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| Principle 1: Alignment | |
| Icon  Description automatically generatedWe 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  *Zhejiang Anji Rural Commercial Bank Co., Ltd. was restructured in December 2013 with a registered capital of 729.89 million yuan. The Bank adheres to the market positioning of supporting agriculture, rural areas, rural people and small businesses, takes the lead in exploring the integrated development model of "green finance + inclusive finance" in China, insists on the development concept of "making green finance more inclusive and inclusive finance greener" and the goal and vision of building a "Benchmark Bank in Green and Financial Inclusion", and focuses on the strategic goal of building a "Benchmark Bank in Green and Financial Inclusion”. The bank adheres to the integrated development of Financial Inclusion and Green Finance, actively promotes its reform and innovation. The main financial services and products of the Bank includes holding deposits and providing loans to companies and individuals, and the business is mainly conducted in Anji County, Huzhou City, Zhejiang Province.*  *By the end of 2023, the bank has a deposit balance of 55.012 billion yuan and a loan balance of 41.966 billion yuan. The majority of loans come from industries in manufacturing (24.33%), agriculture-forestry- animal husbandry-fishery (21.59%), wholesale and retail trade (13.17%), etc.* | Links and references  see Page 5 and Page 20 of 2023 Annual Report on the Zhejiang Anji Rural Commercial Bank Co., Ltd. and Page 4 of 2023 Environmental Information Disclosure Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |
| Strategy alignment  **Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**  Yes  No  Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.  **Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**  UN Guiding Principles on Business and Human Rights  International Labour Organization fundamental conventions  UN Global Compact  UN Declaration on the Rights of Indigenous Peoples  Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: The bank refers to the "Guide for Carbon Emission Quantification Methods in Bank Credit of Huzhou City" to calculate the carbon emissions from enterprises. This Guide is applicable to the verification of enterprises’ emissions and related data by banking institutions in Huzhou City, excluding special industries such as construction, transportation, tobacco, and civil engineering.  Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -------------------------  None of the above | |
| Response  The Bank has been integrating sustainability regulatory throughout its development process, in line with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. Meanwhile, the Bank focuses on the national "dual-carbon" goal, ecological civilization construction and green low-carbon development requirements. Combined with the characteristics of green development in Anji County, the Bank incorporates the "Principles of Responsible Banking" advanced concepts, and continues to promote the construction of "carbon-neutral" banks, striving to build a " Benchmark Bank in Green and Financial Inclusion ". By making useful explorations in the organizational mechanism, management system, service level, capacity building, social governance, etc., it aims to assist the local economy and society in green and low-carbon development. | Links and references  See Page 8 of the 2023 Environmental Information Disclosure Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |

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| Principle 2:  Impact and Target Setting | | |
| Icon  Description automatically generatedWe 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. | | |
| * 1. Impact Analysis (Key Step 1)   Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[[1]](#footnote-1) and fulfil the following requirements/elements (a-d)[[2]](#footnote-2):   1. ***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  The Bank's business scope mainly involves retail banking business, corporate finance business, international business, financial market business, etc., and is subdivided into personal loans, savings deposits, credit cards, merchants, Harvest Financing Service Post(micro branch with basic financial services in rural areas), wealth management, corporate loans, corporate deposits, bills, corporate intermediary business and other business forms. The Bank’s major asset comes from credit lending, and major liability comes from deposit and intermediate business. | | Links and references  See page 11-15 of the 2023 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |
| 1. Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope   i) by sectors & industries[[3]](#footnote-3) 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  The bank’s loans portfolio by industry is as follows: manufacturing (24.33%), agriculture-forestry-animal husbandry-fishery (21.59%), wholesale and retail trade (13.17%), construction (6.92%), accommodation and catering (5.30%), water conservancy, environment and public facilities management (3.81%), leasing and business services (2.70%), transportation, warehousing and postal services (1.74%), residential services, repair and other services (1.62%). culture, sports and entertainment (0.81%), production and supply of electricity, heat, gas and water (0.72%), information transmission, software and information technology services (0.6%), education (0.49%), real estate (0.3%), public administration, social security and social organization (0.23%), scientific research and technical services (0.20%), health and social work (0.16%), mining (0.09%), finance (0.06%). | Links and references  See page 20 of the 2023 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. | |

