opened a total of 13,236 individual pension accounts; additionally, the Bank served a total of 5,369 “new urban youths”, and provided consumer credit funds totaling RMB 567 million. The Bank works hard on green finance, guides the development of green finance business through policy formulation, product innovation, process design, assessment and evaluation, client management and other measures, focuses on supporting green industries such as clean energy, energy conservation and emission reduction, contributes to the transformation and development of high-carbon industries, and is committed to mitigating and adapting to climate changes and protecting biodiversity. By the end of 2023, the Bank’s on-balance-sheet loan balance on green finance increased by 33.14% from the beginning of the year; the loans on carbon emission reduction issued by the Bank amounted to RMB 1.426 billion, and the Bank obtained funds totaling RMB 856 million from the carbon emission reduction support instrument of the People’s Bank of China; the Bank also promoted green office, improved the efficiency of resource and energy use, and properly disposed of wastes in an effort to become a responsible bank.</p>	<p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. / 03 Working Hard on Green Finance to Support Green Development of Clients / 2. “Xindong” - Enabled Enhancement of Quality and Efficiency of Green Finance Services p.31 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p>
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Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

This year, building on the use of the third version (issued in February 2023) of the Portfolio Impact Analysis Tool for Banks specified in the United Nations Environment Programme Finance Initiative (UNEP FI) for the first time last year, the Bank continued to use this tool for detailed, systematic, and higher-quality impact analysis of on-balance-sheet loan business in the corporate banking segment of the Company. The tool can help the Bank identify the positive and negative environmental, social and economic impacts of its investment portfolios, integrate these impacts with international, domestic and provincial priorities as well as the latest major policies, screen the most important impact areas of such portfolios, and update the goals and action plans developed last year accordingly.

Links and references

In terms of operating income, in 2023, the operating income of the corporate banking business accounted for 49.22% of the total operating income of the Bank, occupying the largest proportion among all business types of the Bank. Therefore, this impact analysis of the corporate banking segment will help the Bank identify and consider the most important impacts of its asset portfolios, and continue to improve the Bank's sustainable development goals centering around such impacts.

2023 Annual Report of Bank of Nanjing Co., Ltd./ Section IV Management Discussion and Analysis p.22
(https://www.njcb.com.cn/njcb/gywx/_300914/_301079/675363/index.html)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

According to the UNEP FI Sector-Impact Map, the Bank analyzed 50 key sectors involved in the corporate banking business that have positive or negative impacts on sustainability-related areas. By the end of 2023, the outstanding loan balance of assets included in the analysis was about RMB 787.697 billion, accounting for 96.64% of the total balance of corporate loans, and the proportion of the loan balance of assets included in the analysis increased by 1.04 percentage points compared with last year.

Links and references

1. That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
2. Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

3. 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The Bank uses the “background module” in the third version of the UNEP FI Portfolio Impact Analysis Tool for Banks to, in combination with the 14th Five-Year Plan and the Report on the Work of the Government in 2024 of the state, as well as the 14th Five-Year Plan and the Report on the Work of the Government in 2024 of Jiangsu Province, conduct a comprehensive background analysis of China and Jiangsu Province to identify the main challenges and major policy directions related to sustainable development in the region where the Bank is located, which mainly involves the following four impact areas:

- Biodiversity and healthy ecosystem
- Climate stability
- Resource recycling
- Availability, accessibility, affordability, and quality of resources and services

Impact areas	Biodiversity and healthy ecosystem				
Impact themes	Water body quality	Air quality	Soil utilization	Species protection	Habitat protection
Sustainable development goals (SDGs)	SDG 6&14	SDG 11&12	SDG 15&12	SDG 14&15	SDG 14&15
Urgency scale*	-	4	-	4	3

Links and references

Major national policy directions	Yes	Yes	Yes	Yes	Yes
Main policy directions of Jiangsu Province	Yes	Yes	Yes	Yes	Yes

Impact areas	Climate stability	
Impact themes	Climate stability	
Sustainable development goals (SDGs)	SDG 13	
Urgency scale*	3	
Major national policy directions	Yes	
Main policy directions of Jiangsu Province	Yes	

Impact areas	Recycling	
Impact themes	Resource recycling	Waste management
Sustainable development goals (SDGs)	SDG 12	SDG 11&12
Urgency scale*	4	3
Major national policy directions	Yes	Yes
Main policy directions of Jiangsu Province	Yes	Yes

Impact areas	Availability, accessibility, affordability, and quality of resources and services				
Impact themes	Water safety	Housing security	Medical treatment and public health	Educational opportunity	Information acquisition
Sustainable development goals (SDGs)	SDG 6	SDG 11	SDG 3&6	SDG 4	SDG 16

4. Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Urgency scale*	2	3	3	3	4
Major national policy directions	Yes	Yes	Yes	Yes	Yes
Main policy directions of Jiangsu Province	Yes	Yes	Yes	Yes	Yes

* The value ranges from 1 to 4, indicating the urgency from low to high.

* The bold part shows the difference between the identification results last year and those this year: The values of the two impact topics “species protection” and “information acquisition” on the indicator “major national policy directions” have changed from “no” to “yes” this year.

The identification of the aforesaid impact areas also takes into account the results of the analysis of stakeholder-related significant issues conducted by the Bank in 2023. The four impact areas screened, namely biodiversity and healthy ecosystem, climate stability, resource cycling, availability, accessibility, affordability and quality of resources and services, highly align with the core issues of serving the real economy, developing inclusive finance, and responding to climate change obtained from the significance analysis specified in the

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2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / I. Dedication to High-Quality Development / 1.5 Annual Significant Analysis p.23 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Response	Links and references
<p>According to the analysis results of the “impact identification module” of the third version of the UNEP FI Portfolio Impact Analysis Tool for Banks, the Bank, by comprehensively considering the environmental, social and economic issues in urgent need of solving by China and Jiangsu Province and relevant major policy directions, as well as the proportions of bank assets involved in the impact areas, degree of Stakeholder concern, and relevance of impact areas, the Bank identifies the availability, accessibility, affordability and quality of resources and services, as well as livelihoods, as positive impact areas, and recycling, climate stability, and biodiversity and healthy ecosystem as negative impact areas.</p> <p>In addition, according to the Bank’s development strategy and long-term business practices, and considering the consistency with the results of the impact analysis last year, the Bank decided to identify climate stability and the availability, accessibility, affordability and quality of resources and services as the two most critical impact areas for the Bank of Nanjing, and prioritize the two major impact themes of climate change mitigation and financial inclusion in the aforesaid two areas in the goal-setting process. This is also in alignment with the development strategy of green finance and inclusive finance vigorously promoted by the Bank.</p> <p>d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your</p>	

5. To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact</i></p>	
<p>Response</p> <p>The Bank applies the “impact assessment module” of the third version of the UNEP FI Portfolio Impact Analysis Tool for Banks to assess the performance of sectors with positive or negative impact on climate stability and the availability, accessibility, affordability and quality of resources and services, and identifies sectors with a significant impact on the aforesaid two aspects, with sectors having a significant impact on the former aspect and those on the latter aspect respectively accounting for 44.90% and 96.40% of the Bank's on-balance-sheet loan balance.</p> <p>Climate stability (climate change mitigation)</p> <p>In the Bank's asset portfolios, the top 10 sectors that have a significant impact on climate stability are as follows: Wholesale trade (excluding automobiles and motorcycles), real estate activities, professional, scientific and technical activities, machinery and equipment manufacturing, computer, electronic and optical products manufacturing, water supply, sewage treatment and waste management and repair activities, construction, metal products manufacturing (excluding machinery and equipment), electronic equipment manufacturing, and chemical engineering and chemical products manufacturing.</p>	<p><i>Links and references</i></p>

