

2023

Guangzhou
Rural Commercial Bank
Corporate Social Responsibility (ESG) Report



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About this Report

Overview of Report

Adhering to the principles of materiality, quantitative, balance and consistency, the Bank has prepared the annual Corporate Social Responsibility Report (“ESG Report”) for the period from 1 January 2023 to 31 December 2023 (the “Reporting Period”), which discloses the Bank’s relevant information on environmental sustainability, social and corporate governance. This report is the seventh ESG Report published by the Bank since 2018.

Preparation Basis

This report was prepared according to the GRI Sustainability Reporting Standards of Global Report Initiative (“GRI”), the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“HKEx”) and other relevant documents. At the same time, it meets the requirements of the Opinions on Strengthening the Social Responsibility of Banking Financial Institutions issued by the regulatory authorities and the Guidelines on Corporate Social Responsibility of Banking Financial Institutions.

Scope of the Reporting

The purpose of this report is to, in a balanced manner, state the corporate social responsibility performance of the Bank in servicing the real economy, promoting rural revitalization, improving product and service, serving the community well, caring for staff and launching environmental protection. Unless otherwise specified, the scope of this report covers Guangzhou Rural Commercial Bank Co., Ltd. and its subsidiaries.

Salutation Description

Unless otherwise specified, “Guangzhou Rural Commercial Bank”, “GRCB”, “the Bank”, “the Company”, “We” or “Our Bank” in this report all refer to “Guangzhou Rural Commercial Bank Co., Ltd.”. “The Group” refers to Guangzhou Rural Commercial Bank Co., Ltd. and its subsidiaries.

Data Description

Some of the financial data in this report come from the 2023 Annual Report. The Group’s financial statements for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers. If the data contained in this report are inconsistent with the 2023 Annual Report, the 2023 Annual Report shall prevail. Other data mainly come from the Bank’s internal statistical data, mainly for 2023, with some data beyond the above range. The monetary amounts involved in this report are denominated in RMB, unless otherwise specified.



Latest Practicable Date

30 April 2024

Principles of Reporting

Materiality: The report identifies and responds to material ESG issues that affect the Bank's sustainability based on the work of online stakeholder survey and information analysis. The process and results of the materiality analysis have been detailed in this report.

Quantitative: This report has quantitatively disclosed the Bank's ESG KPIs and explained the statistical caliber and accounting methodology used.

Balance: The content of this report reflects objective facts and discloses both positive and negative indicators.

Consistency: In this report, indicators used in different reporting periods are as consistent as possible, with explanations given for those that have changed to reflect trends in indicators levels.

Assurance Engagement

China Chengxin Green Finance Technology (Beijing) Limited has performed assurance procedures for the selected key performance data and issued the independent assurance report there on (details set out in pages 68 to 71) in accordance with the AA1000 Assurance Standards.

Form of Release

This report is published in electronic format, which is available on the websites of the HKEx (www.hkexnews.hk) and the Bank (www.grcbank.com).

This report is published in both Chinese and English. In case of any discrepancies between the two texts, the Chinese text shall prevail.

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Chairman's Statement

In 2023, Guangzhou Rural Commercial Bank has adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China, comprehensively implemented the spirit of the Central Financial Work Conference and the Central Economic Work Conference, focused on serving the central task of building a modern socialist country, the primary task of high-quality development, and the strategic task of building a new development pattern. We have deeply implemented the political and people-centered nature of financial work, strived to do financial services better and more practically, and made positive contributions to high-quality economic development, effective social governance, and high-quality life for the people.

Consolidating the advantages of supporting agriculture and small businesses through deep cultivation. We have always adhered to the development positioning of supporting agriculture and small businesses, vigorously supported the accelerated development of the "high-quality development project of 100 counties, 1,000 towns and 10,000 villages" and pioneered the introduction of characteristic inclusive agricultural products such as "Forest Loan" and "loans pledged by the right to the contracted management of rural land". We have continuously strengthened our financial support for the entire agricultural industry chain, assisted in the coordinated development of urban and rural areas, and the balance of agricultural loans increased by 4.74% year on year by the end of the year. We have continuously broadened the financing channels for small and micro enterprises, focused on key industrial parks and professional markets, innovatively launched batch business models of "one park, one strategy" and "one market, one strategy", continuously improved the exclusive online product system for small and micro enterprises, and promoted the accessibility and convenience of financing for small and micro enterprises. By the end of the year, the balance of inclusive small and micro loans increased by 16.3% year on year, reaching a new high.

By working diligently and taking practical actions, the quality and efficiency of serving the real economy have been continuously improved. We have firmly fulfilled our duty to serve the real economy and continuously increased financing support for technology-based enterprises. We innovatively launched special products for advanced manufacturing, the automobile industry, and innovative companies such as "specialized, refined, special and novel enterprises" and "gazelle enterprises", actively building a full-cycle service management mechanism to inject robust financial energy into technological innovation. By the end of the year, loans to technology-based enterprises and "specialized, refined, special and novel" enterprises increased by 14.6% and 10.6% year on year, respectively. We have made every effort to serve the major regional strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and Nansha Development and Opening-up, and have invested RMB16.75 billion throughout the year to support the construction of key projects in the Guangdong-Hong Kong-Macao Greater Bay Area; participated in policy pilots such as high-level opening of cross-border trade and investment, and have achieved a high level of facilitation of the receipts and expenditures in Nansha throughout the year of more than USD56 million, assisting foreign trade enterprises in setting sail and building their dreams around the globe.

Persisting in green development and supporting Guangzhou to take the lead in green development. We have anchored the "dual carbon goals" and "green and beautiful Guangzhou ecological construction", issued a plan for the development and implementation of green finance, actively built a green credit product system with its own characteristics, made full use of carbon emission reduction support tools, and continuously improved the "green content" of financial services. We have fully leveraged the location and unique advantages of the Huadu Branch, the pilot zone for green finance reform and innovation, to drive rapid growth of green loans throughout the Bank, with a compound annual growth rate of 60.8% in green loans over the past three years. We have actively implemented green office and green operation, continued to promote energy-saving and efficiency-increasing measures, and have established two "zero-carbon outlets", promoting our own carbon neutrality operation.

With determined original intention, we offer more effective services for the benefits of the people. We have persisted in a people-centered value orientation, continuously enriched financial supply and optimized business processes to effectively meet people's needs in areas such as housing, convenient consumption, medical care and elderly care and children's education, and constantly enhanced the sense of gain and happiness of the masses. By the end of the year, a total of RMB20.76 billion was invested in consumer and personal housing loans. Actively promoting the upgrading of customer service experience, we upgraded the online banking and mobile banking service functions, created a "social security + finance" themed bank, launched "Medical Credit No-touch Payment(就醫信用無感支付)" service and issued the first social security card in the province loaded with transportation functions, further improving the convenience and accessibility of financial services.

With solid foundation and spiritual support, we deepen the reform and development under the leadership of Party building. We have set high standards for implementing the theme education on studying and implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, adhering to the unity of studying, understanding, and applying, and showing a new image and achievements among all party members and cadres through learning, enhancing wisdom, promoting integrity, and encouraging action. We have carried out the talent-driven development strategy with high quality, continuously deepened the mechanism under which "personnel may be recruited or removed, managers may be promoted or demoted, and salaries may be increased or decreased", and comprehensively building a professional and youthful middle-level cadre team. We have also devoted ourselves in selecting, training, and retaining excellent talents and specialized professionals, continuously strengthened the reserve talent team and activated the vitality of high-quality development.

The year 2024 marks the 75th anniversary of the founding of new China, a critical year to realize the targets of the 14th Five-Year Plan, and also the beginning year of Guangzhou's initiative to "work hard for twelve years to build a new Guangzhou". Guangzhou Rural Commercial Bank will steadfastly follow the path of characteristic development, vigorously cultivate and promote Chinese characteristics in financial culture, and make greater efforts in the "five major areas" of technological finance, green finance, inclusive finance, pension finance, and digital finance. We will further improve governance, protect the environment, serve society, and achieve our employees' goals, making greater contributions to building a strong financial country and promoting China's modernization.

Overview of the Bank

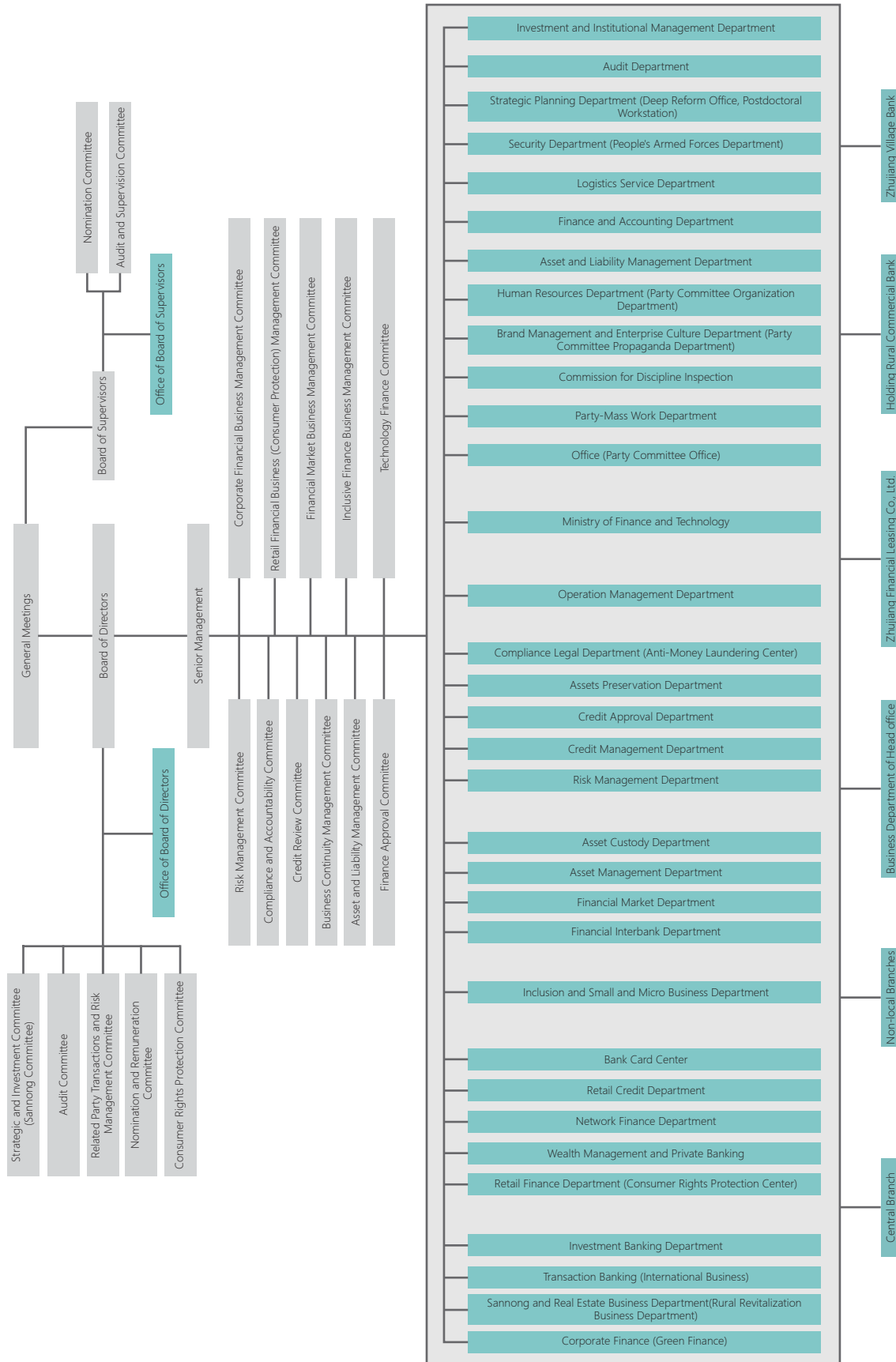
The Bank, formerly known as Guangzhou Rural Credit Cooperative established in 1952. In 2006, the Bank completed the reform of the unified legal person and established the Guangzhou Rural Credit Cooperative Union, which was restructured into the Guangzhou Rural Commercial Bank Co., Ltd.* in 2009 and listed in Hong Kong in June 2017. As at the end of the Reporting Period, The Group has 13,000 employees, 11 central branches, 7 branches and 585 business outlets, of which 565 are in Guangzhou, ranking first in Guangzhou. The Bank has 30 subsidiaries, located in 8 provinces and 1 city, including 1 Financial Leasing Co., Ltd., 4 controlled Rural Commercial Banks, 25 Zhujiang Village Banks, and has obtained the credit card franchise license.