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| 1. ***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]](#footnote-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  With the gradual landing of the national "dual-carbon" strategy goal, vigorously developing green finance, promoting the realization of energy transformation and promoting the development of low-carbon green industries will gradually become the mainstream business model of financial institutions.the Bank formulates a five-year development plan of green and financial inclusion based on its own condition to assist the real economy in its green and low-carbon development. | Links and references  See page 10 of the 2023 Environmental Information Disclosure Report on Zhejiang Anji Rural Commercial Bank Co., LTD. |
| 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]](#footnote-5)? Please disclose. | |
| Response      According to the third edition of the UNEP FI Impact Analysis Tool, combined with the Bank's statistics in 2022, the Bank believes that the current positive impact areas are: availability of resources and services, climate stability, financial health&inclusion; Areas of impact that may involve negative effects or risks are: climate stability, circular economy, availability of resources and services. (Since the statistical caliber is limited to the primary industries of the national economy, the actual negative impact involved may be lower than the results of the impact tool used in above analysis)  In goal-setting phase from strategic perspective, the Bank prioritizes financial health&inclusion and climate change mitigation as the most two significant impact areas. | Links and references  See page 17 of 2022 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd |
| 1. *For these (min. two prioritized impact areas)*: ***Performance measurement***: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.   In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.  If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.  *The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.* | |
| Response  The Bank identifies financial health&inclusion and climate change mitigation as the two areas of most significant impact, and selects the number of Standard Harvest Financing Service Post, the scale of inclusive financing loans to small and micro businesses, and the scale of investment and financing in climate mitigation as applicable indicators.  By the end of 2023, there were 108 Standard Harvest Financing Service Posts, an addition of 31 companies compared to the end of last year, with a balance of 19. 865 billion yuan in inclusive financing loans to small and micro businesses (based on China Banking and Insurance Regulatory Commission (the CBIRC)), an addition of 3.337 billion yuan compared to the end of last year. The Bank launched many financial products related to climate investment and financing, such as "Carbon Neutrality" Help Loans(green loans relevant to carbon neutrality industries), Bamboo Forest Carbon Sink Series Loans, Energy Efficiency Loans, ecological restoration loans, special loans for emission rights, GEP loans, and other financial products related to climate investment and financing.  At the same time, the Bank has developed a comprehensive green financing service platform, carried out social and environmental risk assessments, measured environmental benefits, and calculated the environmental impact of the Bank's credit business.It has issued a Huzhou local standard titled the "General Rules for Bank Credit Carbon Emissions Calculation". The bank has been exploring to establish a carbon neutral system and practising a self-operating system for accounting carbon emissions. The bank has preliminarily established carbon accounts based on the "Guide to Carbon Emissions Quantification for Bank Credit in Huzhou City". | Links and references  See page 12 of 2023 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd.  P6, P11-16 ,P22 of 2023 Environmental Information Disclosure Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |

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| **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]](#footnote-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?**  Based on the loan concentration ratio in the Bank's 2022 annual report, and the input of data in the impact analysis tool, it generates a radar chart with a conclusion that the areas with the greatest positive impact are financial health&inclusion; Combined with the background of the national policy in “Carbon Peaking and Carbon Neutrality”, another key impact area is identified as climate change mitigation.  **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)* |