<p>In terms of the climate change mitigation theme in the area of climate stability, the Paris Agreement, the SDG 13 “climate action” and relevant domestic policies in China all focus on greenhouse gas emissions. For example, the Paris Agreement states that “greenhouse gas emissions must peak by 2025 at the latest and must decline by 43% by 2030”, and China has proposed to achieve carbon peak by 2030 and complete carbon neutrality by 2060. Green finance is one of the important tools to promote carbon emission reduction and respond to climate change. To this end, the Bank selects the on-balance-sheet green loan balance as the main performance measurement indicator in the area of climate change mitigation, and focuses on the situation of green credit in the above ten sectors to expand the positive impact of the Bank in the area of climate change mitigation.</p> <p>Availability, accessibility, affordability and quality of resources and services (financial inclusion)</p> <p>In the Bank's asset portfolios, the top 10 sectors that have a significant impact on the availability, accessibility, affordability and quality of resources and services are as follows: Other financial service activities not otherwise classified (excluding insurance and pension activities), wholesale trade (excluding automobiles and motorcycles), real estate activities, architectural and landscape service activities, professional, scientific and technical activities, office management and support and other business support activities, machinery and equipment manufacturing, computer, electronic and optical products manufacturing, water supply, sewage treatment and waste management and repair activities, and computer programming and consulting as well as related activities.</p> <p>In terms of the financial inclusion theme in the impact area of availability, accessibility, affordability and quality of resources and services, the main goal of financial inclusion is to provide appropriate and effective financial services at an affordable cost to all social classes and groups in need of financial services.</p>	<p><i>Links and references</i></p>
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Therefore, the accessibility of financial services for inclusive subjects is a key measurement indicator of financial inclusion. The Bank selects the growth rate of inclusive loans to small and micro enterprises as the main performance measurement indicator in the aforesaid area, and focuses on client coverage in the above ten sectors to expand the positive impact of the Bank in the area of financial inclusion.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope: Yes In progress No

Portfolio composition: Yes In progress No

Context: Yes In progress No

Performance measurement: Yes In progress No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication
 Up to 12 months prior to publication
 Up to 18 months prior to publication
 Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

6. You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a–d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

Based on the impact analysis above, the Bank sets targets centering around the two impact themes of “climate change mitigation” and “financial inclusion” .

Climate change mitigation

Attaching great importance to addressing climate change, the Bank proactively responds to international, national and regional climate policies, supports low-carbon industries based on the regional carbon reduction path and strategic industrial transformation planning, and develops its own green finance from multiple dimensions such as governance, strategy, business service and risk management to contribute financial strength to addressing global climate change risks. The Bank’s goals and practices in the area of climate change mitigation are in alignment with policy frameworks such as the Sustainable Development

Links and references

7. Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

8. Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Goals (SDGs), the Paris Agreement, the *Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China*, and the *Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of Jiangsu Province*.

Financial inclusion

The Bank constantly promotes the innovation and practice of financial inclusion, increases the coverage, accessibility and satisfaction of inclusive financial services, and improves the level of inclusive financial services. This is in alignment with SDGs such as “no poverty”, “good health and well-being”, “decent work and economic growth”, “reduced inequalities”, and “sustainable cities and communities”, and is an effective measure to promote the development of small and micro enterprises, the implementation of rural revitalization, and the provision of services for people’s livelihood as required by policy documents such as the Implementation Opinions of the State Council on Promoting the High-Quality Development of Inclusive Finance (G.F. [2023] No. 15), the *Guiding Opinions of the People’s Bank of China, the National Financial Regulatory Administration, the China Securities Regulatory Commission, the Ministry of Finance, and the Ministry of Agriculture and Rural Affairs on Providing Financial Support for Comprehensively Promoting Rural Revitalization and Accelerating the Construction of an Agricultural Powerhouse* (Y.F. [2023] No. 97), and the *Notice of the General Office of the China Banking and Insurance Regulatory Commission on Further Strengthening Financial Support for the Development of Micro and Small Enterprises in 2022* (Y.B.J.B.F. [2022] No. 37).

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	A.1.1 Climate strategy: Do you have any climate strategy?	Yes, we have formulated our own climate strategy.
	A.1.3 Policies and procedures for client relations: Have you formulated any rules and procedures for client relations (including both new and existing clients), and sought to join hands with clients in achieving the goal of transforming the activity and business models of clients?	The Bank provides convenient service channels to the green finance business of clients to help achieve the transformation of clients’ activity and business models. For example, the <i>Special Activity Scheme for the “Xindong Green·Park Support Plan” of the Bank of Nanjing</i> aims to provide green channels for the approval and promotion of green parks and the green finance business of enterprises in green parks.
	A.1.5 Business opportunities and financial products: Have developed customized financial products to support clients and customers in reducing greenhouse gas emissions (e.g., energy efficient mortgages, green loans, green bonds, green securitization, etc.)?	Centering around key fields such as “carbon peak and carbon neutrality”, the Bank has completed the development of featured products for the granting of loans to “carbon peak and carbon neutrality” projects. The bank newly issued green finance bonds amounting to RMB 5 billion at the end of 2022, and the funds raised would be mainly used for the construction of projects in the area of energy conservation and environmental protection. For the funds raised by green finance bonds, the part already used had reached RMB 6.586 billion by the end of 2022, mainly used to support areas with significant energy conservation and carbon reduction benefits such as clean energy and public transportation.

	A.3.1 Capital amount of green assets/low-carbon technologies: How much have you lent to/invested in green assets/loans and low-carbon activities and technologies?	By the end of 2022, the Bank's on-balance-sheet loan balance in green finance was RMB 132.956 billion, accounting for 19.60% of the total balance of corporate loans, increasing by RMB 34.183 billion (34.61%) from the beginning of the year; the number of clients was 2,400, increasing by 812 (51.13%) from the beginning of the year. In addition, the balance of green bonds purchased and held by the Bank was about RMB 8.872 billion, involving areas including but not limited to green transportation equipment, efficient operation of energy systems, construction and operation of wind power facilities, green buildings, etc.
	A.4.1 Reduction of greenhouse gas emissions: How much have you reduced the financing for greenhouse gas emissions?	According to the Guidelines for Calculation of Energy Conservation and Emission Reduction by Green Credit Projects issued by the China Banking and Insurance Regulatory Commission (predecessor of the National Financial Regulatory Administration) in the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Relevant Work Regarding The Statistical System of Green Financing (Y.B.J.B.B.H. No. 2020739), the Bank's granting of green credit generated environmental benefits equivalent to 165,202.89 tonnes of carbon dioxide equivalence in 2022.
<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
Financial health & inclusion	C.2.1 Number of people supported by dedicated and effective financial and/or digital education programs	In 2022, the Bank carried out the "π Plan" Financial Technology Innovation Competition, with a total of 278 works being collected for competition, among which the top 20 ones were selected for preferential implementation, and 11 of them have already been fully implemented and launched. The Bank actively explores the application of "meta-universe" scenarios, and takes the lead in setting foot in new areas of bank-client interaction. In August 2022, the Bank officially launched the first digital collection "Hello Duck" ("Ni Hao Ya"), which was exposed more than 7 million times and clicked more than 300,000 times. In October 2022, the Bank's meta-universe digital financial scenario— "Hello World" project, presented with 3D effects and characterized by immersive interactive experience, was officially launched, which had been logged onto and used by more than 20,000 users by the end of December 2022.
	C.2.3 Monthly increase of new clients	In 2022, the number of loanees of the Bank's inclusive loans to small and micro enterprises (excluding discount) increased by 11,660 from the beginning of the year, with an average monthly increase of 972.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.	
<p>Response</p> Referring to the Theory of Change for Climate Mitigation, and the Theory of Change for Financial Health & Inclusion, the Bank applies the latest version of the "impact identification module" to add A.4.1 baseline indicator and level based on the baseline year (2022) and the baseline content selected in the report last year, as recommended by the Bank of Nanjing Progress Report issued by UNEP FI in March this year.	Links and references