In recent years, the Bank has upheld Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guidance, resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council as well as the work requirements of the provinces and municipalities, adhered to the positioning of supporting development of the agriculture sector and small-sized enterprises, and resolutely carried out the original aspiration of serving the real economy. With the vision of "becoming a first-class commercial bank in China", the Bank has vigorously developed the four major characteristic businesses of "rural finance, industrial finance, consumer finance and wealth finance", steadily pushed forward the four major reform initiatives in the operation and management mode, comprehensive risk management, selection and employment, and remuneration and performance review, basically formed a development path with rural finance as its specialty, industrial finance as its main battlefield, and consumer finance and wealth finance continuously being enhanced, and gradually explored a characteristic operation mode with business outlets as the main base and small- and medium-sized asset business as its core competitiveness, so as to continue to provide strong financial support for the high-quality development of the local economy and society.

As at the end of the Reporting Period, the Group's total assets amounted to RMB 1,314 billion, representing a year-on-year increase of 6.5% and ranked steadily at the forefront of the national rural commercial banks, while customer deposits amounted to RMB 947.186 billion and net loans and advances amounted to RMB 708.909 billion, representing year-on-year increase of 4.03% and 5.95% respectively, with better growth in the businesses of supporting development of the agriculture sector and small-sized enterprises and continuous optimization of business structure. Ranked 159th among global banks and 31st in China's banking industry in terms of consolidated strength, the Bank was honored with awards such as "Financial Institution with Outstanding Contributions to Rural Revitalization", "SME Service Bank with Excellent Competitiveness", and "Wealth Management Award of the Year".

Organisational Structure of the Group

The organisational structure of the Group as of the Latest Practicable Date is as follows:

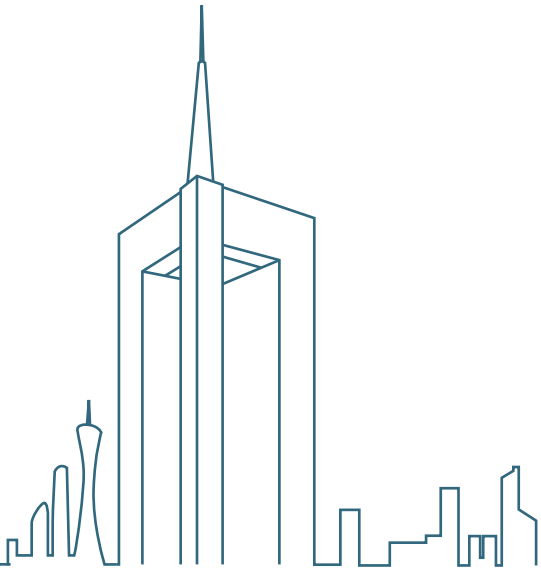


ESG-related Honours

No.	Awards/Honours	Issuing/Granting authority	Time
 1	The Gamma Award of Bank for Inclusive Financial Service in 2023	Securities Times	July 2023
 2	2023 Excellent Cases of Innovative Green Finance	The Banker	October 2023
 3	2023 Excellent Cases of Innovative Rural Revitalisation Financial Services	The Banker	October 2023
 4	2023 High-Quality Development Financial Institution Award	ShiDai Media	November 2023
 5	2023 Shining Cases of Financial Support for High-Quality Development	Guangzhou Daily	November 2023
 6	2023 Nanfang Zhijing Innovative Enterprise of the Year	Nanfang Daily	December 2023
 7	2023 Financial Institutions with Outstanding Contributions to Rural Revitalization	Yangcheng Evening News	December 2023
 8	2023 Gold Smart Award of Outstanding Small and Micro Business Service	JRJ.com	December 2023
 9	2023 Small and Medium-sized Enterprise Service Bank with Excellent Competitiveness	China Business Journal	December 2023
 10	Excellent Cases of Innovative Financial Support for the Hundred, Thousand and Ten Thousand Project	Southern All Financial Media Group	December 2023
 11	High-Quality Development·Annual "Specialized, Refined, Special and Novel Enterprises" Pioneer Bank	Information Times	December 2023
 12	2023 Green Finance Practice Model	hexun.com	December 2023
 13	Excellent Cases of Serving the Real Economy	xinhuanet.com	January 2024

01

Deepening Ideas and Strengthening Responsibilities



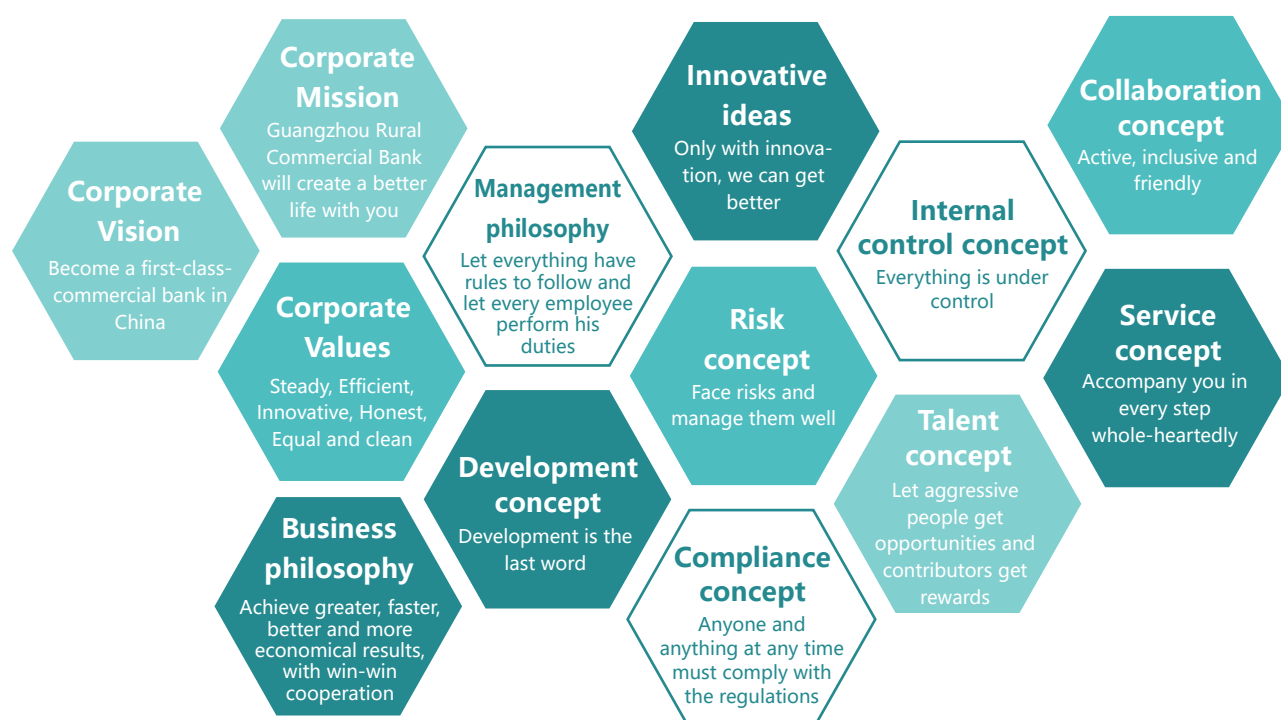
1.1 ESG Development Strategy

The Bank is deeply rooted in the local community, with a firm foothold in Guangzhou and the Guangdong-Hong Kong-Macao Greater Bay Area, focuses on the main responsibility and main business, and actively integrates into major national strategies and regional development strategies. The Bank is committed to serving the rural revitalization, focuses on supporting the modern industries, strategic emerging industries and advanced manufacturing, and continues to improve the financial service capabilities to accurately support the development of the real economy and the development of small medium and micro enterprises, and private enterprises, and is dedicated to helping Guangzhou to realize old cities to become new and four new achievements.

The Bank earnestly fulfills its social responsibilities, continues to improve the corporate social responsibility performance mechanism, accelerates the establishment of a standardised management system for social responsibility, improves the screening, project approval, evaluation and implementation system and mechanism of participating programmes for fulfilling social responsibility, and further improves the content of social responsibility information disclosure. The Bank actively carries out public welfare activities, continuously increases its participation in education, poverty alleviation, sports, elderly care and medical and health undertakings, focuses on local social issues, promotes local excellent culture, contributes to economic and social development, and enhances corporate reputation and social influence.

The Bank continues to promote the development of green finance, adheres to serving the real economy, closely focuses on the upgrade of Guangzhou's industrial chain and supply chain, the construction of modern industrial system, and green and low-carbon development, focuses on three key customer groups, enters high-quality industries, innovates business models, innovate business products based on enhanced green research and guided by the concept of green development, strengthens deep integration of technology and business, and enhances transaction banking and construction of an investment bank. The Bank promotes green finance development, improves comprehensive operations, and continues to improve asset quality to build an industrial and financial growth pole with competitive advantages.

1.2 Corporate Culture Concept



1.3 ESG Management System

(I) ESG management structure

As the highest decision-making body of the Bank's ESG management, the Board of Directors is responsible for fulfilling corporate governance responsibilities and decides the Bank's corporate social responsibility management structure and management strategy. Besides, it formulates strategic decisions related to the environment, effectively governs and supervises environmental, social and governance issues, as well as assesses and manages significant environmental and social risks. In 2023, the Board of Directors of the Bank and its committees have successively reviewed and approved issues related to environmental governance, social services and corporate governance, such as the 2022 Environmental Information Disclosure Report of Guangzhou Rural Commercial Bank, the 2022 Social Responsibility Report of Guangzhou Rural Commercial Bank, the Report on Green Finance Development of Guangzhou Rural Commercial Bank for 2022, the 2022 Work Report and 2023 Work Plan in Consumer Rights Protection of Guangzhou Rural Commercial Bank, discussing high-quality development strategies and paths that better meet the main theme of social responsibility.

In 2023, the Board of Directors of the Bank formulated the 2023 Implementation Outline of the Development Strategic Plan for the 14th Five-Year Plan Period of Guangzhou Rural Commercial Bank to implement a number of social responsibility initiatives such as accelerating green finance development, promoting the Bank to accelerate the development of green finance and enhance green credit investment. The Bank, centered on the green and low-carbon industry, ecological environment construction, and the dual carbon strategy and other transformation fields, fully utilizes its role as a demonstration and leader of the Huadu Branch of the Green Finance Reform and Innovation Pilot Zone, increases the innovation of green services and continuously strengthening the depth and breadth of social responsibility by relying on better financial services. The Bank's Strategy and Investment Committee (Sannong Committee) assists the Board of Directors in reviewing issues such as the corporate governance policies and practices including the Bank's fulfilment of social responsibility, compliance with the Corporate Governance Code and disclosure in the ESG Report, and makes recommendations to the Board of Directors to continuously improve the quality and standard of the Bank's social responsibility management.

In 2023, in order to effectively manage our own risks and opportunities on environmental, social and corporate governance related issues, the Bank continued to study the implementation standards and disclosure requirements of the Environmental, Social and Governance Reporting Guide and the Corporate Governance Code. Meanwhile, the Bank studied and determined the overall corporate social responsibility management framework by taking full consideration of the expectations and future trends of the overall capital market on the environmental, social and governance of listed companies, and combining the requirements of relevant departments such as the National Administration of Financial Regulation and the China Banking Association on Bank's corporate social responsibility performance and information disclosure. Thus, each governance level does its duty, and divides the work and assists each other to effectively integrate the concept of ESG into the daily operation and management of the entire Bank.

In 2023, with a clear social responsibility management framework and smooth operating mechanism, the Board of Directors performed its social responsibility management duties in accordance with laws and regulations, and achieved good social responsibility management results.