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| 1. Target Setting (Key Step 2)   Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.  The targets[[7]](#footnote-7) 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:   1. ***Alignment:*** which international, regional or national policy frameworks to align your bank’s portfolio with[[8]](#footnote-8) 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  After joining PRB in 2021, the Bank has formulated financial health&inclusion targets from the aspects of Standard Harvest Financing Service Posts construction and the scale of inclusive financing loans to small and micro businesses, and increased credit support for small and micro businesses by providing rural financial services to the "last mile", so as to enable the people to have a stronger sense of having benefited. It formulated climate change mitigation-related targets from the perspective of the scale of investment and financing in climate mitigation, and supported the green and low-carbon development of industries with special products innovation and financing scale enlargement, etc. which is in line with the United Nations Sustainable Development Goals. | Links and references |
| ***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 | | Financial health & inclusion | Number of Standard Harvest Financing Service Post | By benchmarking with the data in the end of 2022, there were 77 Standard Harvest Financing Service Posts, accounting for 42.31%. The original target by the end of 2023 was to add 30 Standard Harvest Financing Service Posts, accounting for 50 percent of the total, and make each post be capable of handling 10 livelihood business matters.  Over the past year, the Bank has made comprehensive planning for the future, to build better posts, enrich functional scenarios, and improve operational capabilities. By the end of 2023, there were 108 Standard Harvest Financing Service Posts, with an addition of 31, accounting for 61.02%, and one post can handle 10 livelihood business matters, fulfilling the pre-defined target.  In the next stage, the bank will continue to improve the standard management and operation among those posts, including deepening the cooperation with government as well as expanding the business concerning people’s livelihood. | | Scale of Inclusive financing loans to small and micro businesses | By benchmarking with the data in the end of 2022, the loan balance of inclusive financing services to small and micro businesses of the Bank was 16.528 billion yuan (based on CBIRC). The original target by the bank was that by the end of 2023, the growth rate of inclusive financing loans to small and micro businesses wouldn’t be lower than that of all loans.  Over the past year, the Bank actively carried out campaigns consistently to booster the scale of loans to small and micro businesses. By the end of 2023, the balance of inclusive loan services to small and micro businesses was 19.865 billion yuan (based on CBIRC), an increase of 3.337 billion yuan from the end of last year, with a growth rate of 20.19%, and the growth rate of inclusive financing loans to small and micro businesses was higher than the growth rate of all loans (based on CBIRC), fulfilling the pre-defined target.  In the next stage, the bank will continue to increase input in small and micro inclusive loans, striving to ensure that the growth rate of small and micro inclusive loans is not lower than that of all loans (based on CBIRC). |  |  |  |  | | --- | --- | --- | | Impact area | Indicator code | Response | | Climate change mitigation | Scale of financing and investment in climate mitigation | By benchmarking with the data in the end of 2022, the Bank's green loan balance was RMB10.633 billion yuan, accounting for 30.12% of all loans, and a total of RMB400 million of green bonds were issued. The original target by the bank was that by the end of 2023, the growth rate of green loans will not be lower than that of all loans.  Over the past year, the Bank took the construction of the national carbon market and the restart of the CCER market as an opportunity, based on the characteristics of local industries, offered innovative carbon financial products and services and increased the scale of investment and financing in climate mitigation. By the end of 2023, the balance of the Bank's green loans amounted to RMB 14.275 billion, an increase of RMB 3.642 billion from the end of last year, with a growth rate of 34.25%, and the growth rate of green loans was higher than the growth rate of all loans, fulfilling the pre-defined target.  In the next stage, the bank will continuously scale up the investment and financing in climate, striving to ensure that the growth rate of green loans will not lower that of all loans. |   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. | |
| Response  The Bank selects the data at the end of 2022 as the baseline for the above indicators. | Links and references |

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| 1. ***SMART targets*** (incl. key performance indicators (KPIs)[[9]](#footnote-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. | |
| Response  The Bank has set financial health&inclusion as the areas of most significant impact, and selected the construction of Standard Harvest Financing Service Post and the scale of inclusive financing loans to small and micro businesses as two targets. It set climate change mitigation as the second area of most significant impact, and selected the scale of investment and financing in climate mitigation as the applicable target to monitor the progress of achieving the target. By the end of 2023, established targets have been achieved by milestones: 31 new Standard Harvest Financing Service Posts were added, accounting for 61.02%, and one post can handle 10 people's livelihood business; The growth rate of inclusive financing loan services to small and micro businesses was higher than the growth rate of all loans (based on CBIRC); The growth rate of green loans was higher than that of all loans. | Links and references |
| 1. ***Action plan:*** which actions including milestones have you defined to meet the set targets? Please describe.   Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts. | |
| Response  The Bank has formulated a number of management systems, launched several execution plans, and carried out special activities, in order to achieve established target.  Among them, the " Planning and Construction Implementation Plan of Harvest Financing Service Post of Zhejiang Anji Rural Commercial Bank Co., Ltd." and "Management Measures for Harvest Financing Service Post of Zhejiang Anji Rural Commercial Bank Co., Ltd." have been formulated to consolidate the construction process of the post; The bank has carried out activities such as the Inclusive Financing Loan Services to Small and Micro Businesses Campaign to increase its coverage; It launched financial products such as "Carbon Neutrality" Help Loans, Bamboo Forest Carbon Sink Loans, Carbon Efficiency Loans, ecological restoration loans, special loans for emission rights, GEP loans to continuously booster the growth of investment, financing and loan products and services in climate mitigation. | Links and references  See page 11 of the 2023 Environmental Information Disclosure Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |

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| Self-assessment summary  Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your… | | | |
|  | First area of most significant impact: financial health and inclusive financing | Second area of most significant impact: climate change mitigation | (If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: … (please name it) |
| Alignment | Yes  In progress  No | Yes  In progress  No | Yes  In progress  No |
| Baseline | Yes  In progress  No | Yes  In progress  No | Yes  In progress  No |
| SMART targets | Yes  In progress  No | Yes  In progress  No | Yes  In progress  No |
| Action plan | Yes  In progress  No | Yes  In progress  No | Yes  In progress  No |

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| 1. 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  After joining the PRB, the head office of the bank has identified the lead department for the set target, the Standard Harvest Financing Service Post is led by the Operation Management Department, the scale of inclusive financing loan services to small and micro businesses is led by the Financial Inclusion Department, the scale of investment and financing in climate mitigation is led by the Green Finance Business Department, and other relevant departments will enhance its coordination and support, and conduct regularly work reviews. Since the target was set, the Bank has made the following progress in terms of the set objectives: as of the end of 2023, the number of Standard Harvest Financing Service Post was 108, with 31 new ones added, accounting for 61.02%, and one post can handle 10 people’s livelihood business; the balance of inclusive financing loans to small and micro businesses amounted to 19.865 billion yuan, with 3.337 billion yuan newly added compared with that of the end of last year, with a growth rate of 20.19%, which was higher than the growth rate of all loans (based on CBIRC); the balance of green loan was 14.275 billion yuan, an increase of 3.642 billion yuan from the end of last year, a growth rate of 34.25%, higher than the growth rate of all loans. | Links and references |

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| Principle 3:  Clients and Customers | |
| **Icon  Description automatically generated**  We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations. | |
| 3.1 Client engagement  *Does your bank have a policy or engagement process with clients and customers[[10]](#footnote-10) in place to encourage sustainable practices?*  Yes  In progress  No  *Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*  Yes  In progress  No  Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[[11]](#footnote-11)). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.  *This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see Page 2).* | |
| Response  The Bank adheres to people-centered construction of an all-round financial inclusion demonstration zone, continues to promote the comprehensive upgrading of the "Rainbow Harvest Loans", transforms customers’ green behavior into points and incorporates into the personal credit evaluation system, and encourages customers to practice green behavior.  After impact analysis, the two industries with the greatest negative impact of the Bank are agriculture-forestry-animal husbandry-fishery and manufacturing. The bank has been reducing negative impacts through green financial product innovation, such as launching a series of Bamboo Forest Carbon Sink Loan products for agriculture-forestry-animal husbandry-fishery to promote green innovation development in bamboo industry , and "Carbon Neutrality" Help Loans to support low-carbon transformation, Carbon Efficiency Loans to support energy-saving and consumption-reducing, ecological restoration loans to support renovation and restoration of abandoned mines and other waste resources  , special loans for sewage rights to expand financing channel and other loan products for the manufacturing industry. Meanwhile, it continues to make good use of special funds to support the high-quality development of the manufacturing industry and green low carbon development of the local economy. | Links and references  See Page 11 and 25 of the 2023 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd  Page 25 of the 2023 Environmental Information Disclosure Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |
| 1. Business opportunities   Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.). | |
| Response  The Bank's identified areas in relation to the increase of positive impacts are financial health&inclusion and climate change mitigation, and areas in relation to the reduction of negative impacts are climate change mitigation.  Under the background of implementing the strategies of "Carbon Peaking and Carbon Neutrality" goals, rural revitalization, common prosperity and others, the Bank has expanded the coverage of financial inclusion with "big data + small financial inclusion", with a credit granting rate of 100% for rural households (excluding the negative list), contract coverage of 77.54% and a credit use rate of 44.13%. It will continuously increase the spread of green credit, and by the end of 2023, the balance of green credit was 14.275 billion yuan, accounting for 32.69% of all loans. The building of Harvest Service Posts aims to achieve full coverage of financial services and bridge the "last mile" of rural financial services. As of the end of 2023, 177 posts had been established, including 108 standard-type which can handle 10 service items concerning people’s livelihood. | Links and references  See page 11 of the 2023 Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |

