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| Progress Report on the Responsible Banking Principles (PRB) of Qingdao Rural Commercial Bank for 2022 |
| 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. |
| Qingdao Rural Commercial Bank is one of the 7 rural commercial banks established through overall restructuring in the sub-provincial cities approved by The State Council and the China Banking and Insurance Regulatory Commission. It was listed and opened for business on June 28, 2012 and listed in Shenzhen Stock Exchange on March 26, 2019.  Headquartered in Qingdao Wealth Management and financial Comprehensive Reform Pilot Zone, Qingdao Rural Commercial Bank has 352 business outlets in Qingdao, Jinan and Yantai, and 8 Blue sea rural banks initiated by landlords in Luohu, Shenzhen and Yiyang, Jiangxi Province, with more than 5,000 employees.  Since its restructuring and opening, Qingdao Rural Commercial Bank has taken "the main bank for urban and rural coordination, the host bank for serving 'agriculture, rural areas and farmers', the partner bank for small and medium-sized enterprises, and the intimate bank for urban and rural residents" as its market positioning, and focused on deepening reform, accelerating development and innovation. Promote deposits, loans, international settlement, asset quality, net profit, provision coverage and other indicators reflecting the comprehensive strength, competitiveness and risk control ability of legal person banks to remain in the forefront of local legal person banks in Shandong Province, and become a systemically important legal person bank in Shandong Province.  Centering on the strategic evolution direction of inclusive banking connecting urban and rural areas, the bank strives to achieve "better urban and rural life". We will continue to improve the protection of the rights and interests of shareholders and consumers, the protection of the rights and interests of employees, suppliers, and green finance, and organize relevant departments to implement them. In 2022, while pursuing economic benefits and protecting the interests of shareholders, the bank will actively protect the legitimate rights and interests of employees, treat suppliers, customers and consumers in good faith, practice the concept of green development, actively develop green finance, engage in public welfare understudies, serve agriculture, rural areas and farmers, serve communities, serve small and medium-sized enterprises, and serve local economy, and promote the coordinated and harmonious development with the whole society. |
| 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: ---------------------  Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -------------------------  None of the above |
| The bank has fully integrated and practiced the concept of sustainable development in a series of policy documents such as the 2021-2025 Development Strategic Plan of Qingdao Rural Commercial Bank and the Working Regulations of the Committee for the Protection of Agriculture, Rural Areas and Farmers Financial Services and Consumer Rights and Interests of Qingdao Rural Commercial Bank Co., LTD., and continuously increased its support for green economy, blue economy and inclusive finance. Continue to improve the green finance management system, orderly promote the innovation of green financial products and inclusive financial products, and further enrich the service model, in order to make greater contributions to the high-quality development of regional economy, society and environment. It has signed the PRB to actively support the implementation of the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.  In terms of green finance, the bank attaches great importance to the impact of customers and projects on the environment and society, responds to the call for carbon neutrality and carbon peak, explores the construction of environmental and social risk management system, rationally allocates credit resources, optimizes credit structure, improves service level and promotes the transformation of development mode through green financial measures such as issuing green bonds and innovating characteristic guarantee mechanism. In 2022, the balance of green loans of Qingdao Rural Commercial Bank reached 7.196 billion yuan, an increase of 1.541 billion yuan or 27.25% compared with the beginning of the year. The number of green loan customers of the company increased steadily compared with the beginning of the year, and the "green + inclusive" loan achieved remarkable results in increasing households and expanding coverage.  In terms of inclusive finance, by the end of 2022, the bank's inclusive small and micro loans had a balance of 40.014 billion yuan (excluding bill discount and rediscount), and the number of inclusive small and micro loans customers was 53,500. |
| 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. |
| * 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 and fulfil the following requirements/elements (a-d):   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. |
| The scope of influence mainly includes personal business and corporate business. Personal business mainly includes deposits and loans, bank cards, etc., while corporate business mainly includes deposit and loan management, etc.  The area involved is mainly in Qingdao area. |
| 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 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. |