(II) Materiality Issues Analysis

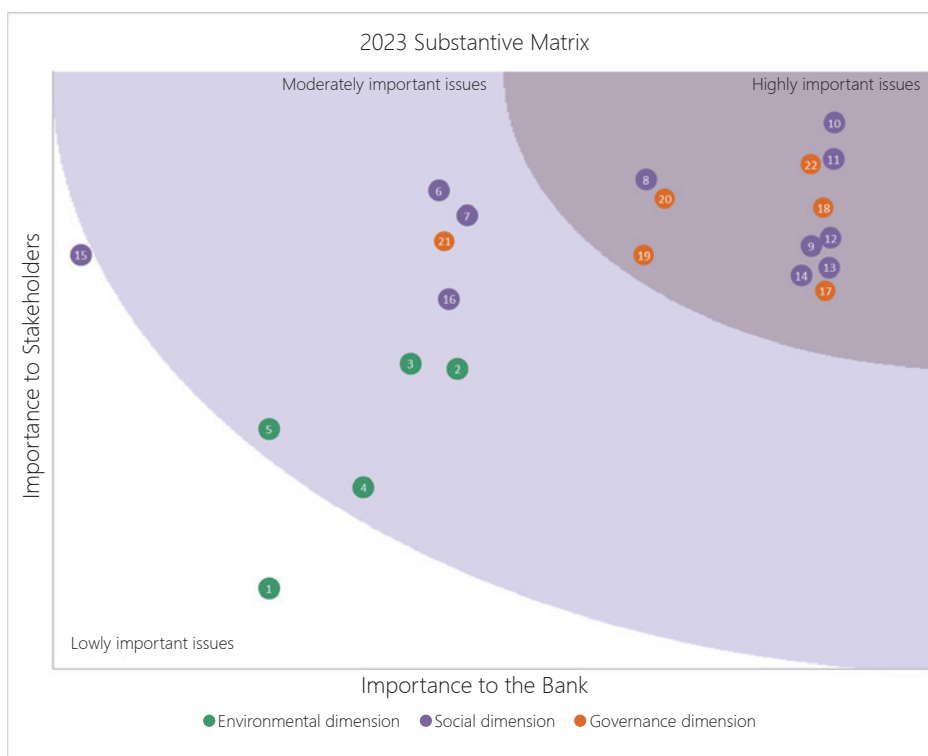
The Bank evaluated and ranked the issues based on the dimensions of "Importance to Stakeholders" and "Importance to the Bank" by distributing an electronic questionnaire to the Company's management and external stakeholders in order to obtain a comprehensive understanding of the views and expectations of the stakeholders. The Bank continues to improve the identification and management of materiality issues, and promotes sustainable development in a targeted and focused manner in accordance with the materiality issues.

1. Determination process of materiality issues

Phase	Main work
Identification	By making reference to the core indicators of domestic and international ESG reporting guidelines such as the Environmental, Social and Governance Reporting Guide and the GRI Sustainability Reporting Standards, and combining national policies and industry characteristics, we have initially identified 22 key ESG issues, including 5 environmental issues, 11 social issues, and 6 governance issues, through peer benchmarking and expert judgment.
Investigation and survey	An online questionnaire survey was conducted for key stakeholders to understand the important issues of concern to them. A total of 11 categories of internal and external stakeholders were identified and 339 questionnaires were validly collected.
Assessment	Based on the results of the questionnaire survey, a systematic quantitative analysis was conducted to rank the issues and assess the level of importance of the issues to the Bank and stakeholders.
Verification	Based on the importance of the issues to the Bank and stakeholders, the Bank has constructed a materiality matrix and responded to the issues in the report.

2. Results of materiality issues

After selection, investigation and survey, assessment and verification of the issues, the Bank presents the level of importance of the issues in the form of a substantive matrix, where highly important issues are located in the upper right quadrant of the matrix, moderately important issues are located in the middle of the matrix, and lowly important issues are located in the lower left quadrant of the matrix.



No.	Issues
Environmental issues	
1	Addressing climate change
2	Green finance
3	Green operation
4	Biological diversity
5	Green exchange and cooperation
Social issues	
6	Occupational safety and health of employees
7	Employee rights and capacity building
8	Product and service responsibility
9	Financial product and service innovation
10	Customer privacy and information security
11	Quality and satisfaction of customer service
12	Serve the real economy
13	Develop inclusive finance
14	Facilitate rural revitalisation
15	Popularization of financial literacy
16	Charity and community contribution
Governance issues	
17	Sustainable development and ESG governance
18	Risk management and control
19	Investor relations management
20	Compliance management and integrity construction
21	Technology and digital governance
22	Information disclosure transparency

(III) Stakeholder communication

The Bank attaches great importance to communication with internal and external stakeholders, establishes diversified communication channels, attentively listens to the opinions and feedback of various stakeholders, and responds to and meets their sincere requests in a timely manner. We are committed to our social responsibility, and strive to become a financial institution recognized by the society, trusted by customers, complimented by shareholders and relied upon by employees.

Main stakeholders	Appeal	Objective	Concerned Issues	Communication and response channels
Local government	Compliance with laws and regulations and support for local development	Provide financial momentum for high-quality development and rural revitalisation	Paying taxes according to law, supporting local economic development and supporting urban renewal	Policy communication, seminar and research, information reporting and public information access
Regulatory authorities	Compliant with various regulatory requirements	Adhering to the development path of legality, compliance, prudence and stability	Internal control management, compliance and steady operation	Liaison with relevant risk control and compliance departments

Main stakeholders	Appeal	Objective	Concerned Issues	Communication and response channels
Shareholders	Reasonable return on investment, good corporate governance, true, accurate, complete and timely information disclosure	Practicing the corporate values of "Steady, Efficient, Innovative, Honest, Equal and Clean", and providing long-term investment value to shareholders	Operating performance, corporate governance, information disclosure	General Meeting of Shareholders, the Board of Directors, investor relations hotline and daily communication
Clients	High-quality products and services	Building a financial service platform for entrepreneurship and development	Service quality, product safety, information security, privacy protection, compliant marketing, and complaint responding	Face-to-face communication in outlets, online service, service hotline, maintenance through account managers, complaint responding
Employees	Personal development, remuneration and welfare	Selection and appointment mechanism based on fair and just competition, comprehensive talent introduction, cultivation and appointment system, strong team to drive high-quality development	Career development path, skill training system, remunerations and benefits, environment safety and health	Trade union, management hotline, management mailbox, e-mail, daily opinion collection and satisfaction survey
Local communities	Activities to benefit communities	Building the social network that is caring, benefits all and ensures the livelihood of people by charitable undertaking	Setting up community banks, interacting with local residents, supporting community reconstruction and development, charitable activities, local environmental impact	Face-to-face communication in outlets, financial knowledge popularisation, volunteer activities, support for local urban renewal projects
Partners	Cooperation for win-win outcome	Build a union of sharing and win-win cooperation	Honesty and reliability, professional ethics, information security, win-win cooperation	Regular visits, cooperation terms, project interaction, business opportunity creation

During the Reporting Period, we screened and identified important ESG issues as "anti-corruption", "product responsibility", "community investment", "employment" and "development and training" based on the communication with stakeholders in daily operations and in light of the Bank's strategic development plan and the actual situation. Relevant to the Bank's business development, these issues also positively respond to the Sustainable Development Goals ("SDGs") to provide a direction framework for the Bank's sustainable development. In this report, we discussed our effort and work progress on various ESG-related issues separately.

(IV) Statement of the Board of Directors

The Board of Directors of the Bank is the highest level of responsibility and decision-making body for ESG management, overseeing and guiding ESG strategic planning and implementation at the Bank-wide level. To continuously establish and improve the Bank's ESG governance, the Board of Directors has appointed the Strategy and Investment Committee (Sannong Committee) to assist in carrying out ESG governance and help the Board of Directors of the Bank with identification and response management of important ESG issues, ESG objectives, ESG-related risks and other matters by leveraging relevant special committees' professional strength. The Strategy and Investment Committee (Sannong Committee) reports to the Board of Directors based on its working status to ensure that the Bank's business is closely aligned with ESG issues.

In full combination with relevant national and industrial policies, focusing on own strategy and stakeholders' expectations, and based on a rigorous process of identification, assessment and selection, the Board of Directors of the Bank reviews and confirms important ESG issues such as serving the real economy, assisting small and medium-sized enterprises ("SMEs") and agriculture enterprises, rural areas and farmers, green finance development, consumer rights protection and anti-money laundering, compliance and internal control, environmental management, philanthropy, and also guides the senior management to seriously carry out related work measures and constantly focuses on relevant implementation.

The Board of Directors of the Bank actively pays attention to the impact of environmental risks on the business of the Bank, particularly key business such as loans, and conducts annual reviews on issues such as environmental governance, environment-related products and service innovations as well as environmental risk management to continuously improve the Bank's adaptability to environmental risks including climate change. Moreover, the Board of Directors of the Bank places a high value on the importance of participation in corporation social responsibility to the Bank's business development by always taking the service to SMEs and agriculture enterprises, rural areas and farmers and people's livelihood as the origin of the Bank's development, and reviews issues such as social responsibility, development of "Sannong", and consumer rights protection every year to constantly satisfy the unification of economic benefits and social benefits in the Bank's business development. Furthermore, the Board of Directors of the Bank continues to strengthen the importance of good corporate governance to the Bank's business development, and reviews issues such as risk management, compliance and internal control, audit supervision every year to enable a sustainable improvement of the robustness and continuity of the Bank's business development through good corporate governance.

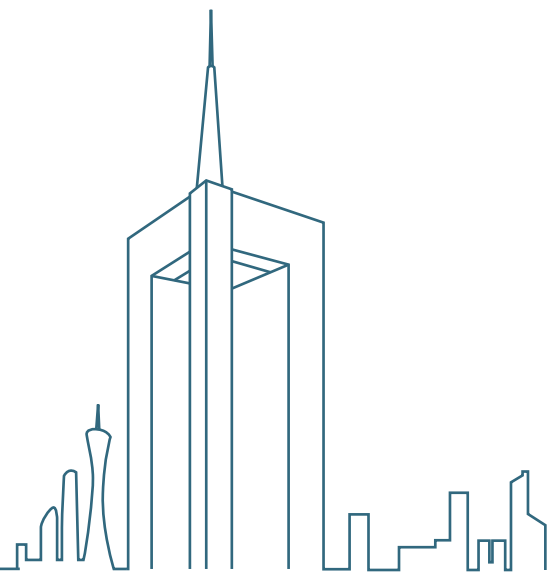
In 2023, the Board of Directors of the Bank and its committees has successively reviewed and approved the 2022 Environmental Information Disclosure Report of Guangzhou Rural Commercial Bank, the 2022 Social Responsibility Report of Guangzhou Rural Commercial Bank, the Report on Green Finance Development of Guangzhou Rural Commercial Bank for 2022, the Report on financial service for "Sannong" of Guangzhou Rural Commercial Bank for 2022, the 2022 Work Report and 2023 Work Plan in Consumer Rights Protection of Guangzhou Rural Commercial Bank, the 2022 Work Report and 2023 Work Plan in Anti-Money Laundering of Guangzhou Rural Commercial Bank, the 2022 Work Report and 2023 Work Plan in Case Prevention and Control of Guangzhou Rural Commercial Bank, the 2022 Work Report and 2023 Work Plan in Compliance Risk Management of Guangzhou Rural Commercial Bank and other important ESG-related issues. Seminars were held to discuss the relevant measures taken by the Bank in environmental, social and governance aspects, and to put forward targeted opinions and requirements.

Positively responding to the national strategic deployment and provincial and municipal requirements, the Board of Directors of the Bank combines green finance development, environmental protection and other important ESG issues with various business development, and urges senior management to formulate the Bank's development plan and implementation plan of green finance to put forward the development goal of "becoming a green benchmark bank in Guangdong-Hong Kong-Macao Greater Bay Area". To accomplish the goal, the Board of Directors of the Bank instructs the senior management to build a system framework in terms of organisational security, product innovation, asset structure transformation, risk control, resource security and other aspects, which is thus closely connected with the Bank's various business types, especially the loan business. In addition, it conducts annual reviews on relevant ESG objectives including green finance development, to promote sustainable and high-quality development of the Bank.

This report discloses in detail the management and practice progress of the Bank on the above work and other ESG-related issues, and has been reviewed and approved by the Board of Directors in April 2024.

02

Comply with Laws and Regulations and Prudently Operate



2.1 Strengthening Party Building Leadership

The Bank strictly adheres to the Constitution of the Communist Party of China, the Regulations on Primary-level Organisations of State-owned Enterprises of the Communist Party of China (Trial) and other institutional provisions, adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, thoroughly studies and implements the spirit of the 20th National Congress of the Communist Party of China, thoroughly studies and understands the spirit of the Central Economic Work Conference and the Central Financial Work Conference, adheres to the political and people-centered nature of financial work, integrates the construction of the Party throughout the process of reform and development, promotes the theme education with high standards and strict requirements, strengthens the grassroots organizational system, and innovatively carries out the "Learn, Understand, and Apply New Ideas, and Achieve New Accomplishments" theme activities. It is firmly committed to extending and deepening the comprehensive and strict governance of the Party to the grassroots level, providing strong political and organizational guarantees for the Bank's high-quality and extraordinary development.

(I) Enhanced political positioning and tightened Party governance responsibilities

In 2023, the Bank firmly established the correct political direction, conducted 48 "first priority" learning sessions throughout the year, and proposed targeted implementation opinions based on the actual business development, consciously using the Party's innovative theories to solve the problems that restrict the Bank's development. The Bank adhered to the integration of Party leadership into all aspects of corporate governance, strictly implemented the Party Committee's requirement for pre-discussion on major matters, and held 51 Party Committee meetings throughout the year, effectively playing the important role of the Party Committee in setting direction, managing the overall situation, and ensuring implementation. The Bank organized meetings of the Party Construction Work Leading Group, regularly studied and solved prominent problems in grassroots Party building, tightened and implemented the responsibilities of Party Committee secretaries at all levels as the "first responsible person" and the dual responsibilities of team members, and incorporated Party building assessment results into the performance evaluation system, fully exerting the role of assessment as a "commanding indicator".