<p>c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p>Response</p> <p>Climate change mitigation</p> <p>Short-term targets (2024-2025): Establish a mechanism to ensure the implementation of green strategic goals, and open up the development model of green finance. Increase the granting of green loans, with the end-of-year proportion of on-balance-sheet green loan balance in the total on-balance-sheet loan balance of the Company not lower than that at the beginning of the year.</p>	Links and references

9. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p>Mid-term targets (2025-2026): Seek the growth of green and low-carbon businesses with the goal of sustainability, and achieve the comprehensive systematic layout of green and low-carbon development of the whole bank.</p> <p>Long-term vision (after 2026): Organically integrate “green” into the long-term strategy of the whole bank, and contribute pioneering experience to small and medium-sized banks around the world.</p> <p>Financial inclusion</p> <p>On the basis of “sustainable goals” in the last reporting period, the Bank of Nanjing proposes its short-term targets, mid-term targets and long-term vision in the area of financial inclusion according to its own development practice of inclusive finance.</p> <p>Short-term targets (2024-2025): Implement the bank-wide basic project of inclusive finance. Continuously expand the coverage of inclusive finance, and ensure that the growth rate of inclusive loans to small and micro enterprises is no lower than the overall growth rate of the Bank’s loans.</p> <p>Mid-term targets (2025-2026) : Improve the development mechanism of inclusive finance, accelerate the building of core capabilities such as the ecologicalization of client expansion system, digitalization of operation system, and intelligence of client experience, and establish a business model of inclusive finance with the advantages of “wide client acquisition, powerful execution, quick implementation, and distinctive characteristics” .</p> <p>Long-term vision (after 2026): Establish a bank-wide ecosystem of inclusive financial services, and build an inclusive smart bank with the optimal services.</p>	
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<p>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p>Response</p> <p>Climate change mitigation</p> <p>In 2023, the Bank of Nanjing continued to take the major opportunity of green and low-carbon transformation to strengthen strategic collaboration, enhance institutional guarantee, cultivate outstanding talents, actively benchmark against industry peers, proactively accelerate the layout of green and low-carbon transformation assets, and deepen the governance of green finance, so as to improve the comprehensive capability of green finance.</p> <p>(1) In terms of the expansion of the green finance business, the Bank determined the three main development lines of green finance, namely “pollution reduction, carbon reduction, and green expansion” ,and standardized the identification procedures for the green finance business according to the <i>Marketing Guidelines for Green Finance of Bank of Nanjing</i> and the <i>Management Measures for Identification of the Green Finance Business of Bank of Nanjing</i>, and issued guidance documents on green and environmental protection areas such as clean energy, green manufacturing and ecological restoration to promote the steady growth of the green finance business.</p> <p>(2) In terms of resource allocation, the Bank formulated such documents as the <i>Notice on Adjusting Certain Internal Fund Transfer Prices and the Scheme for Use of Special Quotas for Green</i></p>	<p>Links and references</p> <p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. /02 Deepening the Governance of Green Finance, and Improving the Building of Capacity /2. Achieving Fine Management Based on Institutional Guarantee p.17-19 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p>

<p><i>Finance</i> to clarify the adjustment scheme for internal fund transfer prices, and allocate special quotas for green finance to provide differentiated support policies for comprehensively accelerating the development of green finance.</p> <p>(3) In terms of assessment and incentive, the Bank improved the green finance evaluation system, clarified the identification rules, evaluation schemes and assessment standards for green finance, established and improved the assessment and evaluation mechanisms for green finance, and formulated such documents as the Annual Development Goals and Performance Assessment Scheme of Green Finance and the Evaluation Scheme for Green Subbranches.</p> <p>(4) In terms of personnel training and team building, the Bank launched the Skills Manual for Green Finance, established an internal green finance course system, and enhanced the reserve of green finance knowledge by client managers, and built a green finance liaison mechanism to ensure internal communication efficiency.</p> <p>(5) In terms of international exchanges, the Bank actively participated in the exchanges with international institutions such as BNP Paribas on sustainable finance, so as to achieve win-win results in the area of green finance.</p> <p>Financial inclusion</p> <p>The Bank works to, following the principle of “digitalization, standardization and massiveness” , gradually build a modern inclusive finance service system that is “driven by scientific and technological innovation, supported by scenario ecology, and characterized by comprehensive services” .Taking inclusive finance as an enterprise-level strategy, the Bank continuously implements the “Special Action Plan for Inclusive Finance” ,establishes a long-term mechanism, and accelerates the innovation of inclusive finance products and empowerment by financial technology. First, the Bank</p>	<p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. /05 Building Characteristic Brands to Promote the Green Development of Society /3. Broadening Horizons and Strengthening Exchanges and Cooperation at Home and Abroad p.68 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p> <p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. /III. Service for National Strategies /3.2 Assistance to Small and Micro Enterprises p.47 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>
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improves the assessment mechanism, separately develops inclusive credit plans for small and micro enterprises, and formulates the due diligence exemption system for credit extension and the scheme(s) for differentiated asset quality assessment in the area of inclusive finance. Second, the Bank optimizes business procedures, continuously explores how to put the Company’s business procedures online, and improve the accessibility of inclusive finance for clients. Third, the Bank deepens cooperation channels, upgrades scenario-based service models, continuously promotes special activities on the supply chain, and collaborates with small and micro clients in the upstream and downstream of the supply chain to expand the service radius of inclusive finance.			
<p>Self-assessment summary</p> <p>Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...</p>			
	Climate mitigation	Financial inclusion	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Climate change mitigation

At the end of 2023, the Bank’s on–balance–sheet green loan balance was RMB 177.013 billion, accounting for 21.72% of the total balance of corporate loans, an increase of 2.12 percentage points from the end of last year, achieving the short–term targets for climate change mitigation specified in the PRB self–assessment report last year. Meanwhile, in 2023, centering around the “Carbon Peak and Carbon Neutrality” goals, the Bank explored the growth of green and low–carbon businesses, and promoted the mid–term target tasks for climate change mitigation. On the one hand, the Bank flexibly used carbon emission reduction support tools and issued carbon emission reduction loans amounting to RMB 1.426 billion; on the other hand, the Bank focused on traditional industries and, centering around the requirements for equipment renewal and technological transformation in key sectors such as steel,

Links and references

2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. / 03 Working Hard on Green Finance to Support Green Development of Clients p.26, 28, 31, 34, 36, 51, 52
 (https://www.njcb.com.cn/njcb/2024-04/27/article_202404270831293935.html)

nonferrous metals, petrochemical, chemical, electric power and textile sectors, deeply served the financing needs of client groups in the area of transformation finance in Jiangsu Province.

In addition, it can be seen from the baseline indicators in 2023 that, the Bank has achieved certain results in the area of climate change mitigation:

- **A.1.3 Policies and procedures for client relations**

In 2023, based on the baseline level of providing green channels to green parks and enterprises therein under the “Xindong Green · Park Support Plan” in 2022, the Bank provided convenient service channels to some other sectors and areas to help them transform their activities and business models. For example, the Bank formulated marketing guidelines for the transformation and upgrading of traditional industries and granted special approval for them; launched the installment business for car purchases that grants clients purchasing new energy vehicles at designated merchants with the “green channel” for installment approval; proposed a comprehensive financial service plan for “zero waste city” that incorporates services such as the “green channel” for rapid approval.

