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Principles for
Responsible Banking

Bank of Jilin Self-Assessment Report (2023)

Principles for Responsible Banking



Reviewed version (V2) from September 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.

Respond

The Bank of Jilin was established in October 2007 based on the restructured City Commercial Bank of Changchun. As the only city commercial bank in Jilin Province, it has 10,915 employees and 364 outlets in nine cities and prefectures of Jilin Province and the cities of Shenyang and Dalian. The bank is the founder of ten village banks (in Jilin Province, Hebei Province, and Jiangsu Province) and one loan company, and the shareholder of FAW Auto Finance Co., Ltd.

The bank has stayed focused on "returning to the local market, returning to our roots, and returning to the core business" in its journey, striving to "build the No.1 retail bank, corporate bank providing the best service, and specialized asset-management bank in the region." Its corporate loans are mainly directed to the sectors of manufacturing, agriculture, leasing and business services, wholesale and retail trade, and construction, etc.

The bank consciously integrates social responsibility into its development strategy and business management activities and has been widely acclaimed for supporting local economic growth, enhancing consumer protection, supporting rural revitalization, developing green finance, and supporting public welfare.

Links and Indexes

"Company Profile,"
2023 Annual Report

Strategy alignment

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

Yes

No

We have aligned our strategy with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks, taking into account the 3060 Carbon Neutral Roadmap.

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

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| <p><i>Respond</i></p> <p>The bank’s development strategy emphasizes sustainability and is aligned with the Paris Agreement and United Nations Sustainable Development Goals (UN SDGs).</p> <p>The bank thoroughly implements the state's policy requirements such as the goals of peaking carbon dioxide before 2030 and achieving carbon neutrality before 2060 and upholds the concept of “innovation, coordination, green, openness, and sharing.”. Guiding by Jilin Province's plan to build a province with ecological strength during the 14th Five-Year Plan Period, it adheres to ESG development concepts and makes the development of financial inclusion and green finance a strategic priority for the whole bank.</p> <p>The bank has elevated green finance to a strategic level and has issued documents such as the Strategic Plan of the Bank of Jilin during the 14th Five-Year Plan Period, the Guidelines for Green Finance of the Bank of Jilin, Seeking a Low-Carbon and Green Future for Jilin: Green Finance Action Plan of the Bank of Jilin, and the Policy of the Bank of Jilin on Specialized Credit to Support the Development of Green Finance to guide the bank's green finance progress.</p> <p>The bank upholds the idea of green development and places green transition and innovation at a strategic position of corporate growth. It continuously innovates and reforms in terms of product innovation, process optimization, formulation of systems, and environmental and social risk management. It also conforms to the transition to a low-carbon economy and focuses on the key industries and target customer groups to build presence and expertise in green finance.</p> | <p><i>Links and Indexes</i></p> <p>2023 Annual Green Finance Development Report; “Strategic Planning,” 2022 Annual Financial Environment Information Disclosure Report</p> |
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Principle 2: Impact and Target Setting



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

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant

impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

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

Respond

The bank has identified the risks and opportunities it faces in the short, medium, and long term using the TCFD’s environmental and climate risk analysis model. As the corporate banking business accounts for a large proportion of the bank's credit assets and significantly impacts the social environment, the risk analysis focuses on its corporate banking related-products, services, and activities. Business such as retail banking and asset management business are not covered in this phase of the analysis. The geographies analyzed mainly cover Jilin Province and Liaoning Province.

Links and Indexes

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

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

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

Respond

The bank has studied and applied the Principles for Responsible Banking (PRB) Impact Analysis Tool (Version 3). The allocation of the bank's corporate loans indicates that its loan portfolio is closely related to the development directions of “Availability, accessibility, affordability, quality of resources & services,” “Climate stability,” and “Circularity.”

Links and Indexes

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

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

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

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

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| <p><i>Respond</i></p> <p>The bank has referred to some policies (e.g. the Further Strengthening Financial Support for Green and Low-Carbon Development; the Guiding Opinions of the People’s Government of Jilin Province on Accelerating the Establishment of a Sound Economic System for Green, Low-Carbon, and Circular Development; the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy; the Action Plan for Carbon Dioxide Peaking Before 2030; and Several Opinions of the General Office of the People’s Government of Jilin Province on Promoting the Development of Green Finance) and communicated with more than 200 stakeholders. Guided by documents such as the Types of Projects in Jilin Province That Are Not Included in the EIA Management of Construction Projects (Jilin DEE EIA [2019] No. 7) issued by the Department of Ecology and Environment of Jilin Province. Based on the above-mentioned information, it has identified the most relevant challenges and priorities for Jilin Province, including climate change, the circular economy, decent employment, and financial inclusion.</p> | <p><i>Links and Indexes</i></p> <p>“Appendix: Bank of Jilin Self-Assessment Report (2022),” <i>2022 Annual Green Finance Development Report</i></p> |
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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