(II) Emphasized the combination of learning and application, and promoted deep and solid theme education

In 2023, the Bank adhered to using Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to unite and strengthen the soul, solidly carried out theme education, strengthened organizational leadership, and led by example. Party Committee secretaries gave special Party lectures and organized centralized study reading classes, promoted grassroots theoretical learning center groups, and held more than 11,000 meetings for the three meetings and one class. They also organized knowledge competitions, joint learning and construction activities more than 600 times, continuously improving the effectiveness of learning; 9 research teams of the Bank conducted field investigations 61 times, driving more than 700 grassroots investigations, and strengthened the transformation and application of results. The Bank conducted in-depth self-examination and problem listing, and made every effort to rectify and improve. They also paid attention to establishing long-term mechanisms, combined with the "Compliance Construction Year" activities, and established more than 80 new institutional mechanisms and improved more than 40 work processes.

(III) Adhered to focusing on grassroots work and strengthening the Party's organizational system

In 2023, the Bank comprehensively established a strong foundation orientation, continued to promote the three-year action plan for grassroots Party building, strictly organized Party activities, standardized the development of Party members, and conducted random inspections on a regular basis, continuously strengthening targeted guidance for subordinate Party organizations. 6 Party organizations were rated as demonstration Party organizations in the municipal state-owned assets system, and promoted the continuous improvement of the quality and effectiveness of grassroots Party building work. The Bank also solidly carried out centralized education and training, organized Gutian Revolution traditional education and training classes, and conducted series of special trainings for all middle-level and above leaders, Party organization secretaries at the grassroots level, and development targets through "Party Building Lectures", further improving the comprehensive theoretical literacy of Party members. The Bank selected and strengthened professional and part-time Party workers, optimized and upgraded the intelligent Party building system, and updated and improved the "Jin Mi Convergence" Party activity center, continuously strengthening the guarantee for Party building work.

(IV) Strengthened Party building leadership and stimulate enthusiasm for work and entrepreneurship

In 2023, the Bank persisted in using high-quality Party building to lead high-quality development, continuously expanded the influence of the "Golden Harvest towards the Sun" Party building brand, and carried out the theme activities of "Learning, Understanding New Ideas, and Practicing to Achieve New Accomplishments" around the annual key tasks such as the "Compliance Construction Year", the "Three Hundred Billion Project" for small and medium-sized credit business, and the comprehensive marketing reform of branches. They also selected the top ten outstanding cases of Party building and business integration for "I am the New Face of Agribusiness", and formed business expansion special forces and branch marketing strike teams led by young Party members and members of the Communist Youth League. They guided all Party members and members of the Communist Youth League to stand firm in their positions, overcome difficulties, continuously improve their business expansion skills and comprehensive marketing capabilities, and give full play to the role of grassroots Party organizations as a fortress and the exemplary role of Party members.

Theme Activity of "Learning, Understanding New Ideas, and Practicing to Achieve New Accomplishments"

In order to solidly promote the theme education of studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and continuously deepen the study and implementation of the spirit of the 20th National Congress of the Communist Party of China and the important speeches and instructions of General Secretary Xi Jinping's inspection of Guangdong Province, and guide all employees of the Bank to focus on the key tasks of reform and development and strive for excellence, on 12 May 2023, the Party Committee of the Bank's head office held a launching ceremony for the theme activity of "Learning, Understanding New Ideas, and Practicing to Achieve New Accomplishments".

Knowledge Competition of "Learning, Understanding New Ideas, and Practicing to Achieve New Accomplishments"

In order to deepen the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implement the spirit of the 20th National Congress of the Communist Party of China, on 30 June 2023, the Party Committee of the Bank's head office held the final of the knowledge competition of "Learning, Understanding New Ideas, and Practicing to Achieve New Accomplishments". After strict selection at all levels, 9 grassroots Party organizations participated in the competition.



Thematic education and practical activities of "Learning from the 20th National Congress, Always Following the Party, and Advancing on a New Journey"

Taking the opportunity of celebrating the May Fourth Youth Day, the Bank, in collaboration with the Guangzhou Industrial Control Youth League Committee, organized a red relay run activity. More than 100 young members of the Communist Youth League successively carried out red revolutionary education tasks such as "Inheriting the Spirit of the Revolution", "Remembering the Red Classics", "Continuing the Youthful Chapter", and "Blooming Youth and Heroism" at the First Congress Memorial Square and other red revolutionary education bases. Through activities such as taking photos with the Youth League flag, telling stories of heroes, and performing red classics, they guided the young members to carry on the red revolutionary spirit and draw strength for progress.



"High-Quality Development · Youth Talk" Party and Youth League Lecture Competition for Youth League Cadres

The Bank held the 6th Bank-wide Party and Youth League Lecture Competition for Youth League Cadres, focusing on the theme of "High-Quality Development · Youth Talk", 15 contestants combined interactive teaching methods such as situational drama, recitation, and singing and dancing to tell stories of their youth struggles in their positions to "contribute to high-quality and extraordinary development". The Bank's contestants won the first prize in the second enterprise group of the semi-final and the "Outstanding Lecturer Award" in the final round of the Guangzhou competition. The Bank's Youth League Committee was awarded the "Excellent Lesson Preparation Team Award".



2.2 Enhancing Corporate Governance

(I) "Three meetings and one management" Governance

The Bank has established a governance structure "three meetings and one management" consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the senior management. The Bank adhered to the principles of clear powers and responsibilities, effective checks and balances to regulate the governance mechanism, enhance the ability of governance bodies to perform their duties, and promoted the fulfilment of the respective powers and responsibilities of each governance body in accordance with law, made efforts to improve the corporate governance level of listed companies, and effectively protected the rights and interests of stakeholders and enhanced corporate value. As the highest decision-making body of the Bank, the General Meeting of Shareholders carries out decision-making and exercising powers on major matters in strict accordance with its scope of duties, ensuring procedural compliance, fairness and justice, and fully and effectively safeguarding the legitimate rights and interests of various shareholders, especially minority shareholders. As the core decision-making body for corporate governance, the Board of Directors strictly implements the resolutions of the General Meeting of Shareholders and reports to the General Meeting of Shareholders in accordance with the Articles of Association and Rules of Procedures of the Board, and makes decisions on important matters such as strategic management, risk management and internal control management of the Bank, and simultaneously strengthens its communication and link with the Bank's Party Committee and external regulatory agencies, and continues to strengthen the comprehensiveness, systematisation and effectiveness of the implementation of responsibilities. The Board of Supervisors of the Bank strictly follows the Articles of Association and the Rules of Procedure of the Supervisory Committee and other relevant regulations, and gives full play to its supervisory role in corporate governance, focusing on supervising the Board of Directors of the Bank, senior management and their members' performance of duties, financial activities, internal control, risk management, etc., studies and puts forward scientific and reasonable opinions and suggestions, and continues to follow up on the implementation of supervision opinions to consolidate the effectiveness of supervision. As the executive body, the Bank's senior management strictly complies with the laws and regulations, regulatory rules and the Bank's Articles of Association to carry out operation and management activities, effectively implements the decisions made by the General Meeting of Shareholders and the Board of Directors, and reports to the Party Committee, the Board of Directors, and the Board of Supervisors as required, and accept the supervision of the Board of Supervisors.

As of the Latest Practicable Date, the Bank's Board of Directors consisted of 14 members, including 1 Executive Director, 8 Non-executive Directors, and 5 Independent Non-executive Directors. The members of the Bank's Board of Directors have rich resumes and diverse backgrounds, possessing professional experience in finance, law, accounting, economics, finance, business administration, etc. They also represent different ownership backgrounds, size characteristics, and industrial types, providing the Bank with a variety of perspectives for building a high-quality corporate governance system.

As of the Latest Practicable Date, the Bank's Board of Supervisors consists of 9 supervisors, including 3 employee supervisors, 3 external supervisors, and 3 shareholder supervisors. The members of the Bank's Board of Supervisors have professional backgrounds in finance, law, accounting, business administration, etc., covering senior partners of law firms and accounting firms, professors of accounting in universities, as well as shareholders of state-owned enterprises, village communities, private enterprises, and internal business backbones. They provide diverse backgrounds to help the Board of Supervisors better fulfill their supervisory responsibilities and ensure the Bank's steady operation.

As of the Latest Practicable Date, the Bank had a total of 9 senior management personnel. The Bank's senior management personnel have professional backgrounds in economics, accounting, law and business administration, laying a solid foundation for the Bank's sound development.

The convening of "Three meeting"		
General Meeting of Shareholders	1 meeting	Consideration and approval of 18 proposals
Board of Directors	14 meetings	Consideration and approval of 100 proposals
Board of Supervisors	6 meetings	Consideration and approval of 37 proposals

(II) Protection of Shareholder Rights

The Bank places a high importance on protecting shareholder rights and managing investor relations. Through various forms of communication, such as phone calls, emails, visits, and the company's website's investor relations section, the Bank maintains close and effective communication with domestic and foreign investors and small and medium shareholders, actively strengthening investor relations management. At the same time, through shareholder meetings and information disclosure, the Bank conveys accurate and transparent information to shareholders, allowing them to better understand and participate in the Bank's decision-making and supervision. The Bank strives to establish a comprehensive and efficient mechanism for shareholder communication and dialogue, achieving a mutually beneficial relationship with shareholders.

As the highest decision-making body of the Bank, the shareholder meeting strictly follows its responsibilities to make decisions on significant matters, ensuring compliance with procedures, fairness, and justice, and fully and effectively safeguarding the legitimate rights and interests of all types of shareholders, especially small and medium shareholders. Shareholders of the Bank have exercised their rights by voting on shareholder meeting resolutions, with good attendance and participation in voting.

The Bank actively guides shareholders to participate in the Bank's business development and increases shareholder loyalty by shaping them as governance participants, strategic collaborators, and service supervisors, continuously strengthening the common interests of shareholders and the Bank.

The Bank strictly adheres to relevant laws, regulations, and regulatory requirements for information disclosure, and carries out information disclosure work in a truthful, accurate, complete, and timely manner, effectively safeguarding the rights to know of investors. In 2023, the Bank has released a total of 76 announcements, including the "Guangzhou Rural Commercial Bank Co., Ltd. 2022 Annual Report", "Guangzhou Rural Commercial Bank 2022 Social Responsibility Report", and "Guangzhou Rural Commercial Bank Co., Ltd. 2023 Interim Report".

The Bank actively carries out various tasks related to investor relations management, standardizing its work in this area and improving its corporate governance structure. The Bank has formulated the "Guangzhou Rural Commercial Bank Co., Ltd. Investor Relations Management Measures." In daily investor relations management, the Bank achieves two-way communication between the company and investors, forming a positive interaction.

2.3 Strengthening compliance and internal control

(I) Integrity Team Building

In 2023, the Bank has always adhered to comprehensive and strict governance of the Party, strictly abide by the Banking Supervision and Administration Law of the People's Republic of China, the Interim Provisions on Prohibition of Commercial Bribery and other relevant anti-corruption laws and regulations, continued to strengthen good manners and strict discipline, and unswervingly improved the Party conduct, upheld integrity, and promoted the fight against corruption. The year 2023 recorded no legal case filed and concluded for corrupt practices of the Bank or its employees.

1. Strengthening the construction of a clean system

Firstly, the Bank formulated the "Implementation Rules for Holding Accountable Violations of Integrity in Guangzhou Rural Commercial Bank" and the "Implementation Rules for Supervision and Discipline Management of Guangzhou Rural Commercial Bank", strengthening the supervision and discipline management, enhancing employee's discipline awareness, and improving the accountability management system.

Secondly, the Bank revised the "Implementation Rules for Accountability and Integrity Reporting in Guangzhou Rural Commercial Bank", standardizing the accountability and integrity reporting work from six aspects including the scope of objects, organizational form, and main content, and continuously strengthening the political supervision of the "top leader".

Thirdly, the Bank revised the "Implementation Rules for Fulfilling the "Two Responsibilities" for Building Party Conduct and Clean Government in Guangzhou Rural Commercial Bank" and the "Measures for Holding Accountable for Fulfilling the "Two Responsibilities" for Building Party Conduct and Clean Government in Guangzhou Rural Commercial Bank", clarifying responsibilities, refining accountability, and promoting the implementation of the "two responsibilities".

2. Strengthening daily supervision and management

Firstly, the Bank implemented the system of joint supervision meetings, continuously promoting joint investigations among departments, teams, and enterprises. It also further improved mechanisms such as information communication, transfer of clues, and sharing of results, to form a long-term and effective supervision force.