- **A.1.5 Business opportunities and financial products**

The Bank further improved the “Xindong Green” product system and innovated green financial products such as performance loans. The aforesaid system covers seven segments such as basic products, characteristic products, bank–government products, and carbon finance products, aiming to provide clients with diversified green finance options. By the end of 2023, the Bank’s balance of green credit totaled RMB 177.013 billion, increasing by 33.14% from the beginning of the year, and the number of green credit transactions in 2023 was 4,386. During the year, the balance of green bonds purchased and held by the Bank amounted to RMB 12,405.64

million, involving such areas as green transportation equipment, efficient operation of energy systems, construction and operation of wind power facilities, and green buildings.

- **A.3.1 Capital amount of green assets/low-carbon technologies**

By the end of 2023, the Bank's on-balance-sheet green loan balance was RMB 177.013 billion, accounting for about 21.72% of the total balance of corporate loans, increasing by RMB 44.057 billion (33.14%) from the beginning of the year; the number of clients was 3,256, increasing by 856 (35.67%) from the beginning of the year. In addition, the Bank actively uses monetary policy tools to accurately support green and low-carbon businesses. As the first local corporate bank eligible for the carbon emission reduction support tool(s) of the People's Bank of China, the Bank of Nanjing issued carbon emission reduction loans totaling RMB 1.426 billion in 2023, and obtained funds amounting to RMB 856 million by virtue of the carbon emission reduction support tool(s) of the People's Bank of China, ranking forefront among top city commercial banks nationwide.

- **A.4.1 Reduction of greenhouse gas emissions**

This year, the Bank added the "A.3.1 Reduction of Greenhouse Gas Emissions" indicator in the area of climate change mitigation. According to the *Guidelines for Calculation of Energy Conservation and Emission Reduction by Green Credit Projects* issued by the former China Banking and Insurance Regulatory Commission in the *Notice of the General Office of the China Banking and Insurance Regulatory Commission on Relevant Work Regarding The Statistical System of Green Financing* (Y.B.J.B.B.H. No. 2020739), the Bank's granting of green credit generated environmental benefits equivalent to 2,403,072.37 tonnes of carbon dioxide equivalence in 2023.

Financial inclusion

By the end of 2023, the balance of the Bank's inclusive loans to small and micro enterprises (excluding discount) was RMB 115.989 billion, increasing by RMB 25.380 billion (28.01%) from the beginning of the year, 14.53 percentage points higher than the average growth rate of loans; the number of loanees was 39,580, an increase of 9,750 from the beginning of the year. The Bank achieved its ongoing target in the area of financial inclusion in the PRB self-assessment report for the last reporting period.

In addition, it can be seen from the baseline indicators in 2023 that, the Bank has achieved the development results of amount increase, coverage expansion and price stabilization in the area of financial inclusion:

- **C.2.1 Number of people supported by dedicated and effective financial and/or digital education programs**


In 2023, the number of retail clients served by the Bank's Xinfu Life Platform exceeded 4 million. The Bank promoted the upgrade of the digital financial scenario "Hello World" 2.0, launched the three segments of "Fortune Plaza", "Future Business Hall" and "Future Block", and integrated them with such businesses as product activity publicity, online account opening and personal pension. Additionally, the Bank carried out the Fifth "π Plan" Financial Technology Innovation Competition, and among the top 20 works of the competition, 14 excellent creative works such as "Xin Ju Hui" and "Xin e Tie" have been implemented and promoted.

- **C.2.3 Monthly increase in new clients**

In 2023, the number of loanees of the Bank's inclusive loans to small and micro enterprises (excluding discount) increased by 9,750 from the beginning of the year, with an average monthly increase of 812.5.

2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.42, 46, 48 (https://www.njcb.com.cn/njcb/gywx/_300914/_301079/675363/index.html)

<p>The Bank resolutely implements the national and regulatory rural revitalization strategies and work arrangements, with a focus on physical transformation and key areas. The Bank takes multiple measures to support key areas such as food security, production stabilization and supply guarantee of important agricultural products, rural industry revitalization, construction of beautiful and harmonious countryside, digital agriculture, and urban-rural integration. By the end of 2023, the Bank's agriculture-related loan balance was RMB 200.811 billion, increasing by RMB 39.310 billion (24.34%) from the beginning of the year; the balance of inclusive agriculture-related loans was RMB 20.746 billion, increasing by RMB 6.484 billion (45.46%) from the beginning of the year. Particularly, the Bank works hard on characteristic industry models, and has formed the service model of "one characteristic of one place". By the end of 2023, the Bank had contributed RMB 6.312 billion to major agricultural and rural projects in Jiangsu Province that got started in the first and second quarters, with a loan balance of RMB 8.272 billion for high-standard farmland construction, and had implemented 21 rural revitalization projects and served 193 clients, with a loan balance of RMB 1.319 billion. At present, the Bank has formed a joint force across the Bank to support rural revitalization from multiple aspects, such as product business innovation, core channel construction, brand activity implementation, policy document issuance, and assessment and incentive.</p>	<p>2023 Annual Report of Bank of Nanjing Co., Ltd./ Section VI Environment and Social Responsibility p.92 (https://www.njcb.com.cn/njcb/gywx/_300914/_301079/675363/index.html)</p>
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<h2 style="background-color: #4CAF50; color: white; padding: 5px;">Principle 3: Clients and Customers</h2>	
	<p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
<h3>3.1 Client engagement</h3>	
<p>Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?</p>	
<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	
<p>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</p>	
<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	
<p>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.</p>	
<p><i>This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).</i></p>	
<p>Response</p>	<p><i>Links and references</i></p>
<p>Climate change mitigation</p>	
<p>During the year, the Bank maintained relations with various market participants such as government departments, enterprises and professional institutions, and strengthened its cooperation with them in the area of green and low-carbon transformation. Specifically, in terms of government cooperation,</p>	

10. A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
 11. Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<p>the Bank actively responded to the <i>Notice on Ensuring Financial Linkage Services for Major Provincial Projects in 2023</i> issued by Jiangsu Province by supporting major infrastructure construction projects in such areas as water conservancy, transportation, and energy and providing customized and integrated service solutions for enterprises. In terms of bank–government–enterprise cooperation, the Bank promoted the financial support for environmental protection and deepened cooperation in green finance; in addition, it implemented the “Xindong Green · Park Support Plan” ,and worked to build a communication platform on green finance to fully support the green development of industrial parks and enterprises. In terms of the development of green industries, the Bank paid special attention to strategic opportunities and industrial upgrading directions in the context of new drivers, intensified efforts to explore and expand entity clients who are highly consistent with the industrial structures and characteristic industrial chains in regions where the Bank’s branches are located, with a focus on client groups in strategic emerging industries with obvious green attributes such as lithium battery, photovoltaic, rail transit, and smart grid industries, while further rationalizing the allocation of various resources across the Bank. In terms of the support for the transformation of traditional industries, the Bank formulated the marketing guidelines for transformation and upgrading of traditional industries centering around the requirements for equipment renewal and technological transformation and the pain points for low–carbon transformation of enterprises in key sectors such as steel, nonferrous metals, petrochemical, chemical, electric power and textile sectors, while providing supporting means such as special resources, exclusive products, special approval and full–process intervention to deeply serve the financing needs of clients in the area of transformation finance in Jiangsu Province.</p>	<p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. /03 Working Hard on Green Finance to Support Green Development of Clients p.25-27, 38-45 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p>
<p>Financial inclusion</p> <p>The Bank continuously expands the coverage of inclusive</p>	