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| <p><i>Respond</i></p> <p>The bank divides environmental and climate risks into physical and transition risks and prioritizes the management of environmental risks to promote green finance.</p> <p>1. Policy risk</p> <p>In 2020, China set the goals of “peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060” (the “dual carbon” goals) and built a “1+N” policy system, outlining the main actions and key areas to achieve the goals. Sector-specific policies for the dual carbon goals have been introduced since. The impact of transition risks on the bank will be more significant as the policies tighten. For example, the state may include more energy-inefficient and high-emitting industries into the list of restricted or prohibited industries, which will greatly affect the bank’s credit policies. Failure to comprehend policy signals and adjust the business direction and credit policies in a timely manner may lead to policy and legal risks as well as reputation risk and even affect the profit and loss of the bank. In order to effectively respond to policy risk, the bank has assigned the</p> | <p><i>Links and Indexes</i></p> <p>“Analysis and Management of Environmental Risks and Opportunities,” <i>2022 Annual Financial Environment Information Disclosure Report</i></p> |
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⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

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.

leading department of green finance, studied relevant national policies promptly, improved its credit policies, and ensured timely policy updates.

2. Market risk

In the context of China's transition to a low-carbon economy and industrial structure optimization, industrial enterprises' transformation for energy conservation and emission reduction will continue to expand. At the same time, customers from industries in line with the national strategy, such as energy conservation, environmental protection, clean energy, and carbon emission reduction technology, will get greater development opportunities. These industries will continue to expand, entailing a huge demand for financial services and market opportunities, as the demand of enterprises for new products and services will continue to emerge.

Enterprises and technologies with high pollution, high emission, and high carbon footprint are also in the limelight. On the one hand, such energy-intensive and high-emitting industries as petrochemicals, iron and steel, cement, and aluminum will see further increase in operating costs and financing costs and gradual decrease in market shares. On the other hand, the carbon emission reduction activities of customers from high-emitting industries and the circular economy will generate new demand for financial products and services. The bank's failure to adapt to the market changes will result in a decline in business volume, loss of customers, and other risks. Therefore, the bank will actively expand the customer base of green industries in Jilin Province and launch the Bank of Jilin Green E+ series of innovative green financial products tailored to the characteristics of customers' sectors and the industrial ecosystem. At the same time, it will continue to improve its product portfolio according to the needs of corporate customers and market trends and provide customers with differentiated and comprehensive financial services through product innovation.

3. Reputation risk

Green, environmental protection, and sustainability have become concepts of great interest and recognition by the public and capital markets. Consumer preferences have shifted, and stakeholders place great emphasis on the environmental and climate-related aspects of a company. Failure to improve the governance and information disclosure in environmental and social responsibilities in a timely manner will affect the bank's environmental performance. In addition, if the bank's credit customers violate the law on ecology and environment or cause environmental incidents, it will encumber the bank's reputation.

The bank continuously improves its comprehensive management system for environmental and climate risks and incorporates the identification, assessment, and management of environment-related risks into all stages of pre-lending, lending, and post-lending. It closely monitors all aspects of its financing business and strictly implements national industrial policies and provisions on environmental management and pollution control, striving to improve its environmental and climate risk control mechanisms. Information about environmental and social governance is disclosed in strict accordance

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| <p>with relevant regulations of the China Banking Regulatory Commission (CBRC) and the People’s Bank of China (PBC). After joining the PRB, the bank disclose self-assessment reports and environmental information reports according to the impact analysis framework.</p> <p>4. Physical risks</p> <p>The Bank of Jilin is located in China’s northeastern Jilin Province. The increasing frequency of extreme weather events such as high temperature, heavy rains, snowstorms, and typhoons may cause damage to the bank’s operating institutions and data centers, thus affecting the continuity and stability of its operations. The Bank of Jilin’s risk prevention measures are scientific and effective and can prevent and control risks. Meanwhile, the bank further prevents and controls climate disaster risks through insurance remedies and other methods.</p> <p>These identified challenges and priorities have prompted the bank to pay closer attention to issues in climate change and the circular economy, both as priorities in the locations where it operates. Furthermore, its exposure is significant in industries that play a key role in these impact areas.</p> | |
| <p>d) For these (min. two prioritized impact areas): <u>Performance measurement:</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p> | |
| <p><i>Respond</i></p> <p>The bank has assessed relevant industries and technologies to identify the scale, significance, and intensity of the impact areas. In accordance with the regulatory statistical reporting rules and the requirements of relevant documents such as the Guidelines for the Measurement of Energy Conservation and Emission Reduction of Green Credit Projects, it has measured environmental benefits based on the data in project feasibility study reports, project approval, and other reports. The bank will continue to study national and local macro policies and countermeasures in green finance. It will also monitor the operation of its customers, guide and encourage their investments in transition technologies to prevent operational abnormalities caused by changes in policies and regulations and the ensuing impact on financial stability.</p> | <p><i>Links and Indexes</i></p> <p>“Environmental Benefits of Customer Investment and Financing,” 2022 <i>Annual Financial Environment Information Disclosure Report</i></p> |