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| 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[[12]](#footnote-12)) you have identified as relevant in relation to the impact analysis and target setting process?*  Yes  In progress  No  Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the 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  In order to effectively identify the environmental risks of credit spreads, the Bank carries out green ratings for customers through the "Environmental and Social Risk Assessment System" in four colors: green for environmental friendly, blue for meeting basic standards, orange for concern, and red for exit. Through hierarchical management, it provides differentiated services. It adds special product labels such as "green credit" and "green bonds list" in the system, which allows the bank to review green customer ratings and green credit from credit granting to credit management.  At the same time, the Bank has formulated three city-level standards: "Implementation Requirements for Green Financial Inclusion Credit", "Implementation Specifications for Green Agricultural Loans" and "General Principles for Bank’s Carbon Offsets and Credits Accounting Standard ". It has been actively participating in domestic and international forums and meetings on green and financial inclusion, such as the closed-door symposium on the Principles of Responsible Banking organized by the United Nations Environment Programme Finance Initiative and the China Responsible Investment Forum, the case-sharing session on the "Bamboo Township Carbon Plan" jointly organized by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Bamboo and Rattan Organization (INBAR), and the International Academic Symposium on Low-Carbon Empowerment for Future Rural Development, relevant forums held by the Chinese Academy of Financial Inclusion and Beijing Institute of Finance and Sustainability. The bank has been upholding the opening up policy, and receiving visits from external units. It developed courses such as "The Road to Integrated Development of Green Finance and Financial Inclusion", and shared practical experience on green and financial inclusion and worked with Qinghai Henan Rural Commercial Bank Co.，Ltd. in pairs; It participated in the research work in key areas such as “Finance Transition Working Group" ,"Green Finance Innovation Case Study Group" and Working Group on Green and Financial Inclusioon Integration Development led by Chinese Green Finance Committee (GFC); It completed research on national topics such as "Green Finance Supports Green Consumption", "Green Finance Supports Green Agriculture", "Green Financial Inclusion Bank Development Roadmap and Policies"; It has been promoting the comprehensive demonstration project of Green and “Carbon Neutrality” Banks; It completed dozens of projects relating to green finance at the international and provincial, municipal and county levels. The bank is continuing to promote the construction of "carbon neutral" branches, two of which were rated as "carbon neutral" star branches by Huzhou Banking Association. | Links and references  See page 6 and 17, the 2023 Environmental Information Disclosure Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd.  See article from the Wechat Official Account-- Zhejiang Anji Rural Commercial Bank Micro World –“Anji Rural Commercial Bank’s participation in the International Bamboo and Rattan Organization Seminar on behalf of China" released on 3/9/2022.  See article of "Appearance at International Symposium" on 11/1/2023, "Anji Farmers and Merchants Bank Invited to Participate in Principles for Responsible Banking (PRB) Closed Session on 12/20/2023. |

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| Principle 5:  Governance & Culture | |
| **Icon  Description automatically generated with low confidence**  We will implement our commitment to these Principles through effective governance and a culture of responsible banking | |
| 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  The board has set up strategic committee on (issues relating to agriculture, rural areas and rural people and Green Finance) as the decision-making body for green finance-related work, and discusses and deliberates the green finance development report of the previous year every year. The Bank has set up goals under Principles for Responsible Banking and distributed responsibility to relevant business unit for implementation. Through the reward and punishment mechanism, it urges each line to take actions and ensures that goals are achieved. | Links and references  See page 9 of the 2023 Environmental Information Disclosure Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |
| 1. Promoting a culture of responsible banking:   Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others). | |
| Response  After joining PRB, the Bank has emphasized the importance of sustainable development philosophy in the bank’s working culture. It participated in the relevant training and conferences (such as statistical calibre of green credit ) by the Principles of Responsible Banking.The Green Business Unit has been taking the lead in such green finance business as green investment, financing and services. The Administration Office is responsible for green operation assessment and publicity, and incorporates it into employee’s performance. It has carried out public welfare activities such as "Tree Planting Day", “Sanitation Workers’ Day”, “People-Benefit Stage"(provide sponsor-free cultural activities and financial knowledge to the public)) and "Financial Knowledge Propaganda in the Countryside”. Relying on Zhejiang Provincial Financial Education Demonstration Base, it carried out green and low-carbon publicity activities. It has implemented the talent training system in three colors, "Red for Communism Cultivation, Green for Professional Experts and Golden for Talents Development", and built a financial education demonstration base on a provincial level. | Link and references  See the article from the WeChat Official Account--“Zhejiang Anji Rural Commercial Bank Micro World”  “Advocating green and financial inclusion on the Tree Planting Day” released on 3/11/2022.  “Honoring the spirit of sanitation while shouldering the responsibility of green finance” released on 10/26/2023. |
| 1. Policies and due diligence processes   Does your bank have policies in place that address environmental and social risks within your portfolio?[[13]](#footnote-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  In accordance with ESG principles, standardized system for green financial inclusion evaluation and services has been established, including three major systems: standardized identification and classification system of green credit, environmental and social risk assessment system of green credit, and environmental benefit assessment system of green credit. At the same time, the whole process management of green credit was implemented, and the "green credit special approval channel" was used in the process to provide a green channel for the green development of enterprises. The bank actively coordinated with local government, and built a green information sharing platform, and provided strong technical support for the accurate and convenient delivery of credit to enterprises. For instance, we collect list of enterprises being punished for environment, and impose strict credit control and withdrawal mechanisms on these listed enterprises. It executed environmental information disclosure and environmental stress testing to effectively improve the prospective foresight and elaboration of green risk control management. | Links and references  See page 16 of the 2023 Environmental Information Disclosure Annual Report on Zhejiang Anji Rural Commercial Bank Co., Ltd. |