<p>financial services. In 2023, the Bank, in combination with client needs, established “Xin e Xiao Wei” ,a standard product system for inclusive finance featuring the integration of “mortgage +” and “taxation +” ,which is driven by scientific and technological innovation, supported by scenario ecology, and characterized by comprehensive services. Throughout the year, “Xin e Xiao Wei” reached more than 70,000 clients in total.</p>	<p>2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.43 (https://www.njcb.com.cn/njcb/gywx/_300914/_301079/675363/index.html)</p>
<p>The Bank helps clients upgrade their franchise model by relying on scientific and technological finance. The Bank constantly improves the capability of resource integration and allocation, optimizes “Xin e Ke Qi” ,a knock–out product in the area of scientific and technological finance, actively promotes its financial products on intellectual property, effectively promotes the “park–based government–bank investment” model, strives to build the “ecosphere” of scientific and technological finance services, and continuously provides comprehensive financial services for scientific and technological innovation enterprises based on the integration of the five chains of “policy chain, science and technology chain, resource chain, industrial chain, and financial chain” , so as to promote the development of new productive forces relying on more professional, more efficient and more accurate new service forces in the area of scientific and technological finance. By the end of 2023, the Bank’s loan balance in scientific and technological finance was RMB 84.74 billion, an increase of 28.21%.</p>	<p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / I. Dedication to High-quality Development / III. Service for National Strategies / 3.2 Assistance to Small and Micro Enterprises; 3.3 Support for Rural Revitalization p.48, 51-54 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>
<p>The Bank has made continuous efforts to support rural revitalization. First, focusing on industrial revitalization, the Bank deeply explores the financing needs of high–quality client groups as new–type agricultural operation entities such as agricultural leading enterprises, family farms, professional cooperatives of large farmers, and agricultural socialization service organizations, and works to build a three–dimensional composite agricultural operation</p>	

<p>system based on farmer family operation, linked by cooperation and collaboration, and supported by socialization services. Second, the Bank develops industries with local characteristics, actively sorts out local dominant agricultural patterns and characteristic and advantageous industrial clusters, and builds a service model featuring fixed-point expansion and batched client acquisition. Third, the Bank promotes ecological revitalization, and provides credit support for major rural infrastructure projects in such areas as high-standard farmland construction, rural housing renovation, water supply and power supply, and rural road construction, as well as new industries and business formats such as red tourism, rural tourism, homestay, and health care.</p>	
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services ,information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).</p>	
<p>Response</p> <p>Climate change mitigation</p> <p>The Bank uses green finance to empower the green development of the real economy, strengthens the innovation of green finance products, and constantly improves its green finance product system— “Xindong Green” ,which mainly covers two types of green finance products, namely green bond products and green credit products. Based on seven product segments including basic products, characteristic</p>	<p><i>Links and references</i></p>

<p>products, banking products, etc., “Xindong Green” mainly focuses on such areas as energy conservation and environmental protection, low-carbon transformation, and ecological development, and promotes credit products centering around the three aspects of carbon finance, environmental protection finance, and monetary policy tools. Particularly, “Xindong Green” has launched a number of “first orders” in the industry in an effort to provide model samples for industry peers, and provide clients with multi-level and diversified green financial options, thus promoting environmental and social sustainable development.</p>	<p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. /03 Working Hard on Green Finance to Support Green Development of Clients /2. “Xindong”-Enabled Enhancement of Quality and Efficiency of Green Finance Services p.28-37 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p>
<p>Promotion green credit products: The Bank promotes green finance products in a multi-pronged manner to better serve the green economy,low-carbon economy and circular economy.Specifically, the Bank continuously optimizes green finance products and services to adapt to changing market demands, launches green credit products such as “characteristic products” , “carbon finance products” and “bank-government products” centering around the three main lines of “pollution reduction,carbon reduction and green expansion” ,and promotes monetary policy tools to ensure the steady scale-up of the green finance business and add green momentum to the improvement of the ecological environment.</p>	
<p>Comprehensive use of financial products: On the one hand, the Bank constantly innovates green bond products, supports excellent enterprises to issue green bonds, and successively launches a number of debt financing instruments such as “green debt financing instruments” , “transformation bonds” and “sustainability-linked bonds” .On the other hand, the Bank actively innovates the financing model of the green supply chain and, aimed at the financing needs of clients in the industrial chain of green finance enterprises, takes big data as the main basis to accurately connect the financing needs of clients in the industrial chain of green finance enterprises. In addition,</p>	

<p>with an in-depth insight into various “green consumption” scenarios and user demands, the Bank effectively practices low-carbon and environmentally friendly life in the building of scenarios and rights and interests, and launches the installment business for car purchases to enhance the layout of green consumption scenarios such as new energy vehicles and improve the green consumption willingness of clients.</p>	
<p>Optimization of the service model of green finance: The Bank has successively issued a number of schemes such as the <i>Special Scheme for Conservation of the Yangtze River</i>, the <i>Special Service Scheme for Biodiversity Conservation</i>, and the <i>Comprehensive Financial Service Scheme for “Zero Waste City”</i>, which mainly focus on such key areas as ecological conservation of the Yangtze River, biodiversity conservation, and solid waste treatment, aiming to provide comprehensive green finance service schemes customized for different areas, and provide financial instruments for promoting the improvement of the ecological environment, thus contributing to the development of ecological civilization.</p>	<p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. / 03 Working Hard on Green Finance to Support Green Development of Clients / 1. Overview of Green Finance p.03 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p>
<p>The Bank has been exploring green finance since 2012, and after more than ten years of efforts, it has gradually established a perfect green finance business system while exploring a unique development model based on continuous innovation. In the area of green finance, the Bank has formed an increasingly perfect development path and already made significant achievements. By the end of 2023, the Bank’s green loan balance was RMB 177.013 billion, increasing by RMB 44.057 billion (33.14%) from the beginning of the year; the Bank’s green loans accounted for 16.11% of all its loans, an increase of 2.05 percentage points from the beginning of the year, maintaining a leading level in the industry.</p>	

<p>Financial inclusion</p> <p>The Bank continuously expands the coverage of inclusive financial services. In combination with client needs, the Bank established “Xin e Xiao Wei”, a standard product system for inclusive finance featuring the integration of “mortgage +” and “taxation +”, which is driven by scientific and technological innovation, supported by scenario ecology, and characterized by comprehensive services. Throughout the year, “Xin e Xiao Wei” reached more than 70,000 clients in total.</p>	<p>2023 Annual Report of Bank of Nanjing Co., Ltd. / Section IV Management Discussion and Analysis p.42 (https://www.njcb.com.cn/njcb/gywx/_300914/_301079/675363/index.html)</p>
<p>Promotion of relief and burden alleviation in key areas: The bank fully promotes the special activity of “visiting 10,000 enterprises, boosting confidence, and optimizing services”, and has established linkage with nearly 130,000 enterprises on the Bank’s list. Additionally, the Bank actively implements relevant refinancing and loan renewing policies, and handles refinancing business without principal repayment for a total of 2,873 small and micro enterprises. The Bank also joins hands with the Jiangsu Provincial Department of Culture and Tourism in launching the “Su Lv Dai” exclusive product to promote the recovery of the province’s culture and tourism industry.</p>	<p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / III. Service for National Strategies / 3.1 Seizure of Frontier Opportunities p.43-44 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>
<p>Service for private enterprises: The Bank formulates the Eighteen Measures for the Bank of Nanjing to Contribute to the Development of the Private Economy to guide the Bank as a whole to accelerate physical transformation with a focus on serving the development of the private economy. Additionally, the Bank formulates credit extension policies for marine lithium battery, steel, and photovoltaic sectors to provide a theoretical basis for serving private enterprises. Moreover, differentiated FTP subsidies are granted for loans to private enterprises, especially in such areas as green</p>	

finance, manufacturing, agriculture-related finance, scientific and technological finance, finance for specialized, sophisticated, characteristic and innovative enterprises, and inclusive finance, with a view to helping enterprises reduce financing costs. By the end of 2023, the balance of the Bank's loans to private enterprises was RMB 192.388 billion, increasing by RMB 13.77 billion (7.42%) from the beginning of the year; the number of the Bank's loanees as private enterprises was RMB 147,339, an increase of RMB 65,908 compared with the beginning of the year.