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

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| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

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

Availability, accessibility, affordability, quality of resources & services, climate stability, circularity

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

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

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

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

2.2 Target Setting (Key Step 2)

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

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

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

You can build upon the context items under 2.1.

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| <i>Respond</i> The bank believes that “climate mitigation” and “circularity” are relevant to China’s sustainable development strategy and the 30-60 carbon peaking and carbon neutrality goals and are aligned with the UN Sustainable Development Goals (SDGs) and the Paris Agreement. | <i>Links and Indexes</i> |
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b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

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

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

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

| <i>Impact area</i> | <i>Indicator code</i> | <i>Response</i> |
|----------------------------------|-----------------------|-----------------|
| <i>Climate change mitigation</i> | ... | |
| | ... | |
| | ... | |

| <i>Impact area</i> | <i>Indicator code</i> | <i>Response</i> |
|---|-----------------------|-----------------|
| <i>Financial health & inclusion</i> | ... | |
| | ... | |
| | ... | |

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.

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| <i>Respond</i> With 2021 as the base year, the following targets are set based on | <i>Links and Indexes</i> |
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⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

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

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| <p>available information:</p> <p>a) The amount and percentage of new loans for areas of green finance; b) The number of newly added companies supporting these areas; and</p> <p>c) A higher growth rate of green finance loans compared to overall loan growth.</p> <p>In the future, the bank will continuously refine these targets as its ability to quantify these impacts improves.</p> | |
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| <p>c) <i>SMART targets</i> (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p> | |
| <p><i>Respond</i></p> <p>Based on the impact analysis, the Bank of Jilin has derived two targets as follows from major impacts:</p> <ol style="list-style-type: none"> 1. Climate stability: The Bank of Jilin will provide no less than RMB 35 billion in total over the 14th Five-Year Period in loans for areas of green finance, and maintain a higher growth rate of loans in green finance compared to overall loan growth. By the end of 2030, the bank will provide no less than RMB 80 billion in total in loans for areas of green finance. 2. Resource efficiency and circularity: During the 14th Five-Year Plan period, the Bank of Jilin will maintain a higher growth rate of loans in resource efficiency and circularity compared to overall loan growth. | <p><i>Links and Indexes</i></p> |
| <p>d) <i>Action plan:</i> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p> | |
| <p><i>Respond</i></p> <p>Since the bank joined the PRB, the Board of Directors sets the green strategic objectives and monitors that if the strategy is effectively implemented. The implementation is led by the Credit and Investment Management Department, with the cooperation of relevant departments. Corresponding action plans are developed and reports to the Board of Directors are compiled annually.</p> <p>The measures and actions it plans to take include:</p> <p>First, strengthening the system of green finance. The bank will give a full play to the role of the Green Finance Committee of the Bank of Jilin in improving the system of green finance and coordinating,</p> | <p><i>Links and Indexes</i></p> <p><i>2023 Annual Green Finance Development Report; 2023 Annual Report</i></p> |

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

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| <p>managing, and discussing environmental-related issues in a unified manner. The goal is to continue refining a multi-level, comprehensive, sustainable, and risk-controllable green finance system.</p> <p>Second, increasing allocation of green loans. The bank will allocate more resources and set the development of green finance as one of the key indicators in the bank’s overall performance evaluation, thereby driving credit resources to green areas. It will also actively guide its branches to increase the proportion of loans related to new energy, energy conservation, environmental protection, and resource recycling in their corporate loan portfolios, and finance their customers’ transition plans/paths.</p> | |
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| <h3>Self-assessment summary</h3> | | | |
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| <p>Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...</p> | | | |
| | <p>... first area of most significant impact: climate stability</p> | <p>... second area of most significant impact: circularity</p> | <p><i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i></p> |
| <p>Alignment</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p> |
| <p>Baseline</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p> |
| <p>SMART targets</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p> |
| <p>Action plan</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p> |

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

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

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

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):

describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Respond

The Bank of Jilin is constantly improving its green finance system. At the head office, the Board of Directors, as the highest decision-making body, reviews the bank's green finance strategy. The Green Finance Committee of the Bank of Jilin has been established, chaired by the vice president of the bank, to coordinate the green finance efforts across the bank. The Credit and Investment Management Department of the head office leads the bank's green finance efforts. At relevant centers of the Corporate Finance Department of the bank, dedicated positions to green finance have been set for green finance policy research, business promotion, and product innovation.