| The business accounts for more than 10 percent of the business sector: wholesale and retail (19.58%), leasing and business services (17.78%), the real estate industry (16.11%), construction (15.54), manufacturing (13.94%).In the field of green credit, Qingdao farmers and merchants bank of Qingdao invested 486 million yuan in energy conservation and environmental protection industry, accounting for 6.76%. To the clean production industry of 0.29 billion yuan, accounting for 0.4%; To the clean energy industry of 2.42 billion yuan, accounting for 3.37%; The ecological and environmental industry is 29.44 billion yuan, accounting for 40.91%. The green upgrade area is 34.93 billion yuan, accounting for 48.55%. The green service area is 0.01 billion yuan, accounting for 0.01%. |
| 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? 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.* |
| The bank's main challenges and priorities related to sustainable development are focused on contributing to the green economy, the development of the real economy and rural revitalization.  Green economy: The bank actively responds to the national policy of "developing green economy", implements regulatory requirements at all levels, innovates green financial products and services, and promotes the development of real economy with green finance. In 2022, the bank's green loan balance reached 7.196 billion yuan, an increase of 1.541 billion yuan or 27.25% compared with the beginning of the year. The number of green loan customers of the company increased steadily compared with the beginning of the year, realizing the goal of "increasing households and expanding coverage".  In terms of real economy: The bank issued the Marketing Implementation Plan of Key Projects of Qingdao Rural Commercial Bank in 2022, established the "Three-year Action Service Class for Urban Renewal and Urban Construction", fully connected with the headquarters of all districts and cities and key project contractors, continued to follow up the construction progress of projects, and actively provided financial support. Actively respond to the call of the government and market demand, realize online processing of bid guarantee, performance guarantee and wage guarantee for migrant workers, and realize electronic and product-oriented coverage of the whole process. Develop "park loan" products to support the economic development of the Industrial park; We will continue to increase financial support for "specialized, specialized and new" enterprises, launch eight exclusive credit products such as "high enterprise credit loan" and "insurance loan", and build a service system covering the whole growth cycle of enterprises. We organized the "Warm Sun in Winter" campaign, made every effort to cultivate the first loan for individual businesses, supported 7,594 small and micro businesses and individual businesses, and granted loans of 3.652 billion yuan.  Rural revitalization: The bank firmly grasps the general requirements of "agriculture, rural areas and farmers" work, based on the market positioning of "supporting agriculture and supporting small businesses", comprehensively focuses on strengthening the leadership of Party building, and gives full play to the vanguard and exemplary role and fighting fortress role of Party members and grassroots Party organizations in rural revitalization. Cooperate with Qingdao Central Sub-branch of the People's Bank of China and other departments to actively promote the service mode of "Party branch + rural inclusive finance payment service point + collective economic organization", release a number of financial products with rural revitalization characteristics, and effectively meet the diversified and multi-level financial needs of rural revitalization. Signed the Strategic Cooperation Agreement on Financial Support for Rural Revitalization with Qingdao Municipal Bureau of Agriculture and Rural Affairs, focusing on relevant supporting policies and the list of rural revitalization business entities, focusing on key areas and weak links, and providing special financial support. We quickly responded to the Opinions on Financial Support for the Development of New Agricultural Business Entities jointly issued by the CBRC and other six ministries and commissions, organized and carried out special activities for credit filing and rating of new agricultural business entities, and guided the whole bank to do its best to serve new agricultural business entities. By the end of December 2022, Qingdao Rural Commercial Bank had lent 547 new agricultural business entities with a balance of more than 1.8 billion yuan. The Municipal Bureau of Agriculture and Rural Affairs and the Agricultural Bear Company jointly launched the credit through train service, which should be lent as much as possible and comprehensively increased support. The annual total of 79.25 million yuan of credit through train loans were issued, accounting for 55% of the total amount of banks in the city. China pioneered the cooperation mechanism of "policy guarantee + loan transfer", carried out business cooperation with China Development Bank and Agricultural insurance Company, and invested 100 million yuan. In addition, we will make every effort to promote grid services. By 2022, 1,884 credit grids for the whole village will be established, with 617 new ones added. We will make every effort to open up the "last mile" of financial services and expand service coverage. |
| 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)? Please disclose. |
| Through the analysis of government policy orientation, corporate mission and purpose, and its own products and services, the bank identifies key industries and areas to support, and supports their development by providing financial products and services to customers. The bank gives priority to supporting green finance and inclusive finance to help the sustainable economy, the real economy and rural revitalization. |
| 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.* |