Infrastructure construction: The Bank attaches great importance to relevant infrastructure supporting work and, in response to the Notice on Ensuring Financial Linkage Services for Major Provincial Projects in 2023 issued by the Local Financial Regulation Administration of Jiangsu Province and the Jiangsu Provincial Development and Reform Commission, formulates the Notice on Clarifying the Promotion of Major Projects in 2023, with a focus on the province's major infrastructure construction projects in such areas as water conservancy, transportation, new-type information communication, and energy. Additionally, the Bank actively communicates with relevant government departments, pays field visits to relevant enterprises, and provides comprehensive cooperation schemes according to the financing needs of clients to support the smooth progress of major projects.

Focus on small and micro enterprises: The Bank actively practices financial work in a political and people-oriented manner, shifts service focus to small and micro enterprises, and constantly optimizes the structure and enhances the characteristics of businesses related to small and micro enterprises in an effort to improve the quality and efficiency of financial services for small and micro enterprises. By the end of 2023, the balance of the Bank's loans to small and micro enterprises under all regulatory statistical standards totaled RMB 302.379 billion, an increase of RMB 39.049 billion, or 14.83%; the

number of the Bank's loanees was 42,408, increasing by 9,570 from the beginning of the year; a total of 2,346 initial loanees were newly added, accounting for 10.09% of the total number of loanees as small and micro enterprises. Launched in 2016, the Bank's "Xin Huo Ban" growth plan is committed to providing personalized comprehensive financial service solutions for small and micro enterprises. In 2023, centering around high-quality "Xin Huo Ban" client groups in such sectors as intelligent manufacturing and lithium battery, the Bank held four "Xin Huo Ban" seminars, including the "Specialized, Sophisticated, Characteristic and Innovative Intelligent Manufacturing" and the "Study Tour to the Lithium Battery Sector", to provide a platform for in-depth exchanges and cooperation for enterprises and institutions cooperating with the Bank. By the end of 2023, the number of "Xin Huo Ban" clients reached 4,952, a net increase of 1,048 compared with the beginning of the year.

Support for rural revitalization: In the Planning Scheme for the Special Action on Rural Revitalization of the Bank of Nanjing in 2023 issued by the Bank, the following four directions are selected to promote rural revitalization work: First, focus on the revitalization of the agricultural industry and deepen rural financial services; second, contribute to the construction of beautiful and harmonious countryside in strict accordance with the rural construction plan; third, expand high-quality agriculture-related clients with a focus on new-type agricultural operation entities; fourth, promote the integration of urban and rural development with county-wide driving as the main driver. In the assessment of serving rural revitalization by financial institutions that is led by the People's Bank of China and the National Financial Regulatory Administration, the Bank was rated as "excellent" for the third consecutive year. In terms of agriculture-related characteristic products, the "Liang Cai Dai" ("grain procurement loan") business dedicated to supporting the procurement of local reserve grains in Jiangsu Province has issued loans totaling more than RMB 400 million; the "Su

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / III. Service for National Strategies / 3.2 Assistance to Small and Micro Enterprises; 3.3 Support for Rural Revitalization; 3.4 Devotion to Livelihood Finance p.47, 50, 56 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

Nong Dai” business dedicated to supporting new agricultural operation entities, has issued loans totaling RMB 1.124 billion, and the loan balance of “Xin Nong Bao” is RMB 151 million. The “Liang Cai Dai” business won the excellent practice case award “Best Practice in Rural Revitalization Created by Listed Companies in 2023” in the evaluation of rural revitalization cases held by the China Association for Public Companies.

Promotion of new-type urbanization and satisfaction of residents’housing needs: Affordable rental housing is an important part of China’s housing security system and plays an irreplaceable role in alleviating housing difficulties in big cities. The Bank actively supports the construction of new-type urbanization, and works to establish new models of financial services that are in alignment with the construction of new-type urbanization based on innovation and cooperation in key areas in an effort to boost the provision of convenient financial services, improve the experience of client services, promote coordinated regional development by virtue of financial services, and help the people create a better life.

Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders¹²) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’ s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

The Bank actively implements targeted communication and countermeasures according to the expectations and demands of stakeholders. For example, in response to the expectations of the governmental and regulatory departments such as promoting regional development, achieving comprehensive risk management, preventing financial risks, etc., the Company proposes countermeasures such as research and implementation of financial policies, as well as daily approval and regulation; in response to the demands of shareholders and investors such as disclosing compliance information and protecting the legitimate rights and interests of shareholders and investors, the Company communicates with relevant parties through regular reports

Links and references

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / I. Dedication to High-Quality Development / 1.4 Stakeholder Communication p.22 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

and information announcements, as well as performance presentations, investor research and communication meetings, etc. To better serve the people's livelihood and practice social welfare, the Bank officially released the "Xin Yi" charity brand in 2023, focusing on seven public welfare areas such as volunteer teaching and learning assistance, disaster and poverty relief, assistance to the elderly and orphans, assistance to the disabled and the sick, pollution prevention and green protection, public welfare assistance, and financial poverty alleviation. In addition, the Bank proposes corresponding communication methods for various stakeholders such as clients, employees, suppliers, partners, and the environment.

Stakeholders	Expectations and demands	Communication methods
Governmental and regulatory departments	Response to national strategies Service for the real economy Promotion of regional developments Legal and compliant operation Comprehensive risk management Prevention of financial risks Enhancement of Party building	IResearch and implementation of financial policies Implementation of regulatory policies Daily approval and regulation Submission of statistical statements Implementation of relevant investigations Holding of discussion meetings Participation in industry association activities
Shareholders and investors	Improvement of corporate governance Disclosure of compliance information Protection of the legitimate rights and interests of shareholders and investors Good return on investment	Regular reports and information announcements Shareholders' meetings Performance presentations Thematic open-day activities Hotline reply to investors Investor research and communication meetings

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / VIII. Contribution to Society / 8.1 "Xin Yi" Brand p.111 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

Clients	Provision of high-quality services Protection of consumer rights and interests Application of financial technologies Popularization of financial knowledge Maintenance of privacy an data security Disposal of public emergencies	95302 client service hotline Interaction on official website and WeChat platform Client demands questionnaire survey Client satisfaction investigation Client care activities Popularization of financial knowledge
Employees	Protection of legitimate rights and interests Sound career development path Protection of health and security Balance between work and life Diversity and inclusion	Perfect remuneration and benefits Workers and staff congress Employee training program Employee career development system Cultural, sports and health activities Symposiums and interviews Interactive platforms such as internal journal or Intranet
Suppliers	Good cooperative relations Responsible procurement Protection of intellectual property	Daily communication and exchanges Bidding meetings Field visits to suppliers Regular supplier meetings
Partners	Industry cooperation and exchange Integrity and reciprocity Mutual benefits and win-win results	Zijinshan · Xinhe Financier Club Seminars Interbank exchange and cooperation Project cooperation
Communities	Service for people's livelihood Assistance to rural revitalization Practice of social services Co-construction of beautiful community	"Xin Yi" brand Learning assistance activities for public welfare Disaster and poverty relief activities Fixed-point assistance activities Employee volunteer services Community project construction Community service activities
Environment	Response to climate change Conservation of biodiversity Improvement of the use efficiency of resources and energy Reduction of environmental pollution	Green finance Green house Green public welfare Green procurement

Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Invariably attaching importance to the construction of corporate governance under the guidance of Party building, the Bank has, following the goal of scientific, normative and effective corporate governance, made continuous efforts to improve its corporate governance structure and operation mechanism and gradually formed a corporate governance mechanism consisting of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Senior Management that is featured by clear

Links and references

responsibility division, scientific management, effective checks and balances, and efficient operation.