In 2023, guided by the "4+3" green finance strategy framework, the bank performed green finance responsibility in every aspect, aiming to contribute to the carbon peaking and carbon neutrality goals. In terms of green credit, focusing on the green finance areas stipulated in the 2023 Credit Policy of the Bank of Jilin, it intensified the implementation of credit policies, providing strong support for the development of green finance. By the end of 2023, the green credit balance of the Bank of Jilin was approximately RMB 21.61 billion, an increase of RMB 10.267 billion from the beginning of the year, marking a year-on-year growth rate of 90.55%.

In 2023, the bank was included in the scope of financial institutions supported by the PBC's carbon-reduction supporting tool. As one of the first local incorporated banks qualified for this tool in Jilin Province, the bank granted a preferential interest rate loan to an enterprise through approval with insufficient application materials and facilitated the first fund of the carbon-reduction supporting tool in Jilin Province among local incorporated banks.

Links and Indexes

*2023 Annual Green
Finance Development
Report*

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 customers¹⁰ 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 activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

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).

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

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| <p><i>Respond</i></p> <p>Retail banking is one of the main business lines of the bank, and it thus attaches great importance to building employees’ capacity and enhancing consumer protection. The bank regularly conduct financial literacy activities. In addition, it has established a sound mechanism for consumer complaint, acceptance, and feedback to live up to the commitment to being a commercial bank that satisfies customers.</p> <p>Green finance has always been the direction of the bank’s business development and focus of credit allocation. The bank fully supports the implementation of the strategy to build Jilin a province with ecological strength, for which it has established a green finance strategic system. It has set up a Green Finance Committee and formulated green action plans, guiding opinions on green finance, and special credit support policies. It has also established a “4+3” green finance strategic system that features forming a professional team, optimizing special policies, implementing special assessments, providing exclusive services, developing green products, expanding green investments, and promoting green operations.</p> | <p><i>Links and Indexes</i></p> <p>“Strategic Planning, Action, and Major Efficacy,” 2022 <i>Financial Environment Information Disclosure Report</i></p> |
| <p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p> | |
| <p><i>Respond</i></p> <p>As the executive vice chair of the first Green Finance Committee of Jilin Province, the bank organized the Capacity Building Conference of the Green Finance Committee of Jilin Province, inviting experts from Beijing Green Exchange Co., Ltd. to share their experience, thus contributing to the green and sustainable development of Jilin Province. The bank has deepened its strategic cooperation with the Jilin Provincial Department of Ecology and Environment and collaborated with high-quality environmental protection enterprises and key projects from the source. It has developed 34 innovative green financial products, including the Green E Energy Loan and the Green E Technical Retrofitting Loan around eight key areas (ecological conservation and restoration, clean energy, green buildings, green manufacturing, green transportation, green infrastructure, green agriculture, and environmental rights). The outcomes include the granting of the first carbon emission reduction-linked loan in northeastern China, the first financing deal pledged by carbon emission rights in the province, and the first loan of the carbon-reduction supporting tool among local incorporated banks in Jilin Province.</p> | <p><i>Links and Indexes</i></p> <p>2023 <i>Annual Green Finance Development Report</i>; “Strategic Planning, Action, and Major Efficacy,” 2022 <i>Financial Environment Information Disclosure Report</i></p> |

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 groups¹²) 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.

Respond

In the process of impact analysis, the bank also proactively engaged policymakers from five departments, including the Department of Ecology and Environment, and four civil society organizations to discuss the assessment results in response to the most relevant challenges and priorities to sustainable development in Jilin Province. Stakeholder groups have been identified through stakeholder analysis.

In the future, the Bank of Jilin will deepen its cooperation efforts in every aspect with all types of financial institutions in the province to discuss, build, and share new channels and new models of green financial services. Besides, it will actively build university-enterprise cooperation platforms with universities in the province to provide industry-university-research cooperative education programs and achieve the mutual promotion and common progress of the industry chain, education chain, and talent chain.