| Climate change mitigation: continue to develop green finance, strengthen institutional system construction, carry out in-depth green credit work, support the development of green industries; Promote the construction of a "conservation-oriented" bank and fulfill the responsibility of working diligently and frugally; Vigorously develop green channels, strengthen platform construction, improve service experience. Three large-scale fields of green credit business have been identified: green upgrading of infrastructure, ecological environment industry, energy conservation and environmental protection industry. And play an active supporting role in these areas. Strictly implement the "no less than two" requirements of the People's Bank of China on green loans, set the growth target of the bank's green credit business, and evaluate the performance of green finance.  Inclusive finance: deepen the field of inclusive finance, focus on strengthening financial services for small, medium and micro enterprises and promoting the strategy of "agriculture, rural areas and farmers" and "rural revitalization", strengthen and deepen the reform and transformation of state-owned enterprises, develop and expand small and medium-sized enterprises in the fields of advanced manufacturing, science and technology, culture and green, and focus on cultivating "specialized and innovative" enterprises. |

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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 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 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.* |
| The bank's investment portfolio actively responds to the United Nations Sustainable Development Goals and the Paris Agreement, practices the national "dual carbon" target and policy orientation, and increases financial support for green industries in accordance with the requirements of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of the Vision Goal 2035 and the Guidance on Promoting Investment and Financing to Address Climate Change. We will deepen inclusive finance and help micro, small and medium-sized enterprises develop and provide services for agriculture, rural areas and farmers. |
| ***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 | … |  | | … |  | | … |  |  |  |  |  | | --- | --- | --- | | Impact area | Indicator code | Response | | Financial health & inclusion | … |  | | … |  | | … |  |   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. |
| The baseline is December 31, 2021.  Climate change mitigation: In 2022, the company's green loans will aim to "increase households and expand coverage, improve quality and efficiency". The balance of green loans of Qingdao Rural Commercial Bank will reach 7.196 billion yuan, an increase of 1.541 billion yuan or 27.25% compared with the beginning of the year. In the whole year, 48 new corporate green loans were added, 14 exceeding the plan.  Inclusive finance: (1) helping the real economy. By the end of December 2022, it had connected with more than 4,000 high-tech, specialized and special new enterprises, and 877 related enterprises with credit support, with a loan balance of 8.93 billion yuan. By the end of May 2022, a total of 7,332 loans have been renewed without repayment, with a total amount of 9.923 billion yuan, saving enterprises nearly 30 million yuan in financial costs and reducing the repayment pressure of enterprises. We organized the "Warm Sun in Winter" campaign, made every effort to cultivate the first loan for individual businesses, supported 7,594 small and micro businesses and individual businesses, and granted loans of 3.652 billion yuan. (2) Helping rural revitalization. A total of 1,790 rural inclusive payment service points have been set up in rural areas, providing accounting and government services to more than 7.6 million people. We will formulate a plan for the standardized construction of rural inclusive finance payment service points, and complete the standardized construction of 763 service points by 2022. Based on the payment scenario of agricultural products purchase, the "E-Station Link for Agricultural Products Purchase" has been created, integrating purchase order management, payment and settlement, and inventory management. In 2022, it will successively provide purchase and settlement services for 47 purchasers and 2,600 farmers, including strawberries and garlic; the total settlement of agricultural products purchase is 64.95 million yuan. At the same time, the allocation of network resources has been rationally optimized. In 2022, 6 agriculture-related network have been optimized and integrated successively. A total of 303 agriculture-related network have been set up in agriculture-related areas and cities, covering 5,587 administrative villages, accounting for 99.59% of the city's administrative villages. |

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| 1. ***SMART targets*** (incl. key performance indicators (KPIs)): 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. |
| Green finance and inclusive finance.  Green finance indicators, and set annual growth targets for green credit business, including indicators such as the scale of green loans, the proportion of green loans, and the number of green credit customers served.  Inclusive finance performance indicators mainly refer to inclusive finance loan scale, number of customers, proportion, promotion of deferred principal and interest payment, etc. In the real economy, including financial support for micro, small and medium-sized enterprises, "specialized, specialized and new" enterprises and manufacturing enterprises; Rural revitalization, including credit scale, financial costs, incentive assessment and other aspects. |
| 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. |