Secondly, the Bank closely monitored key individuals, strictly implementing the system of supervisory talks with the "top leader", and organizing 32 Party members and leading cadres to the Party committee of the head office of the Bank to report on their responsibilities and integrity in writing, of which 6 people on-site report on their responsibilities and integrity, to improve the supervision and control of the operation of power.

Thirdly, the Bank correctly used the "first form of disciplinary supervision", taking measures such as reminder talks and warning talks, to move the supervision focus forward and prevent minor issues from turning into major mistakes. It strictly enforced Party discipline, strengthened the handling of problem clues, and continuously exerted its power.

Fourthly, the Bank comprehensively investigated and uncovered prominent issues such as "eating and taking bribes" in relation to small and micro enterprises, holding shares in non-listed companies in violation of regulations, "escaping resignations", drunk driving by sales personnel, and the improper use of government vehicles, resolutely preventing problems related to the "Four Winds".

3. Carrying out integrity education and training

In 2023, the Bank compiled 50 typical cases of disciplinary violations within the bank, deepening the lessons learned, promoting reform, and governing through cases. This aims to truly impact the minds and souls of employees through case warning education.

The Bank issued and implemented the 2023 Discipline Education and Learning Month activity plan, promoting disciplinary education and special learning at different levels of subordinate Party organizations. It organized over 5,200 people to watch special warning education films, and over 2,400 people to visit warning education bases, in-depth promoting compliance case studies with over 18,000 people. Through various measures, the awareness of disciplinary laws and regulations of Party members and cadres is strengthened. In 2023, the Bank conducted over 250 anti-corruption training sessions, covering over 7,600 people.

The Bank organized the "Integrity Financial Culture Construction Month" publicity activities, actively participating in integrity culture-related activities of superior units, and continuously cultivating a clean and upright political ecology in the financial industry. In 2023, 5 employees of the Bank were awarded in the Guangdong Provincial Commission for Discipline Inspection's "My Honest Family Story" essay competition, and 1 employee was awarded the Guangdong Banking Association's "Practicing the 20th National Party Congress, Respecting Integrity, and Promoting a New Atmosphere" speech competition.

The Bank's Board of Directors attaches great importance to the construction of an honest style and compliance awareness of directors and other key management personnel. In 2023, the Bank conducted a total of 5 online and offline training sessions, and provided relevant training on anti-corruption and compliance to directors, strengthening the interpretation and promotion of key laws, regulations, and regulatory policies.

(II) Anti-Money Laundering Management

1. Improvement of System and System Construction

In 2023, the Bank continued to optimize its anti-money laundering internal control system. In accordance with the latest regulatory requirements and in conjunction with the "Compliance Construction Year" activities, the Bank issued 7 anti-money laundering internal control systems to adapt to policy and regulatory requirements, solidifying the foundation of anti-money laundering work. The Bank also continued to optimize its anti-money laundering system and anti-money laundering list system, improving system functions and supervising upstream business systems from the source to ensure compliance with anti-money laundering regulatory requirements. In addition, the Bank conducted in-depth data governance, continuously evaluated and optimized monitoring standards, and improved the effectiveness of data quality and monitoring standards. All units within the Bank diligently fulfilled their anti-money laundering obligations, continuously strengthening anti-money laundering risk management, and strictly preventing and controlling money laundering risks, resulting in improvements in the quality and effectiveness of anti-money laundering risk management.

2. Enhancing Anti-Money Laundering Training

In 2023, the Bank organized various types of anti-money laundering training for directors, supervisors, senior management, anti-money laundering personnel, and other related positions. The training covered international anti-money laundering trends, regulatory developments, policy and legal responsibilities, internal control systems, and job requirements. The Bank also held qualification exams for anti-money laundering personnel and emergency drills for unexpected events, actively promoting a good anti-money laundering and compliance culture throughout the Bank.

In 2023, a total of 170 anti-money laundering training sessions were conducted, covering 76,563 personnel.



In order to further improve the awareness and abilities of middle and senior management in preventing money laundering risks and fulfilling their duties in anti-money laundering risk management, the Bank organized training for middle and senior management in 2023

(III) Internal Control Management

In 2023, the Bank has planned a high-level "Compliance Construction Year" activity, focusing on the four themes of "promoting compliance, optimizing systems, strengthening internal controls, and improving services." It will use three main approaches to cultivate a compliance culture, optimize the system, and strengthen internal control management. It will also work with the Company, Sannong, Retail, Inclusive, and Financial Market business segments to focus on areas such as optimizing the product system, restructuring business processes, comprehensive marketing at branches, and strengthening technology empowerment. The Bank will spare no effort in creating high-quality financial services, while also enhancing its four basic capabilities of comprehensive customer management, professional risk control, efficient organizational management, and agile technological innovation. The Bank will use compliance to promote development and prevent risks, and through the comprehensive improvement of its compliance and internal control system, it will drive the stable and robust development of the entire organization and lay a solid foundation for high-quality development.

(IV) Supplier Management

In 2023, the Bank implements the relevant provisions of the Tendering and Bidding Law of the People's Republic of China in accordance with the law, and formulates the Guangzhou Rural Commercial Bank Management Policies of Procurement Series. The Bank gradually strengthens and promotes centralised procurement management, adheres to the principles of openness, fairness and impartiality in the centralised procurement process, and accepts the supervision and inspection of relevant supervisory and management departments.

1.Improving supplier management policies

In order to strengthen the supplier management, encourage suppliers to respond in compliance and perform contracts in good faith, the Bank has established supplier management policies to clarify supplier qualification management, daily maintenance management, assessment and evaluation management, etc. In terms of supplier qualification management, an access system is implemented for centralised procurement suppliers, and the qualification, ability, reputation and willingness of suppliers are reviewed. If the procurement project involves environmental protection requirements, the conditions for supplier access should meet the relevant national standards and requirements for green environmental protection.

2.Highlighting environmental and social risks

The Bank clearly stipulated in the procurement system that priority shall be given to the procurement of green, energy-saving and environment-friendly products, and shall not purchase products with high-energy consumption, high-pollution or elimination that the state restricts or discourages the production, procurement and use. In the procurement documents, the Bank explicitly required suppliers to be legal and honest, and make a commitment that there is no major illegal record in business activities in the past three years; if the winning bidder has other circumstances that damage the interests of the bidding unit and the public interest stipulated by laws and regulations, the qualification of the winning bidder will be cancelled, and the right to pursue its legal responsibility is reserved. At the same time, according to specific project situation, clear environmental protection requirements are put forward for suppliers, outsourcing personnel sign labour contracts with external agencies, and the intellectual property rights and other requirements of any third-Party shall never be infringed.

3. Daily supervision and management of suppliers

Through the dynamic assessment and evaluation method of combining the daily management assessment of suppliers with the annual assessment and evaluation of transaction suppliers, the Bank directly withdraws unqualified supplier from the Bank's supplier library of this procurement category; suppliers with bad behaviour will be blacklisted for management, and admonishment interviews, warnings, prohibition and withdrawals will be given after verification; if the supplier violates laws and regulations or fails to perform in accordance with the contract during the bidding process or performance process, which has a greater impact on the Bank, the Bank shall submit it to the Government Public Resource Trading Centre for notification. At the same time, the centralised procurement department also carries out relevant inspections on the Bank's procurement and supplier performance of by means of on-site inspections, off-site inspections, and questionnaire survey etc.

4.Strengthening daily communication with suppliers

The Bank has set up special channels to resolve difficulties for suppliers. In addition to accepting enquiries and complaints from suppliers by telephone, it has also set up a dedicated procurement monitoring email address. The Bank prints the supervision mailbox on the procurement documents, arranges special personnel to check the supervision mailbox on a daily basis to accept supervision, complaints and suggestions of suppliers on procurement work. The Bank carefully analysed, verified and handled the feedback, and gave the reply within the prescribed time limit whether it was accepted or not.

As of the end of the Reporting Period, the Bank's centralized procurement projects had 619 major cooperative suppliers, including 616 domestic suppliers and 3 overseas suppliers.

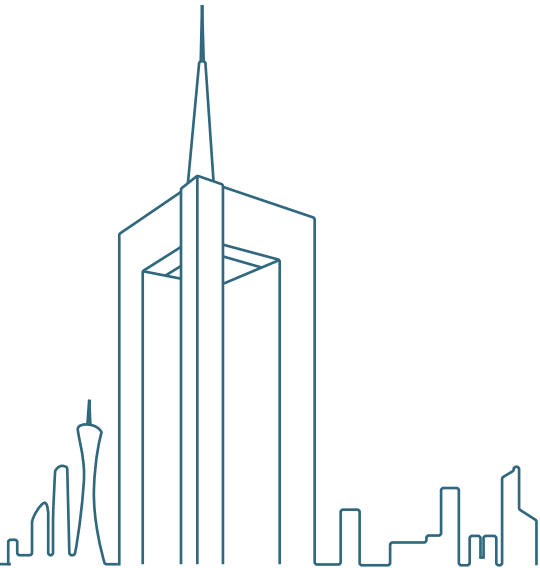
(V) Brand and Intellectual Property Right Protection

In 2023, the Bank strictly abode by the Advertisement Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and other national and local laws and regulations, as well as Self-Discipline Convention on Advertising Behaviour of Financial Business in Guangdong Province. The Bank standardised and promoted the brand work of the whole bank, conscientiously implemented the laws and regulations related to advertising, improved risk prevention, formulated the Measures for the Administration of Brand Publicity of Guangzhou Rural Commercial Bank, the Rules for the Administration of Self-media of Guangzhou Rural Commercial Bank, the Measures for the Administration of Portal Website of Guangzhou Rural Commercial Bank and Guangzhou Rural Commercial Bank Information Technology Intellectual Property Management Regulations, covering brand planning, marketing publicity, advertising, intellectual property protection, VI management, WeChat official account management, portal website management, etc., implemented scientific and standardised brand management, and continuously improved brand awareness and reputation.

As of the end of Reporting Period, the Bank had 243 domestic registered trademarks, 64 first-level domain names, 2 art copyrights, and 9 software copyrights.

03

Focusing on the Bay Area and Serving the Real Economy



3.1 Supporting the Real Economy

The Bank is rooted in the Guangdong-Hong Kong-Macao Greater Bay Area and always adheres to the fundamental purpose of providing financial services to the real economy. It is based on local development, strengthens cooperation and win-win situations, promotes business innovation, and makes every effort to provide professional and high-quality services for regional economic and social development, and helps to create a good financial environment and maintain regional financial stability.

(I) Facilitating Local Economic Development

In 2023, the Bank has been deeply rooted in the local community, firmly positioned itself for development, focused on its main responsibilities and businesses, proactively integrated into and deeply participated in the "Guangzhou Practice" of Chinese-style modernization, and continued to strengthen its operational characteristics of serving the local community.

Firstly, the Bank increased the allocation of local government bonds to support targeted and high-quality fiscal policies, and assist in the construction of major regional projects and the development of social welfare. As of the end of the Reporting Period, the Bank's investment in local government bonds reached RMB 66 billion, of which RMB 46.7 billion were invested in Guangdong provincial government bonds, effectively supporting the economic and social development of the region and fulfilling its social responsibilities.

Secondly, the Bank continued to invest in corporate bonds to meet the funding needs of the real economy. In 2023, the Bank's self-operated business investment in corporate bonds exceeded RMB 10 billion, with a focus on providing funds to industries related to infrastructure construction such as transportation and energy. It fully met the financing needs of multiple companies, such as Guangzhou Metro, Guangzhou Bus, and Guangdong Environmental Protection Group, and strongly supported key development areas such as green and low-carbon, public welfare, and regional coordination in the Pearl River Delta region, continuously injecting financial "fresh water" into the real economy and people's livelihood.

Thirdly, the Bank actively created a series of wealth management sub-brands to meet the diverse needs of customers. It fully implemented regulatory requirements, promoted the stable development of wealth management business, continuously innovated wealth management products, optimized asset allocation based on the diverse needs of customers, and created five wealth management sub-brands: "Wenfu (穩富)", "Tianfu (添富)", "Jiafu (嘉富)", "Ruifu (睿富)" and "Hongfu(鴻富)". At the same time, the Bank focused on improving the precision of customer services, launched new types of products with the shortest holding period and "T+0.5" cash management, continuously upgraded product functions, and built an accurate service chain of "Product Shelf-Target Customer Group-Specialty Products-Investor Support".

Fourthly, the Bank focused on key areas and implemented precise measures to continuously expand the breadth and depth of financial services to support the high-quality development of the province and city. It focused on implementing the decisions and arrangements of the provincial and municipal Party committees, actively improving and perfecting multi-level financial products and services, and fulfilling the responsibilities and missions of local banks in serving the development of the real economy. In order to better meet the financing needs of small and medium-sized enterprises, the Bank continuously optimized the current corporate credit product system, and innovatively launched special products for key industries such as the automotive industry chain, advanced manufacturing enterprises, and park enterprises, effectively improving the quality and effectiveness of financial services and supporting the high-quality development of the real economy.