Links and Indexes

“Strategic Planning, Action, and Major Efficacy,” 2022 *Financial Environment Information Disclosure Report*

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

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

Yes In progress No

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

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

Respond

As the highest decision-making body for green finance management of the bank, the Board of Directors 1) determines the strategic planning of green finance and for supporting carbon peaking and carbon neutrality; 2) reviews the green development strategic objectives set by the senior management; 3) deliberates on green finance business reports; 4) deliberates on the bank's sustainability performance in areas including green finance and offers recommendations for improvement; and 5) provides the overall layout, planning, and decision-making for the environmental risk strategy and environmental information disclosure across the bank.

The Strategy Committee of the Board of Directors oversees the implementation and outcomes of the green finance strategy and deliberates on annual progress reports on green credit submitted by the management team. Completion of green finance targets are linked to the management's compensation.

The Green Finance Committee of the Bank of Jilin has been established under the Board of Directors, chaired by the vice president of the bank, to coordinate the green finance efforts across the bank.

Links and Indexes

“Environment-Related Governance Structure,” *2022 Financial Environment Information Disclosure Report*; “Appendix: Bank of Jilin Self-Assessment Report (2022),” *2022 Annual Green Finance Development Report*

5.2 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).

Respond

The bank attaches great importance to the concept of sustainable development in the bank’s culture and has organized several training sessions on the PRB and green finance for account managers in the corporate banking business line of the bank and at external bank-enterprise seminars. The training sessions, which covered carbon trading, green finance, hydrogen energy, wind power, photovoltaic, introductions to Bank of Jilin’s green financial products, release of the Green Finance Action Plan of the Bank of Jilin, and the Bank of Jilin’s Green E+ series of products, were designed to strengthen the practical skills of green finance credit.

The Credit and Investment Management Department leads the formulation of the bank's green finance development strategy. The Corporate Finance Department leads the green finance credit and investment business. The Directors’ Office implements green operations. The General Office organizes the external promotion of the Principles for Responsible Banking. Relevant efforts are included in the performance management of managers.

Links and Indexes

“Strategic Planning, Action, and Major Efficacy,” 2022 *Financial Environment Information Disclosure Report*

5.3 Policies and due diligence processes

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

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

¹³ Applicable 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.

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| <p><i>Respond</i></p> <p>The Bank of Jilin has formulated and issued Seeking a Low-Carbon and Green Future for Jilin: Green Finance Action Plan of Bank of Jilin, and the Policy of Bank of Jilin on Specialized Credit to Support the Development of Green Finance and has established a sound environmental and social risk management system, incorporating environmental, social, and governance requirements into the whole process of credit granting. It supports the green, low-carbon, and circular economy by implementing differentiated credit management strategies and establishing a systematic implementation plan for climate and environmental risk stress testing.</p> <p>In the due diligence stage, restrictions have been placed on credit allocation to energy-intensive and high-emitting industries, and credit resources have been directed towards energy conservation, emission reduction, and green development areas according to the 2023 Credit Policy of the Bank of Jilin. For manufacturing enterprises presenting energy consumption and environmental issues, analysis of environmental penalties, carbon emissions, and waste disposal has been added to the due diligence template, and the results are applied in loan allocation and pricing. At the same time, corporate environmental credit data is fully utilized. Red and yellow-flagged enterprises are included in the control list for management, and the approval and disbursement of financing for such enterprises will be blocked.</p> | <p><i>Links and Indexes</i></p> <p>“Environmental Risk Management and Process,” 2022 <i>Financial Environment Information Disclosure Report</i>; 2023 Credit Policy of the Bank of Jilin</p> |
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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

Principle 6: Transparency & Accountability



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

6.1 Assurance

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

Yes Partially No

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

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6.2 Reporting on other frameworks

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

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other:

Respond

PBC's Guidelines for Financial Institutions Environmental Information Disclosure

Links and Indexes

PBC's Guidelines for Financial Institutions Environmental Information Disclosure

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

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

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

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| <p><i>Respond</i></p> <p>The Bank of Jilin will adhere to the goals of carbon peaking and carbon neutrality and follow the layout of green development of Jilin Province. It will actively practice green development by improving the green financial product system and service model, enhancing the green financial system, increasing the provision of green credit, and improving the innovation ability of green financial products. With efforts to advance green</p> <p>finance in every aspect, it strives to achieve both economic and environmental benefits and contribute to Jilin Province’s green and high-quality development with targeted financial initiatives for green industries.</p> | <p><i>Links and Indexes</i></p> <p>“Outlook,” 2022 <i>Financial Environment Information Disclosure Report</i></p> |
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6.4 Challenges

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

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

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

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

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