| Green finance: The bank will increase its support for green economy, low-carbon economy and circular economy, fulfill its social responsibilities, promote the coordinated and sustainable development of economy and resources and environment, and achieve its own healthy and steady development. According to the requirements of Green Finance Guidelines for Banking and Insurance Industry and Green Finance Evaluation Plan for Financial Institutions of the People's Bank of China and other documents, The bank has formulated the Green Credit Policy of Qingdao Rural Commercial Bank, Green Credit Management Measures of Qingdao Rural Commercial Bank, Implementation Plan of Green Financial System Construction of Qingdao Rural Commercial Bank, Green Finance Action Plan of Qingdao Rural Commercial Bank and other documents. The work objectives, general principles, organizational structure, supported industries, prohibited industries, customer access, credit operation, interest rate preferences, etc., of the bank's green credit business have been clarified.  In the real economy: First, we will strengthen services for key projects. The bank issued the Marketing Implementation Plan of Key Projects of Qingdao Rural Commercial Bank in 2022, established the "Three-year Action Service Class for Urban Renewal and Urban Construction", adhered to the principle of "taking a good example in competition, demonstrating in innovation, and taking the lead in service", fully connected with the headquarters of all districts and cities and key project contractors, continued to follow up the progress of project construction, and actively provided financial support. Second, continue to develop scene finance. Continuously enrich the functions of the life service platform, use the high-frequency life scene of "payment + government affairs" to drive the low-frequency financial scene, and vigorously build the local life circle ecology. Continue to enrich the scope of online payment services, launch the government service section, provide provident fund, social security, medical insurance, housing management, non-tax and other government services, further improve the service capacity of the platform, attract customer flow. Third, we will strengthen product and service innovation. In response to the call of the government and market demand, we have built a multi-module and strongly integrated "Xin e Han" electronic letter of guarantee factory. Develop "park loan" products to support the economic development of the park; We continued to increase financial support for "specialized, special and new" enterprises, launched eight exclusive credit products such as "high enterprise credit loan" and "insurance loan", and set up a service system covering the whole growth cycle of enterprises, including domestic and foreign currencies, covering enterprises and individuals, and collective guarantee and credit.  Rural revitalization: First, strengthen Party building leadership. We will firmly grasp the general requirements for agriculture, rural areas and farmers, focus on strengthening Party building and leadership based on the market positioning of supporting agriculture and supporting small businesses, and give full play to the vanguard and exemplary role and fighting fortress of Party members and community-level Party organizations in rural revitalization. Second, we will strengthen resource allocation and stimulate the vitality of financial services for agriculture, rural areas and farmers. Continue to increase the supply of agriculture-related loans, centering on key agriculture-related areas in Pingdu and Laixi, leading agricultural enterprises, agricultural science and technology innovation subjects, professional farmers' cooperatives, large farming and breeding households and other key customer groups, supporting "flow loan + bill + trade finance + industrial chain finance + '1+N' supply chain finance" as the main product package, and establish a rapid response mechanism for credit evaluation of agriculture, rural areas and farmers. Third, strengthen the sense of responsibility and earnestly practice the social responsibility of financial services. We will earnestly implement the plan to stabilize market entities, employment and entrepreneurship, and economic growth, actively carry out financial rescue, and increase financial support for consumer credit. |

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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. |
| The bank actively implements the implementation of green finance and inclusive finance goals, responds to climate change, develops inclusive finance, and practices the PRB concept.  In terms of green finance: In 2022, the company's green loans will aim at "increasing households and expanding coverage, improving quality and efficiency". The balance of green loans of Qingdao Rural Commercial Bank will reach 7.196 billion yuan, an increase of 1.541 billion yuan or 27.25% compared with the beginning of the year. In the whole year, 48 new corporate green loans were added, 14 exceeding the plan.  Inclusive finance: (1) Helping the real economy. By the end of December 2022, it had connected with more than 4,000 high-tech, specialized and special new enterprises, and 877 related enterprises with credit support, with a loan balance of 8.93 billion yuan. By the end of May 2022, a total of 7,332 loans have been renewed without repayment, with a total amount of 9.923 billion yuan, saving enterprises nearly 30 million yuan in financial costs and reducing the repayment pressure of enterprises. We organized the "Warm Sun in winter" campaign, made every effort to cultivate the first loan for individual businesses, supported 7,594 small and micro businesses and individual businesses, and granted loans of 3.652 billion yuan.  (2) Helping rural revitalization. In 2022, the bank organized a labor competition for 100 financial assistants, held more than 5,800 financial services and made 111 donations. Cooperated with Qingdao Central Sub-branch of the People's Bank of China to actively promote the service mode of "Party branch + rural inclusive finance payment service point + collective economic organization", and built a total of 20 "Party-mass e homes". And set up 1,790 rural inclusive payment service points in rural areas, taking this as the service tentacles and extending the service radius. At the same time, it has rationally optimized the allocation of network resources, and successively optimized and integrated agriculture-related network in 2022. More than 300 network outlets have been set up in agriculture-related districts and cities, covering more than 5,500 administrative villages. A total of 1,790 rural inclusive payment service points have been set up in rural areas, providing accounting and government services to more than 7.6 million people. We formulated a plan for the standardized construction of rural inclusive finance payment service points, and completed the standardized construction of 763 service points during the year. In 2022, it will successively provide acquisition and settlement services for 47 purchasers and 2,600 farmers, including strawberries and garlic; the total amount of agricultural product acquisition settlement is 64.95 million yuan. At the same time, the allocation of network resources has been rationally optimized. In 2022, 6 agriculture-related network have been optimized and integrated successively. A total of 303 agriculture-related network have been set up in agriculture-related areas and cities, covering 5,587 administrative villages, accounting for 99.59% of the city's administrative villages. |
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| Principle 3:  Clients and Customers |
| 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 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. 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 P2).* |
| Innovation and transformation: The bank keeps up with the new needs of economic and social development, deepens transformation, speeds up innovation, and constantly improves the customer-centered product and service system.  Quality service: It is committed to providing consumers with safer, high-quality and intimate financial services. Through the new development pattern of enhancing customer satisfaction with standardized services, enhancing the competitiveness of branches with differentiated services, and meeting customers' core financial demands with professional services, it is committed to deepening the construction of service channels, strengthening the guarantee of quality service, and integrating civilized and standardized service into the work at all levels.  Consumer rights protection: The bank attaches great importance to the protection of consumer rights and interests, adheres to the development thought of "people-centered", earnestly implements the regulatory regulations and industry regulations, continuously improves the working system and mechanism of consumer rights and interests protection, strengthens the report and review of the board of directors, the Party Committee, the committee under the board of directors and the president's office, promotes the implementation of everything, and forms a closed loop of management. |
| 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.). |
| Innovation and transformation: set up the first sub-branch with technology and finance characteristics, implemented the first trade financing business under China-Thailand currency swap in China, the first exchange rate hedging business of guarantee and credit enhancement in Shandong, the first foreign exchange payment facilitation business of domestic freight of local legal person banks in the province, and the first foreign exchange collection and settlement business under market procurement trade. We have broken the ice on carbon emission rights and loans pledged by pollution emission rights, set up a "carbon benefit connect" service platform, and innovatively launched green financial products and "anti-epidemic green sticker" bill products. Deeply cultivate offline scene entrance, innovatively launch "Mei Hao qian jing yi ma tong "order receiving business,"harvest E-bao "payment POS terminal and other scene service products. Focusing on innovation-driven, we achieved new breakthroughs in the speed of technology empowerment. A total of 70 fintech projects were launched throughout the year, and 2 invention patents and 8 software copyrights were added. We will build a "finance +" comprehensive service platform for rural revitalization, a core ecology ·GBC aggregation platform, and a core chain finance ·6C financial service platform to boost the role of regional finance and serve agriculture, rural areas and farmers as well as the real economy.  