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| Self-assessment summary  Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?  Yes  No  Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?  Yes  No  Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?  Yes  In progress  No |

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| Principle 6:  Transparency & Accountability | |
| **Icon  Description automatically generated**  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. | |
| 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  It is estimated to be assured in 2025 |  |
| 1. 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: …. | |
| Response  Since 2018, the Bank started to disclose environmental information, which is conducted according to the "Guidelines for the Disclosure of Environmental Information for Financial Institutions" issued by the People's Bank of China. | Links and references |
| 1. Outlook   What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[[14]](#footnote-14), target setting[[15]](#footnote-15) and governance structure for implementing the PRB)? Please describe briefly. | |
| Response  The Bank attaches great importance to information disclosure and has been carrying out environmental information disclosure every year since 2018. Currently, the Bank is conducting research in the area of sustainability disclosure and has become an "ISSB International Sustainability Disclosure Guidelines Pioneer Partner".  In the next stage, in accordance with the requirements of the Principles for Responsible Banking, the Bank will closely focus on the two most important and substantive goals of financial health and inclusion and climate change mitigation, continue to improve the green financial inclusion product and service system, to meet the green finance needs of diversified and inclusive service objects, and further increases the scale of investment and financing in climate mitigation, and builds a benchmark bank in green financial inclusion. | Links and references |

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| 1. **Challenges**   Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.  What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).  If desired, you can elaborate on challenges and how you are tackling these: | |
| Embedding PRB oversight into governance  Gaining or maintaining momentum in the bank\*  Getting started: where to start and what to focus on in the beginning\*\*  Conducting an impact analysis  Assessing negative environmental and social impacts  Choosing the right performance measurement methodology/ies  Setting targets  Other: … | Customer engagement  Stakeholder engagement  Data availability  Data quality  Access to resources  Reporting  Assurance  Prioritizing actions internally |
| If desired, you can elaborate on challenges and how you are tackling these:  *The challenge for the bank is that the resources given by the PRB are all in English, and it is relatively difficult to understand the resources. Can you provide more resources in Chinese?* | |

*\* The bank will continue to attach significant importance to and support the work of the* *Principles for Responsible Banking*

*\*\* The bank will start working on some areas based on the Principles for Responsible banking*

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. [↑](#footnote-ref-1)
2. Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](https://www.unepfi.org/wordpress/wp-content/uploads/2022/05/Impact-and-Target-Process-V-1.1-09.05.2022.pdf). [↑](#footnote-ref-2)
3. ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here. [↑](#footnote-ref-3)
4. Global priorities might alternatively be considered for banks with highly diversified and international portfolios. [↑](#footnote-ref-4)
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. [↑](#footnote-ref-5)
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. [↑](#footnote-ref-6)
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. [↑](#footnote-ref-7)
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. [↑](#footnote-ref-8)
9. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets. [↑](#footnote-ref-9)
10. 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. [↑](#footnote-ref-10)
11. [↑](#footnote-ref-11)
12. 11 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

    Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations [↑](#footnote-ref-12)
13. 13Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks. [↑](#footnote-ref-13)
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 [↑](#footnote-ref-14)
15. For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc. [↑](#footnote-ref-15)