(II) Supporting Key Areas

The Bank has formulated implementation plans such as the "Opinions on Implementing Financial Support for the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area" and the "Implementation Plan for Carrying out the Role of Corporate Banks and Fulfilling Main Responsibilities and Main Business of Guangzhou Rural Commercial Bank in Implementing the Overall Plan for Deepening Comprehensive Cooperation between Guangzhou, Nansha, and the World." These plans promote strategic alignment and target expansion, vigorously supporting the development and construction of key areas and sectors. In 2023, the Bank provided a cumulative loan of RMB 168.28 billion to enterprises registered in the Greater Bay Area and participated in 70 key projects in the province and city, such as the Foshan-Dongguan Intercity Railway project, Guangzhou-Shanwei Railway project, Huadu District's "Specialized, Refined, Special, and New" Industrial Park Phase I project, and the Guangdong energy industry chain that have landed in the Bay Area.

3.2 Serving Economic Transformation

(I) Deepening Cooperation with Government and Village Banks

In 2023, the Bank continued to deepen its financial services in rural areas, playing a leading role in rural financial services. Firstly, the Bank successfully passed the acceptance inspection of the Guangdong Provincial Department of Finance and was selected as one of the designated banks for special bond supervision accounts (first batch). The Bank launched its first special bond account business, making a breakthrough in the field of financial services. Secondly, the Bank continued to upgrade its "Village Wealth" business, providing more online services such as salary distribution and streamlining approval processes, as well as improving customer experience. Thirdly, it addressed the individual needs of village and enterprise clients for fund management and financial information services by upgrading its cash management and cloud finance functions and releasing the potential of operational efficiency, resulting in an enhanced customer experience and reduced financial costs.

The Bank actively participated in rural development initiatives, promoting customized credit services such as "whole village credit" and "bulk credit for farmers" to help create livable and prosperous villages with a traditional Guangdong flavor. During the Reporting Period, 13 branches of the Bank held signing ceremonies for "whole village credit" projects, with a total loan amount of RMB 1.543 billion.

(II) Empowering Financial Services for Specialized, Refined, Special, and New Enterprises

In order to implement the decisions and plans of the CPC Central Committee and the State Council, and further support the high-quality development of specialized, refined, special, and new small and medium-sized enterprises, the Bank responded to the call of the "List of Practical Measures for Specialized, Refined, Special, and New SMEs" by offering innovative risk control measures, introducing management methods, and providing preferential interest rates to cater to the unique characteristics of these enterprises, such as small scale, light assets, and long-term capital investment. In order to improve the accuracy of financial services, the Bank comprehensively reviewed the list of specialized, refined, special, and new enterprises and proactively strengthened communication with them. It also upgraded its "Jinmi Specialized, Refined, Special, and New Loan" product to support innovative guarantees such as patent pledges and chattel mortgages, contributing to the development of these enterprises. As of the end of the Reporting Period, the Bank had 590 specialized, refined, special, and new loan clients, an increase of 268 from the beginning of the year, with a loan balance of RMB 15.864 billion, an increase of RMB 1.526 billion from the beginning of the year.

(III) Supporting Industrial Transformation and Upgrading

In 2023, the Bank adhered to the guidance of Xi Jinping's socialism with Chinese characteristics for a new era and the spirit of the 20th National Congress of the CPC, as well as the important speeches and instructions by General Secretary Xi Jinping during his inspection of Guangdong. It fully implemented the spirit of the Central Economic Work Conference and the work arrangements of the Guangdong and Guangzhou high-quality development conferences. In accordance with the work deployment of the Guangdong Provincial Party Committee and Government to prioritize the real economy and the manufacturing industry, as well as the work objectives of making the industry the primary focus and building the city on the manufacturing industry by the Guangzhou Municipal Party Committee and Government, the Bank continued to increase its financial support for the real economy and strengthen its support for state-owned enterprises in Guangzhou. It aimed to drive the development of key industries and projects in Guangzhou and achieve high-quality and extraordinary development in the overall economic development of the local area. As of the end of the Reporting Period, the Bank's balance of loans in the manufacturing industry was RMB 51.24 billion, an increase of RMB 5.09 billion from the beginning of the year.

3.3 Deepening cross-border business

In 2023, the Bank continued to leverage its advantages as a local financial institution, fully implement the Ministry of Commerce's "14th Five-Year Plan for High-Quality Development of Foreign Trade", adhere to the principle of "small and scattered", focus on nurturing new momentum for foreign trade, and strengthen financial support for local small and medium-sized foreign trade enterprises, providing high-quality and efficient services for foreign trade enterprises.

The Bank continues to provide high-quality and convenient cross-border services for high-quality enterprises in the Nansha Free Trade Zone. Qualified enterprises in the zone only need to submit instructions to the Bank to handle relevant current account foreign exchange transactions, and the Bank is exempt from pre-audit of documents, reducing the processing time to 1/4 of the original, greatly improving the efficiency of business processing, saving time and labor costs for enterprises, and continuously increasing financial service support for foreign trade enterprises in "going global" and "Belt and Road" initiatives. We are also creating cross-border financial solutions for the Canton Fair to promote high-quality development of foreign trade. The Bank provides financial support to Canton Fair foreign trade enterprises by conducting promotional activities, setting up exclusive account opening services, dedicated service teams, exclusive rates, exchange rates, and interest rate discounts, continuously enhancing the Bank's cross-border financial service brand and reputation.

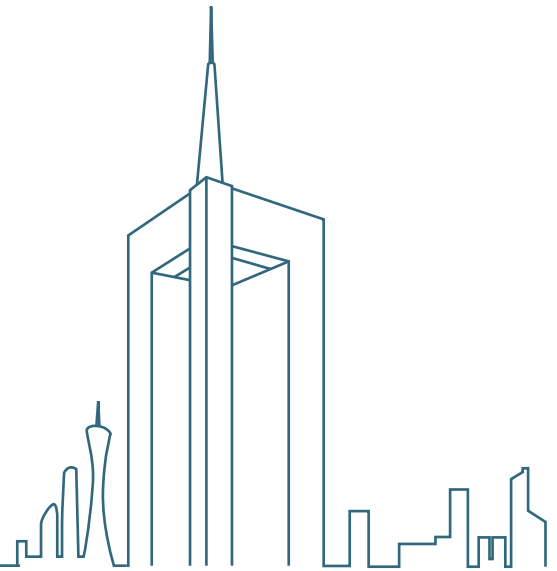
In terms of product services, first, we continue to promote high-level opening of cross-border trade and investment. Since becoming the first local legal person bank to obtain the qualification for the pilot of "cross-border trade facilitation business filing", we have handled over 350 transactions under current account facilitation, with a total amount of over 50 million US dollars, and handled over RMB 500 million in international forfeiting transfers, providing financial support for high-quality development of foreign trade. Second, we provide targeted support for the operation and development of small and medium-sized export enterprises, and launch the "Export Chain Financing" working capital loan product to meet the financing needs of qualified export enterprises. Third, we fulfill the social responsibility of banks in the Guangdong-Hong Kong-Macao Greater Bay Area, providing comprehensive services such as account management, fund settlement, fund financing, and foreign exchange policy compliance consultation for companies listed in Hong Kong, promoting financial interconnection in the Bay Area.

In terms of financial technology, the Bank continues to promote digital transformation and continuously improve online service channels, achieving full coverage of online settlement services for cross-border transactions. In order to help import enterprises seize opportunities and further improve online settlement efficiency, the Bank has optimized and upgraded the process of corporate online banking remittances, improving the convenience and user experience of online remittances through intelligent system processing mechanisms and user-friendly operation pages. At the same time, the Bank has launched a new section of personal foreign exchange business on its mobile banking platform, providing more convenient and efficient online foreign exchange services for individual clients.

The Bank actively responds to regulatory guidance, on one hand, continuously promotes the concept of "exchange rate risk neutrality" to foreign trade enterprises, and establishes a professional foreign exchange team to provide convenient and efficient hedging transaction services. Through visiting more than 200 foreign-related enterprises throughout the year, we provide exchange rate trend analysis and hedging strategies to help cross-border enterprises establish risk awareness. At the same time, we provide risk mitigation products such as "order-based foreign exchange settlement" and "cooperative forward settlement and sale of foreign exchange" to help enterprises cope with exchange rate fluctuations and effectively avoid exchange rate risks. On the other hand, we have compiled the "Guidelines for Handling Personal Foreign Exchange Business" to accurately promote policies, and have established an expert team to deal with special situations in personal foreign exchange business, meeting the compliance and reasonable foreign exchange needs of individual clients. In 2023, the Bank received a B+ rating in the assessment of compliance and prudent operation of foreign exchange business by the State Administration of Foreign Exchange, and an excellent rating in the assessment of Guangdong's foreign exchange and cross-border RMB self-discipline mechanism.

04

Supporting
Development of
Agriculture, Rural
Areas and Farmers,
Helping Micro-and
Small-sized Enterprises



4.1 Promoting Rural Revitalisation

In 2023, the Bank delved into implementing the four key tasks of mechanism empowerment, rural revitalization, rural development, and supporting agriculture and benefiting the people. It focused on implementing the "hundreds of counties, thousands of towns, and tens of thousands of villages" high-quality development project, effectively fulfilling the responsibilities and missions of a legal person bank in supporting agriculture and benefiting the rural areas, and injecting key strength into the comprehensive promotion of rural revitalization. In the "Assessment and Evaluation of Financial Institutions Serving Rural Revitalization" led by the People's Bank of China, the Bank has been awarded the title of "Excellent" in the Guangzhou region for three consecutive years.

As of the end of the Reporting Period, the Bank's balance of loans related to agriculture was RMB 45.497 billion, an increase of RMB 2.058 billion from the beginning of the year, with a growth rate of 4.74%; the balance of inclusive loans for agriculture was RMB 10.522 billion, an increase of RMB 2.113 billion from the beginning of the year, with a growth rate of 25.12%. The Bank has 565 branches and 141 rural financial service stations in Guangzhou, with the largest financial coverage in the city.

(I) Adhering to Mechanism Empowerment

Firstly, the Bank raised its position and adhered to the Party's leadership in rural areas. The first topic of the Bank's Party committee meetings was to deeply study General Secretary Xi Jinping's important speeches and instructions on rural areas and rural revitalization 18 times, as well as the spirit of the Central Economic Work Conference. Combining with its work, the Bank put forward 21 opinions on implementing these instructions and carried out 7 related supervisory tasks, continuously deepening the Party's overall leadership in rural revitalization.

Secondly, the Bank issued a plan to ensure the implementation of its work. In 2023, the Bank prioritized the "hundreds of counties, thousands of towns, and tens of thousands of villages" project, and launched a "One Plan" to regularly inspect and supervise the implementation of the plan, ensuring that the work is carried out in detail and laying a solid foundation for the comprehensive promotion of this project.

Thirdly, the Bank coordinated efforts and continuously strengthened its assessment and incentive system. In 2023, the Bank launched a "Rural Financial Assessment and Evaluation System" and set differentiated assessment and incentive indicators, accounting for 2 points in the assessment system of operating institutions. Emphasizing the key role of the Bank's Sannong financial services, the system strengthened the assessment mechanism and marketing resources of each operating institution, improving the quality and efficiency of business development.

Fourthly, the Bank pooled its efforts to promote the allocation of resources. In 2023, the Bank made good use of the People's Bank of China's re-lending policy for supporting agriculture and small businesses. In 2023, the Bank has used a total of RMB 2.921 billion in re-lending funds, benefiting 943 households and enterprises in rural areas, with a weighted average interest rate decreasing by 50 basis points year-on-year. The Bank has also used RMB 11.149 billion in re-lending funds for small businesses, benefiting 3,961 households and enterprises in rural areas, with a weighted average interest rate of 3.75%, a decrease of 49 basis points year-on-year.

Fifthly, the Bank vigorously supported and strengthened its financial services. In 2023, the Bank's credit policy focused on rural financial guidance, with a focus on key areas such as food production, stable supply of important agricultural products, and revitalization of the seed industry. A green approval channel was established to improve the efficiency of business approval and provide efficient and collaborative service support and resource guarantee.

(II) Improving Service System

Firstly, the Bank strengthened cooperation to support enterprises in ensuring stable food production and supply. In 2023, the Bank established a strategic partnership with the Guangzhou Municipal Agriculture and Rural Bureau, established a mechanism for sharing agricultural information, and allocated RMB 50 billion in special credit funds to strengthen financial support for key areas in agriculture. As of the end of the Reporting Period, the balance of loans for enterprises ensuring stable food production and supply was RMB 1.284 billion, with a year-on-year increase of 24.55%; the balance of loans for the "Basket of Vegetables" project in the Guangdong-Hong Kong-Macao Greater Bay Area was RMB 375 million, with a year-on-year increase of 74.14%.