In 2023, the Board of Directors adhered to the general principle of “seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old”, advanced various work such as development promotion, benefits stabilization, and risks prevention in a well-coordinated manner, actively performed the responsibilities of strategy formulation, self-assessment and independent decision-making, as well as risk prevention, and spared no efforts in safeguarding the five major segments of “scientific and technological finance, green finance, inclusive finance, pension finance, and digital finance, so as to promote the high-quality and sustainable development of the Company. The Board of Directors of the Bank consists of six special committees, namely the Development Strategy Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Audit Committee, the Related Party Transaction Control Committee, and the Consumer Rights and Interests Protection Committee, which perform professional deliberative functions in line with their respective responsibilities. Specifically, according to the Working Rules for the Development Strategy Committee of the Board of Directors of Bank of Nanjing Co., Ltd. formulated by the Bank, the Development Strategy Committee shall be responsible for formulating the development strategy for green finance, approve the green finance goals developed and green finance reports submitted by the Senior Management, and supervise and assess the implementation of the Bank's development strategy for green finance. In 2023, the Development Strategy Committee held six meetings and deliberated 33 proposals in total. (Note: As approved at the first meeting of the tenth Board of Directors held on January 8, 2024, the Development Strategy Committee has been renamed as the Strategy and ESG Committee.)

In addition, the Bank is organizing the formulation of the five-year

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / II. Consolidation of Governance Foundation / 2.2 Improvement of Corporate Governance p.28
(https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / VI. Deepening of Green Concept / Special Topic: Response to Climate Change and Conservation of Biodiversity p.87
(https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

<p>(2024–2028) development plan for green finance of the Bank of Nanjing, and intends to improve the organizational structure of green finance, so as to build a top–down development mechanism for the green finance business that is featured by full–line layout and multi–department collaboration, thus driving the integrated development of green finance across the Bank.</p>	<p>2023 Annual Report of Bank of Nanjing Co., Ltd. / Section V Corporate Governance p.66-67 (https://www.njcb.com.cn/njcbmobile/2024-04/27/article_2024042708252997667.html)</p>
<p>5.2 Promoting a culture of responsible banking:</p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e–learning, sustainability trainings for client–facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p>Response</p> <p>The Bank has experienced more than 20 years of splendid development, during which cultural construction and reform and development keep pace with, promote and integrate into each other, not only achieving the improvement of corporate scale, benefits and brands by leaps and bounds, but also forging the “Mei Flower Spirit” of “being perseverant and indomitable, standing proudly, and daring to be the world’s first” ,fostering the cultural brand of “responsible finance, and harmonious and win–win cooperation” ,and forming a unique corporate culture concept system, thus leading all employees of the Bank to pursue excellence through unremitting efforts.</p> <p>The Bank promotes the construction of spiritual civilization. The Bank proactively performs its responsibilities as a demonstrative and advanced civilized unit,strengthens the guidance of the civilization creation work of grass–roots units, and deeply integrates civilization creation with corporate operation and</p>	<p>Links and references</p> <p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / II. Consolidation of Governance Foundation / 2.9 Construction of Corporate Culture p.38 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>

<p>management.Meanwhile, the Bank takes the creation of a civilized city as an opportunity to constantly improve the service quality and efficiency of business outlets,brighten the image of service sectors, perfect the code for civilized behaviors of employees, and continuously raise the level of civilized construction of the whole bank.</p>	
<p>The Bank cultivates characteristic corporate culture. The Bank creates a high–quality professional education course titled Cognition and Integration of Corporate Culture of Bank of Nanjing,and selects 31 internal lecturers of corporate culture across the Bank to, by way of “intensive training + communication based on training in rotation” , comprehensively explain the Bank’s cultural origin and corporate culture concept system to all employees of the bank, thus deepening employees’emotional identification with the Bank, and promoting the publicity and implementation of the Bank’s cultural concepts in an all–around manner.</p>	
<p>The Bank advocates the practice of cultural concepts. The bank actively plays the publicity function of the online “Wen Hua Xin Shi Ye” platform, and carries out a series of publicity activities such as “New Ideas, New Practices” , “99 Public Welfare Day” ,and “Idea Learning · Voices of Youth” . During the year, the Bank pushed more than 200 publicity articles, which were viewed by more than 100,000 people and attracted the attention of more than 14,000 employees.The Bank actively excavates excellent team deeds and work achievements in such aspects as scientific and creative finance, inclusive finance and rural revitalization,and publicizes and promotes such deeds and achievements through a number of internal and external channels, so as to demonstrate the Bank’s vivid practice of the principle of being political and people–oriented in financial work, and promote the formation of the work and public opinion orientation that finance should serve the people.</p>	

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

The Bank implements the requirements of the Guidelines on Green Finance for the Banking and Insurance Industries issued by the China Banking and Insurance Regulatory Commission (predecessor of the National Financial Regulatory Administration), and formulates the management policies and systems for environmental, social and governance risks to achieve differentiated management of clients. The Bank clarifies the assessment standards for the environmental, social and governance risks of clients, conducts classified management and dynamic assessment of client risks, and implements list management for clients with major environmental, social and governance risks. The Bank also, according to its green finance plan, launches the establishment of a management system for environmental, social and governance risks, and incorporates the management of environmental, social and governance risks into the whole process of investment and financing business as an important basis for all relevant links.

Due diligence stage: According to the characteristics of the sector and region where the concerned client and project are located, inspect the realities of the concerned enterprise in such aspects as environmental protection, work safety, and legality

Links and references

2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / II. Consolidation of Governance Foundation / 2.7 Comprehensive Risk Management p.37 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)

and compliance.

Compliance investigation stage: Strictly review the authenticity, effectiveness and integrity of various environmental impact assessment (EIA) documents.

Credit extension approval stage: The approval of a special business as a public project entails the review of the project's environmental impact monitoring and assessment documents, including the registration form for environmental impacts of construction projects, etc.

Contract management and fund appropriation stage: Add relevant binding clauses in contracts for clients and projects involving significant environmental, social and governance risks.

Post-loan management stage: Strengthen post-loan dynamic assessment, establish a risk warning mechanism based on environmental credit information and environmental punishment data regarding green finance clients, and take corresponding disposal measures in a timely manner.