Quality service: The bank advocates the implementation of the service concept of "caring for the elderly, helping the elderly and loving the elderly", and provides multi-channel, multi-dimensional and multi-functional convenient services to enable elderly customers to integrate into intelligent financial life. Add fingerprint recognition and 3D face recognition functions in direct banking to reduce the difficulty for elderly customers to remember passwords; A customer service phone button is added in the application interface of the elderly version of mobile banking, so that elderly customers can "one-click direct" manual service. In addition, more than 300 green channels for the elderly have been opened in business outlets, smart health stations for the elderly have been set up in featured business outlets, and door-to-door services have been provided to elderly customers with mobility problems for more than 1,000 times relying on portable smart teller machines. Strengthen supervision and inspection, make service standards more standardized, formulate civilized and standardized service inspection standards and basic service requirements of business outlets, and carry out multi-level and multi-way inspection and supervision modes such as on-site inspection, regular remote inspection and irregular cross-monitoring on the implementation of civilized and standardized service of environmental facilities of business outlets and employees of all positions. And use on-site satisfaction research and other ways to timely find and rectify the problems existing in the service of the network, strengthen the implementation of standards. Actively publicize and implement advanced models, make grassroots services more efficient and further consolidate the construction achievements of "quality service improvement project". Take the creation of star outlets, service star selection, service tutor selection and other three activities as an opportunity to summarize and publicize a number of advanced models of "responsibility for action, strive for excellence", and actively adapt to the development trend of the industry and customer needs through reform and innovation attempts. To improve the overall service level of all staff by demonstration effect.  Consumer rights protection: We revised the Working Regulations of the Committee on Financial Services and Consumer Rights Protection for Agriculture, Rural Areas and Farmers, issued the Guiding Opinions on the Protection of Consumer Rights and Interests, the Management Measures for the Evaluation and Review of Consumer Rights and Interests Protection, the Management Measures for the Marketing and Publicity Activities of Consumer Rights and Interests Protection, and the Assessment Measures for Consumer rights and Interests Protection lines, and comprehensively implemented the management of consumer protection processes. Give full play to the incentive and restraint role of consumer insurance assessment in standardizing business behavior and improving work quality and efficiency, so as to ensure that work is implemented and practical results are produced. |

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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) 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. |
| In 2022, the bank will adhere to the mission of serving "agriculture, rural areas and farmers", serving the community, serving small and medium-sized enterprises and serving the local economy, actively fulfill corporate social responsibility, serve customers, reward shareholders and care for employees. First, economic responsibility. We will serve the local economy, support key projects, support urban renewal, serve agriculture, rural areas and farmers as well as small, medium and micro enterprises, and demonstrate the responsibility of local banks. The second is community responsibility. Continue to promote cooperation between banks, governments and enterprises, carry out public welfare education activities, carry out volunteer services, set up health post stations and outdoor workers post stations, pay taxes in good faith, and fulfill the responsibility of anti-money laundering. Third, shareholder responsibility. We will continue to improve the corporate governance mechanism, promote the development of a comprehensive risk management system, practice compliance business responsibility, and strengthen work style improvement and clean management. Fourth, customer responsibility. Actively promote business transformation, constantly improve the customer-centered product system, service system and rights and interests protection, and enhance service level; Establishing and improving consumer rights protection mechanism and improving service quality; Earnestly fulfill the responsibility of financial publicity, vigorously carry out financial knowledge publicity and education activities, and hold a variety of financial practice experience activities. Fifth, employee responsibility. We will promote democratic management, fully implement workers' rights to know, participate, express and supervise, and carefully build a "sunshine project" for democratic management. Visiting old party members, old workers and employees in difficulties, caring for the physical and mental health of employees; Continue to promote the leadership of Party building, vigorously promote the "series of projects" of branch construction, strengthen the construction of spiritual civilization, and pay attention to the growth of employees. Sixth, environmental responsibility. We will continue to develop green finance, carry out in-depth green credit work, and support the development of green industries; Promote the construction of a "conservation-oriented" bank and fulfill the responsibility of working diligently and frugally; Vigorously develop green channels, strengthen platform construction, improve service experience.   |  | | --- | | Principle 5:  Governance & Culture | | 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. | | The bank has always taken improving the corporate governance mechanism as an important means to enhance shareholder value and investor confidence. While creating good business performance, the bank has always improved the corporate governance mechanism with clear rights and responsibilities, effective checks and balances and coordinated operation. Strictly abide by the Company Law, Commercial Banking Law and other laws and regulations as well as the requirements of regulatory authorities, strive to create a good corporate governance culture, establish an efficient and smooth communication mechanism, formulate a set of relatively complete corporate governance rules and regulations including the company's articles of association, information disclosure management measures, etc. It has established a modern joint-stock corporate governance structure consisting of the general meeting of shareholders, the board of directors, the board of Supervisors and senior management. The social responsibility work of the bank is coordinated by the board of directors and defined under the leadership of senior management as sustainable development strategic planning, governance structure and responsibility management system. All departments and branches of the head office coordinate and divide labor to carry out social responsibility work. We will actively respond to the strategic direction and target requirements of high-quality economic and social development in China, and make active arrangements in green financial product system, green and low-carbon transformation of investment and financing, and product innovation. | | 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). | | The bank continues to improve its internal training system, lay a solid foundation for consumer protection work, organize and hold bank-wide consumer protection work meetings, effectively deploy work tasks, objectives and measures in response to a number of guiding guidelines and normative documents issued by regulatory authorities, urge employees to fulfill the main responsibility of protecting the rights and interests of financial consumers, and strengthen their awareness of protecting the rights and interests of consumers and their ability to perform their duties. Focusing on information protection, aging services, operation standards, complaint handling and other key contents, industry experts were invited to analyze all kinds of complaints, social hot events, financial information leakage and other risks and hidden dangers commonly encountered by financial institutions through "case teaching" and "case insurance". A total of 4 consumer insurance training sessions were organized throughout the year. Organize all staff of relevant departments and branches of the head office to participate in the study of consumer rights and interests protection system and the "should know and should know" examination, and set up the content of should know and should know to strengthen the publicity of consumer rights and interests protection policies and regulations and improve the working ability of consumer rights and interests protection of each position, so as to better achieve the purpose of "promoting learning by examination". Focusing on business difficulties, we have organized special trainings on retail customer management, "specialized and special new" enterprise marketing strategy, fund marketing process construction and other topics to help the development of the company and retail business.  In terms of green finance, the bank continuously strengthened the construction of green finance team, cultivated professional talents, carried out research on green finance topics, participated in the formulation of green finance standards, enhanced the awareness of all staff on green finance related issues, laid a solid intellectual foundation for green development, and created a responsible banking culture covering all staff. | | 1. Policies and due diligence processes   Does your bank have policies in place that address environmental and social risks within your portfolio? 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. | | In credit granting and lending, we pay attention to national policy risk, operational risk, reputation risk, information technology risk, compliance risk, anti-money laundering risk and collateral situation. Comprehensive consideration and monitoring of loan quota, term, industry, region and other factors.  In the due diligence report, for projects involving environmental risks, the environmental risks involved need to be considered, and strictly controlled and inspected in the credit approval. We will encourage and support green industries by setting minimum access standards for industries and companies involved in pollution or high emissions. | |

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| 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. |
| 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 |
| 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: …. |
| The bank's 2022 Social Responsibility Report (ESG) has been prepared in accordance with the Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange, Opinions on Strengthening the Social Responsibility of Banking Financial Institutions and Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions. |
| 1. Outlook   What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly. |
| *Looking into the future, QRCB will deeply study and implement the spirit of the 20th Party Congress, closely focus on the strategic plan of "three years and three steps", stick to the market positioning, focus on the main responsibility and main business, deepen structural adjustment, accelerate digital transformation, and strive to build a new pattern of high-quality development. While achieving its own high quality, it will continue to deepen the construction of green financial system, promote the development of green credit, actively fulfill the relevant requirements of the Principles of Responsible Banking, engage in public welfare, repay shareholders, care for employees, serve the "three rural areas", serve the community, serve small and medium-sized enterprises, and serve the local economy, and play a greater role in economic and social development.* |

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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: | |