Secondly, the Bank innovated products to support the construction of agricultural industrial chains and industrial parks. In 2023, the Bank launched the "RMB 300 billion project" for small and medium-sized credit business, and developed the "Rural Revitalization Agricultural Loan". The balance of loans to leading agricultural enterprises at all levels was RMB 5.023 billion, with a year-on-year increase of 12.89%; the balance of loans to clients on the list of modern agricultural industrial chains was RMB 2.187 billion, with a year-on-year increase of 14.39%; the balance of loans to companies stationed in modern agricultural industrial parks was RMB 2.806 billion, with a year-on-year increase of 42.17%. The Bank also developed and promoted the "Flower Planting Loan" and "Beautiful Countryside Bonsai Loan", with a total of RMB 49.64 million invested.

Thirdly, the Bank optimized services to support marine ranches and pre-fabricated vegetable enterprises. In 2023, the Bank supported the comprehensive construction of a "Blue Granary" in Nansha, as well as projects related to the circulation, processing, port construction, and aquaculture seed industry of aquatic products. The Bank also developed and promoted a batch credit model for "Aquaculture Loans", completed an exclusive credit plan for fishing vessels in Nansha, and actively connected with Nansha's fishing industry park to tailor a one-stop production, supply, and marketing solution, providing RMB 160 million in credit support to the park. As of the end of the Reporting Period, RMB 80.71 million has been invested in the "Aquaculture Loan" in Nansha's Wanqian Village, with a loan balance of RMB 3.396 billion, supporting 261 rural enterprises and households. As of the end of the Reporting Period, the Bank supported RMB 3.725 billion in loans for pre-fabricated vegetable enterprises, benefiting 104 rural enterprises and households.

Fourthly, the Bank innovated its business to support the construction of a "Green and Beautiful Guangdong". The Bank leveraged the demonstration and leading role of its Huadu Branch in the Green Finance Pilot Zone to promote the "Green Enterprise Loan". The Bank also developed and launched the "Jinmi Carbon Emission Rights Mortgage Loan" and pioneered the "Jinmi Rural Revitalization Forest Easy Loan" which allows for a maximum of 20 times the compensation income, benefiting 18 villages and communities. As of the end of the Reporting Period, the Bank has invested RMB 3.517 billion in green credit for agriculture, forestry, animal husbandry, and fishery, with a total green credit balance of RMB 43.249 billion for the entire bank, an increase of RMB 18.35 billion or 73.7% from 2022.

(III) Innovating Product Supply

Firstly, in 2023, the Bank focused on strengthening rural financial channels by deploying 103 integrated banking and government service machines in 1,302 villages in Guangzhou. It also collaborated with the Huangpu District Social Security Center to establish the first "Social Security + Finance" themed bank in the district. The Bank also expanded its mobile payment projects to 462 special merchants in Renhe Town, Jiangpu Street, and Jiekou Street.

Secondly, the Bank developed exclusive credit products to support the revitalization of rural collective assets. It launched products such as the "Industrial Property Support Loan" and the "Park Financing Loan" and successfully completed the first transaction of the "Rural Land Contract Management Right Mortgage Loan". It also introduced the "Credit Loan" and "Project Loan" for collective construction land to third-party development entities, with a total investment of about RMB 748 million. For rural collective economic organizations, the Bank launched the "Village and Community Loan" and granted 7 loans amounting to RMB 130 million as of the end of the Reporting Period.

Thirdly, the Bank coordinated development and provided financial support for the reconstruction of urban villages. In 2023, it invested a total of RMB 8.512 billion to support 15 key reconstruction projects in the city, including Liren Village, Luobian Village, and Lijiao Village. As of the end of the Reporting Period, the financing balance amounted to RMB 80.296 billion, ranking among top of those financial institutions in Guangzhou in terms of business scale.

Fourthly, the Bank focused on supporting the development of rural cultural and tourism industries. It launched the featured credit product "Homestay Loan" in Zengcheng District, promoting the integration of agriculture, culture, and tourism. The Bank also supported Gualing Village in leveraging its distinctive Lingnan ancient village features to create a cultural and tourism boutique village. In 2023, the loan balance for the homestay industry reached RMB 148 million, with a growth rate of 16.82%.

Fifthly, the Bank went deep in villages and organized the Guangzhou Thousand Village Football Tournament. It actively participated in and sponsored important traditional folk activities, such as the Dragon Boat Recruitment Festival and the Dragon Boat Culture Week, in 11 districts and villages. It also held the third Guangzhou Thousand Village Football Championship, with all 11 districts in the city participating and nearly 200 village teams competing. 32 village teams advanced to the city finals, showcasing a positive and progressive new rural spirit and strengthening the Bank's relationship with villages and communities.

Sixthly, the Bank utilized digital technology to enrich rural financial application scenarios. It collaborated with the Finance Bureau and the Agriculture and Rural Bureau to promote the rural "three-capital" management platform and "village service card" business. It also continued to optimize and upgrade the "Village Assets Treasure" business, which now covers 10 towns (streets) and 37 villages with a settlement volume of RMB 9.542 billion. In 2023, the Guangzhou Village Card issued a total of 792 cards, with a cumulative issuance of 10,539 cards. The "Cloud Xintong" business for managing cash funds of rural collectives has been fully implemented in 65 administrative villages in 11 towns and streets of Zengcheng, Conghua, Nansha, and Baiyun districts.

(IV) Adhering to the Principle of Helping Farmers

Firstly, promoting agricultural development and deepening the "digital business for agricultural prosperity" project. Fully utilizing the "Jinmi Market" e-commerce platform, selecting high-quality agricultural products, and combining major festivals and marketing hotspots, 2 rural revitalization theme events were held.

Secondly, providing village-wide credit and expanding the scope of credit rating in rural areas. Further optimizing the "village-wide credit" business, supporting the development of local advantageous agricultural industries, and newly investing RMB 1.5 billion in 2023. In collaboration with the Conghua Branch of the People's Bank of China, we have helped create the "Guangdong Province Village-Wide Credit Village" in Conghua, with a total credit limit of RMB 80 million and 19 actual credit amounts totaling RMB 16.10 million.

Thirdly, targeted poverty alleviation and solid support for increasing income in villages and towns. We have conducted in-depth research and consultation to develop specific assistance plans for villages and towns, and donated RMB 1.9 million in assistance funds this year. We have actively utilized the advantages of trade union organizations to purchase and support the purchase of characteristic agricultural and sideline products from villages and towns, with a total amount of approximately RMB 4.6 million, earning the title of "Red Cotton Cup Silver Cup" in Guangdong's poverty alleviation and assistance.

Fourthly, organization and leadership to promote the implementation of charity projects. In 2023, we utilized the Jinmi Foundation to carry out the "Bank and Community Aid for Agriculture and Revitalization" project, providing RMB 2 million in assistance funds. We also launched the "Assisting Rural Revitalization" project, providing RMB 4.464 million in assistance funds, supporting more than 200 administrative villages, and being honored as an outstanding contributor to rural revitalization by the Guangzhou Social Organization.

Fifthly, enriching products and providing asset appreciation services for villagers. We have further enriched villagers' deposit and wealth management products, providing product support for asset appreciation. We have issued 1 exclusive wealth management product for villagers, raising RMB 285 million. We have also increased the promotion of savings bonds in rural areas, handling 5,172 transactions for villagers in 2023, with a cumulative sales amount of RMB 666 million.

case

Organizing the third Guangzhou Thousand Village Football Championship, utilizing football to support the "hundreds of counties, thousands of towns, and tens of thousands of villages" project

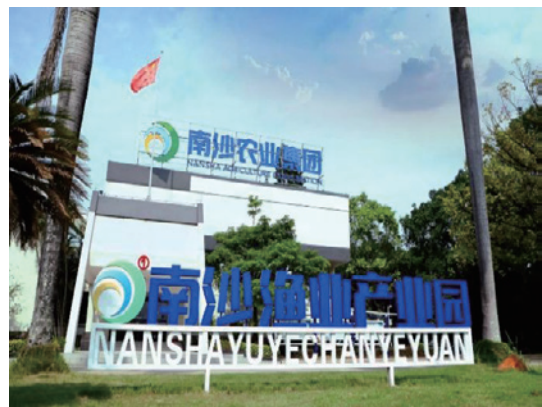
The Thousand Village Football Championship is a sports event jointly launched by the Bank and the Guangzhou Football Association. It is the first amateur rural event in China with its own IP and is committed to creating a World Cup for the citizens of Guangzhou. It has successfully held three sessions and has received enthusiastic participation and positive feedback from villagers. The third Guangzhou Thousand Village Football Championship, sponsored by the Guangzhou Rural Commercial Bank and named "Guangzhou Rural Revitalization Cup", is an important measure to empower the "Hundreds of Counties, Thousands of Towns, and Millions of Villages High-Quality Development Project" and continue to promote football reform and new development. This year's Thousand Village Football Championship started at the end of October 2023, covering eleven districts in the city, with 180 village teams participating and over 3,660 participants in total, after 400 rounds of exciting competitions. In addition, to promote the deep integration and development of the Guangdong-Hong Kong-Macao Greater Bay Area, a special invitation match between Guangzhou, Hong Kong, and Macao was set up this year to strengthen cultural exchanges between cities in the Bay Area.



case

Small green crab activated a billion-dollar industry, supporting the construction of "Blue Granary" in Nansha

The aquaculture area, output, and output value represented by the Nansha green crab continue to increase, placing higher demands on subsequent deep processing, circulation, and sales. The Nansha Industry Park has conceived the idea of building a seafood sorting and processing center - with a land area of approximately 29.6 acres and a planned total construction area of approximately 40,000 square meters. It will be built with 7 major functional blocks to support the integrated development of the first, second, and third industries of the industry park and vigorously develop the seafood deep processing, frozen storage, and cold chain warehousing and logistics system. The total investment in the project amounted to RMB 292 million, which is difficult to support with the company's own funds.



The Bank has been rooted in Nansha for years. At the beginning of the project construction, we took the initiative to provide services, assigned special personnel to understand the business and project construction in advance, visited the industrial park in person, designed exclusive financing plans, and granted a total of RMB 160 million in credit to Nansha Industry Park Co., Ltd. to support the project construction. We also deployed account managers to timely follow up on the funding needs of the project construction and provide a package of financial services.

case

Successful implementing of the first rural land contract operation rights mortgage loan in Guangzhou

Guangzhou Agriculture Technology Co., Ltd., located in Xiaolou Town, Zengcheng District, has previously used the collective land in Xiaolou Town to cultivate high-value economic crops such as bird's nest fruit, combined with its own production technology. In March 2023, after the rural land operation rights were included in the unified registration of real estate, Zengcheng District launched a practical exploration of "clarifying ownership, stabilizing contract rights, and activating operation rights". On 26 June 2023, the Zengcheng District Sub-bureau of the Guangzhou Planning and Natural Resources Bureau successfully registered for the first time the land operation rights of 20.36 mu of land leased by Shasan Economic Cooperation of Shagang Village, Xiaolou Town to the company.



The Bank has continuously followed up and cooperated with the rural property registration work. After the successful registration of the first rural land operation rights in Guangzhou, we timely contacted the company and used methods such as on-site investigation to understand the company's capital needs and actual operation. After on-site exploration, 30% of the land has been used for intensive and high-value-added agricultural product cultivation. The Bank used the "Jinmi Rural Revitalization Rural Land Contract Operation Rights Mortgage Loan" to customize a credit plan for the client, using a comprehensive guarantee method of land contract operation rights mortgage and shareholder guarantee, breaking through the traditional "brick thinking". After several consultations with relevant government departments, we jointly researched and solved the core issues such as collateral value assessment and registration and confirmation of rights, and finally achieved the mortgage registration of land contract operation rights, successfully issuing a loan of RMB 500,000 for the company.

4.2 Strengthening Inclusive Finance

In 2023, the Bank actively responded to the policies and decisions of the Party Central Committee, the State Council, the Provincial Party Committee, the Provincial Government, and the China Banking and Insurance Regulatory Commission to support small and micro enterprises, fully utilizing various policy tools to alleviate corporate difficulties, and continuously increasing credit support for small and micro enterprises and private enterprises. The Bank has also strived to promote the high-quality development of inclusive finance business throughout the bank. We are constantly improving the construction of the inclusive finance exclusive system, and have established an inclusive and small and micro business department at the head office level and 13 inclusive and small and micro business departments at the branches in Guangzhou.

As of the end of the Reporting Period, the Bank's balance of inclusive small and micro enterprise loans was RMB 45.473 billion, with a growth rate of 10.31% compared to the beginning of the year, and the number of small and micro customers was 36,821, an increase of 695 from the beginning of the year. The small and micro "two increases" and inclusive loans for agriculture-related businesses have met regulatory requirements.