In addition, the Bank manages and monitors the risk exposures in specific sectors, including those that may involve high pollution, high energy consumption, or overcapacity. The Bank has formulated the *2023 Quota Scheme for Credit Risk Portfolio of the Bank of Nanjing*, indicating that several sectors that may involve high pollution, high energy consumption or overcapacity need to be monitored with clear credit quota, including iron and steel manufacturing, cement manufacturing, plate glass manufacturing, coal chemical manufacturing, polycrystalline silicon manufacturing, and shipbuilding.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes In progress No


Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes In progress No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability

 We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
<p>The Reporting and Self-Assessment Template on United Nations Principles for Responsible Banking disclosed by the Bank this year has been authenticated in an independent and limited manner, with corresponding conclusions being already drawn. See Page 58-61 of this report for details about the authentication report.</p>	

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other: *Guidelines on Financial Institutions Environmental Information Disclosure* issued by the Financial Standardization Technical Committee of the People's Bank of China; *Guidelines on Environmental, Social and Governance Reporting* issued by the Hong Kong Stock Exchange

<p>Response</p> <p>The 2023 Special Report on Green Finance of Bank of Nanjing Co.,Ltd.is prepared in accordance with the disclosure requirements of the Guidelines on Financial Institutions Environmental Information Disclosure issued by the Financial Standardization Technical Committee of the People’s Bank of China,and relevant environmental disclosure requirements and recommendations of the Report on Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).</p> <p>The 2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. already disclosed by the Bank is based on the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI), the Guidelines on Environmental, Social and Governance Reporting issued by the Hong Kong Stock Exchange, the Guidelines No.1 of the Shanghai Stock Exchange for the Self-Regulation of Listed Companies—Standard Operation issued by the Shanghai Stock Exchange. Please refer to the 2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. for details.</p>	<p><i>Links and references</i></p> <p>2023 Special Report on Green Finance of Bank of Nanjing Co., Ltd. / About This Report (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708312993935.html)</p> <p>2023 Environmental, Social and Governance Report of Bank of Nanjing Co., Ltd. / Appendix p.117-128 (https://www.njcb.com.cn/njcb/2024-04/27/article_2024042708305678748.html)</p>
<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴,target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p>Response</p> <p>Climate change mitigation</p> <p>To achieve the established goals in the area of climate change</p>	<p><i>Links and references</i></p>

14. For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

15. For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

<p>mitigation, the Bank proposes the green finance action plan for the next stage:</p> <p>(I) Taking the establishment of ESG risk management system as an opportunity to drive the improvement of basic management</p> <p>The Bank has conducted preliminary explorations and trials in the management of environmental, social and governance (ESG) risks, and in the next stage, it will apply the ESG concept to optimize the procedures for screening and evaluation of green finance clients, so as to reduce business risks, and promote the improvement of basic management.</p> <p>(II) Taking the building of a professional talent team as a leverage to improve the development level of green finance</p> <p>The Bank will systematically carry out the building of a multi-level talent team for green finance, and work to establish a comprehensive green finance talent system by building a professional team, training industry experts, and recruiting researchers.</p> <p>(III) Improving the influence of the Bank’s green finance brand with the enhancement of exchanges and cooperation in green finance as the core</p> <p>The Bank will strengthen external exchanges and cooperation in green finance and, under the leadership of UNEP, further exert its own advantages to enhance the influence of green finance in small and medium-sized banks, and tell a good story about the green finance story of the Bank.</p>	
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(IV) Actively performing social responsibilities with carbon neutrality in its own operations as the goal

The Bank will focus on climate risk management and response measures, take “low-carbon emission reduction, and net zero development” as its operating goal, and well perform its social responsibilities. It will also play an active role in sustainable development, build a positive image of green bank, and practice the principles for responsible banking with practical actions.

Financial inclusion

In the next stage, the Bank will continue to expand the coverage of inclusive finance, actively implement the basic projects of inclusive finance across the bank, improve the development mechanism for inclusive finance, and accelerate the building of core capabilities such as the ecologicalization of client expansion system, digitalization of operation system, and intelligence of client experience, so as to promote the realization of the long-term vision of “inclusive smart bank with the optimal service” .

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

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

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

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

Independent Limited Assurance Report to Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023

Bank of Nanjing Co., Ltd.:

We were commissioned to conduct limited assurance on the four key areas (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure in Implementation of the Principles) within the Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023.

Assurance Checklist and Scope

This report implements a limited assurance procedure for the following Items to be checked in Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023:

- 2.1 Impact Analysis
 - Scope
 - Portfolio composition
 - Context
 - Performance measurement
 - Methodology to prioritise the significant impacts
- 2.2 Target Setting
 - Correlation between target setting and impact analysis
 - Alignment
 - Baseline
 - SMART targets
 - Action plan
- 2.3 Target Implementation and Monitoring
 - Implementation actions and progress
- 5.1 Governance Structure in Implementation of the Principles
 - Disclosure Accuracy

The scope of our assurance work is limited to the above Items to be checked in the Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023. We have not performed any work, and do not express any conclusion, over any other information that may be included in the Template or displayed elsewhere on Bank of Nanjing's website for the current or for previous periods unless otherwise indicated. Further, our procedures performed only related to the period under review, and do not provide assurance in relation to any future period or past date.

Directors' responsibilities

The responsibility of the directors of Bank of Nanjing is to prepare the Principles for Responsible Banking Self-assessment Report based on the Principles for Responsible Banking Reporting and Self-Assessment Template (Version 2) selected by the Bank of Nanjing and to ensure that the information contained has no material misstatement. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the information to be checked in the assurance checklist, and maintaining adequate records and reasonable estimates in the preparation of the information to be checked so that there is no material misstatement caused by fraud or error.

Our responsibilities

Our responsibility is to conduct a limited assurance on the Items to be checked in the four key areas (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure in Implementation of the Principles) of the Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023, and to report to Bank of Nanjing in the form of an independent limited assurance conclusion in accordance with the Guidance for Assurance Providers: Providing Limited Assurance for Reporting (Version 2) published by UNEP FI in November 2022. We conducted our work in accordance with the requirements laid out in Guidance for Assurance Providers: Providing Limited Assurance for Reporting guidance (Version 2), issued by UNEP FI. The Guidance require that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Items to be checked within Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023 accurately discloses in all material respects, the process followed and documented by Bank of Nanjing when reporting is traceable, as the basis for our limited assurance conclusion. The nature, time, and scope of the assurance procedure are chosen based on our understanding and judgment, including the assessment of the risk of material misrepresentation due to fraud or error. We believe that the evidence obtained is sufficient and appropriate and provides a basis for the conclusion of limited assurance.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). Our team has the specialised knowledge and experience needed for this Principles for Responsible Banking Reporting and Self-assessment Template assurance. Our quality controls used the international Standard on Quality Management 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB).

Our limited assurance procedures

Our limited assurance procedures were conducted based on the Guidance for Assurance Providers: Providing Limited Assurance for Reporting guidance (Version 2) published by UNEP FI in November 2022.

The procedures we performed included the following:

- inquired with relevant management and the core staff of reporting of Bank of Nanjing to understand the internal controls, governance structure and reporting process relevant to the preparation and disclosure of the Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023, so as to identify and assess risks of material misstatement in the Selected information.
- inquired with relevant management and the core staff of reporting of Bank of Nanjing to understand the quantification process used in preparing the Items to be checked and the methodology for gathering qualitative information. We did not evaluate the design of particular internal control activities, obtained evidence about their implementation or tested their operating effectiveness.
- collected the underlying data used in the Impact Analysis, and conducted recalculation procedure.
- checked the accuracy of the references to the Bank of Nanjing's annual report, environmental, social and governance (ESG) report, and green finance special report in the template.

The nature, time and procedures of limited assurance are different from reasonable assurance, and the scope is small. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We do not implement the other procedures normally implemented in reasonable assurance and therefore do not issue reasonable assurance opinions. Although we consider the effectiveness of the relevant internal controls when designing the nature and scope of the assurance process, we do not assure the internal controls. Our assurance does not include control tests or other procedures related to data aggregation or calculations in the information system.

Our conclusion

Based on the limited assurance work we have performed, we did not find that the Items to be checked (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure in Implementation of the Principles) disclosed in the Bank of Nanjing Principles for Responsible Banking Self-assessment Report 2023 were inconsistent with the Reporting Criteria in all material aspects.

This report's intended use

This report has been prepared for Bank of Nanjing solely in accordance with the terms of our engagement with Bank of Nanjing and for no other purpose. We do not assume any responsibility towards any other person for the contents of this report.



中财绿指（北京）信息咨询有限公司
Beijing, People's Republic of China
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