(I) "Stabilizing the Economy" without Slowing Down or Reducing Efforts

Firstly, actively utilizing the policy of re-loans for small and micro businesses. As of the end of the Reporting Period, the Bank has obtained RMB 46.683 billion in re-loan funds from the People's Bank of China, ranking among the top institutions in the province.

Secondly, reported a total of RMB 3.22 billion in loans eligible for the inclusive loan risk compensation mechanism of Guangzhou City. A cumulative amount of RMB 2.504 billion has been disbursed for the "Technology Loan" that has been included in the risk compensation fund pool in Guangzhou, with a loan balance of RMB 1.74 billion.

Thirdly, successfully entered the risk compensation fund pools for inclusive loans in Huangpu District, Nansha District, and Heyuan City, continuously expanding the coverage of risk compensation.

(II) Deepening the Reform and Expanding Operational Coverage

In 2023, the Bank comprehensively deepened the reform of branch comprehensive marketing, and fully extended inclusive small and micro business to branches. Based on specific customer groups at branches, comprehensive marketing plans were formulated to build a grid-style marketing system throughout the bank, further expanding the coverage and

penetration of inclusive small and micro business.

(III) Optimising Process and Improving Efficiency and Enhancing Service Experience

In 2023, the Bank optimized and restructured business processes to improve business efficiency. With the customer as the center, business processes, tools, and work mechanisms were optimized to gradually create a process for inclusive small and micro business with online marketing, standardized application, process-oriented operations, and intelligent risk control as its core, focusing on improving business efficiency and customer experience.

(VI) Enhancing Collaboration to Support Enterprise Development

In 2023, the Bank strengthened cooperation with local government agencies, connecting with the GuangZhou Industrial and Information Technology Bureau, Science and Technology Bureau, Commerce Bureau, High-tech Enterprise Association, and Science and Technology Financial Service Center to collect enterprise white lists and promote business development. We also strengthened cooperation with business associations, conducting business partnerships with leading local business associations to increase customer acquisition. In addition, we worked closely with industrial park enterprises to develop special marketing plans for industrial parks. As of the end of the Reporting Period, the Bank has connected with 126 industrial parks and granted loans of RMB 690 million. Through cooperation with professional markets, we have issued optimization plans for inclusive small and micro business services to merchants in professional markets, identified the top ten key professional markets for 2023, and required the entire bank to increase marketing expansion in professional markets through strategies such as grid-style marketing, building customer acquisition channels, and customizing business models. The balance of inclusive small and micro loans in professional markets for the year was RMB 2.013 billion.

(V) Innovating and Upgrading to Enrich Products System

In 2023, the Bank closely followed market trends and enriched its product system. We have developed exclusive products and product combinations such as Easy Housing Loan, Village Prosperity Loan, and Technology Loan for high-quality community residents, high-quality villagers, and clients in strategic industries, and promoted the expansion of our core customer group. We have created small business profiles for professional markets and industrial parks and launched special credit products for small credit loans to achieve rapid bulk credit approvals. In response to the lack of conventional collateral for private small and medium-sized enterprises, we have launched exclusive pure credit products for Technology Loan and Patent Loan. As of the end of the Reporting Period, the Bank has innovated and developed six new products and credit special cases, optimized and upgraded 12 existing products and application standards. As of the end of the Reporting Period, Easy Housing Loan has a total of RMB 7.324 billion in loans for the year, a 276% increase from last year; Technology Loan has a total of RMB 687 million in loans for the year, a 173% increase from last year; and Village Prosperity Loan has a total of RMB 591 million in loans for the year, a 151% increase from last year.

Jinmi Easy Housing Loan

In 2023, the Bank has upgraded and optimized its product namely Jinmi Easy Housing Loan, with online credit approval of up to RMB 10 million, and launched online Easy Housing Loan services in the Foshan and Zhuhai regions to provide customers with both online and offline application channels, achieving a faster and more efficient process for loan approval and disbursement. This provides small and micro enterprises with a convenient and efficient financing channel.

产品特点

- 额度高：最高1000万
- 审批快：最快1小时到账
- 利率低：年化利率低至3.5%
- 申请简单：线上申请，无需抵押
- 还款灵活：支持等额本息、等额本金等多种还款方式

Jinmi Technology Loan

In 2023, the Bank conducted in-depth research in industrial parks and comprehensively upgraded the Technology Loan product, launching the "Jinmi Technology Loan" 3.0 version and related application standards for complementary products. This expanded the customer base and eligibility criteria, effectively increasing the coverage of technology financial services.

产品特点

- 额度高：最高3000万
- 抵押率100%：无需抵押，信用贷款
- 办理快：最快1小时到账
- 可信用：纯信用贷款
- 可保证：第三方担保
- 期限：最长10年

Mini Credit Loan

In 2023, the Bank launched the Mini Credit Loan product, with features such as simplified documentation, fast processing time, and no collateral, to lower the threshold for customers and streamline the approval process. This effectively solves the pain points and bottlenecks of local private small and micro enterprises and individual businesses, such as difficulties in financing information asymmetry.

产品特点

- 信用额度：最高100万
- 申请资料简单：无需抵押，信用贷款
- 多种还款方式：支持等额本息、等额本金等多种还款方式
- 期限：最长3年

4.3 Serving Community Residents

(I) Actively conducting the social security card business

The Bank actively extends the breadth and depth of social security and medical insurance services, effectively improving the quality and efficiency of pension financial services for urban and rural residents. Firstly, we have closely collaborated with government departments to launch the "Credit-based Seamless Payment for Medical Treatment" service, eliminating the process of queuing for payments during medical treatment and improving the experience for insured individuals. Secondly, we have expanded the application scenarios of the social security card and successfully issued the first social security card in the province with integrated transportation functions, providing cardholders with better and more convenient "one-card" social security card services. Thirdly, we have added 102 instant card issuance points for the social security card, realizing a one-stop service for social security card transactions. Fourthly, we have collaborated with the Huangpu District Social Security Center to create the first "Social Security + Finance" themed bank in the district. Lastly, we have teamed up with the medical insurance department to select 48 service points within the network, bridging the last mile for insured individuals to access services.

(II) Enriching convenient financial products

In 2023, the Bank utilized the "Internet + Finance" model and focused on the construction of smart government and smart living. Firstly, we improved the experience of rural financial payment and settlement services by providing payment services for parking, property, water, and electricity in over 300 key livelihood scenarios such as villages, campuses, and commercial areas through the "mobile payment + scenario" model for B-end clients. Secondly, we launched fast card binding functions for popular consumption platforms such as Douyin, JD, and VIPshop to provide customers with a fast consumption experience of "buy immediately" and conducted frequent life scenario consumption promotions and continued to distribute consumer coupons to stimulate citizen consumption.

(III) Introducing pension financial products

In 2023, the Bank introduced insurance products with pension reserve functions through agency sales channels in line with the pension needs of residents, and provided customers with insurance protection programs such as pension planning, asset inheritance, investment and financial management, so as to establish a sound pension protection service system.

(IV) Co-constructing convenient and heart-warming services

In 2023, the Bank's Heart-warming Station adhered to a customer-centric approach and fully utilized the exemplary and leading role of grassroots Party organizations. With the theme of "Guangzhou Rural Commercial Bank's Heart-warming Station, Warmth Always by Your Side," we closely focused on the practical needs of the masses and conducted collaborative and warm-hearted services in communities, streets, villages, and schools.

In 2023, the Bank's 150 Heart-warming Stations effectively extended their service radius. Firstly, we reached out to communities, villages, and nursing homes to bring warmth to elderly customers, benefiting 5,591 people. Secondly, we conducted 483 financial service knowledge campaigns in schools, villages, enterprises, and communities, reaching 16,631 people. The Bank's Heart-warming Stations conducted a total of 674 collaborative and warm-hearted services throughout the year, serving over 20,000 people, and achieving a 100% coverage rate of service at station locations.



(V) Serving special groups with heart

The Bank continued to operate the 961111 Care Service Hotline, providing targeted and exclusive services for special groups such as the elderly, disabled, and injured. At the same time, we actively sent recommended text messages about the 961111 Care Service Hotline to elderly customers, allowing more elderly customers to benefit from the care service. In 2023, the Bank's 961111 Care Service Hotline served more than 20,000 people from special groups.

(VI) Intercepting and guarding against financial frauds

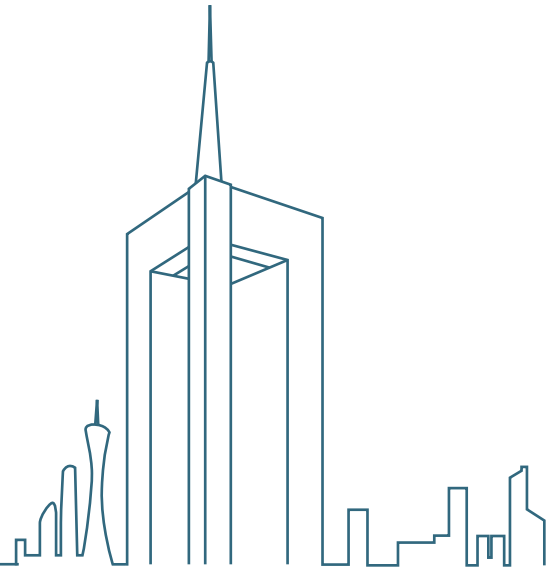
In 2023, the Bank handled more than 1.8 million fraud risk monitoring business transactions in all channels, actively detected 186 risk cases, and recovered customers' losses by over RMB2 million, which effectively intercepted and prevented the risk of customers' funds. In 2023, the Bank's business outlets successfully intercepted a total of 54 cases of various types of fraud, recovering approximately RMB 5.98 million in losses for customers.

(VII) Interpreting responsibilities of Party members

In 2023, the Party Committee of the Bank deepened its study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, constantly consolidated the achievements of the practical activities of "I Do Practical Things for the Masses", and achieved full coverage of Party members for the "Two Wishes and Two Micros" activities. The "Jinsui Sunshine" volunteer team of Party members went to approximately 700 communities in 11 administrative regions of Guangzhou, carried out activities including financial literacy publicity, waste classification, and building a civilized city, and took the initiative to claim micro-projects and micro-wishes. They acted and solved the most pressing difficulties and problems that were of great concern to the people, giving full play to Party members' exemplary vanguard role and displaying their responsibilities as Party members in a state-owned enterprise.

05

Providing Sincere Services and Ensuring Account Security



5.1 Improving Service through Technology

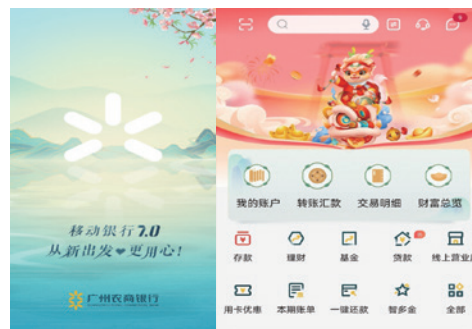
Guided by the principle of "customer-centred", the Bank adheres to the development of integrated online and offline service and builds a three-dimensional round-the-clock service network.

(I) Improving online business channels

In 2023, the Bank further optimized and upgraded various business channels, expanded diversified financial service channels, and improved the quality and efficiency of financial services for market entities. Firstly, it carried out a comprehensive upgrade plan for corporate online banking 3.0, promoted the reconstruction of the journey of corporate online banking business, and improved the online platform support capabilities and settlement service experience. As of the end of the Reporting Period, the Bank signed contracts with 30,500 corporate online banking clients and the annual transaction amount reached RMB1,060,922 million. Secondly, the Bank completed the upgrade and launch of the new version of corporate online banking, providing customers with a more diverse and convenient settlement tool.

(II) Optimizing and iterating online banking

In 2023, the Bank launched version 7.0 of its mobile banking application. As the comprehensive service entrance for the Bank's retail customers in the mobile internet, the new version of the mobile banking app integrates the intelligent online branch, WeChat banking, enterprise WeChat, and ecosystem financial services, and aims to recreate business processes with customers at the center. With a new visual presentation, the app greatly improved levels of intelligent interaction experience, risk control, and digital operations. As of the end of the Reporting Period, the Bank had 4.147 million mobile banking customers, representing a 4.3% increase from the previous year.



(III) Setting up 5G smart flagship outlets

In 2023, the Bank successfully set up 5G smart flagship outlets at Nansha Branch, utilizing customer routes management, precise customer identification, and other methods to transform the traditional single financial service outlet into a digital service platform that combined "Eco-marketing + Intelligent Operation + Scenario Integration" and organically integrated online and offline services.

5.2 Listening to Customers

(I) Data related to manual customer service

In 2023, the Bank's customer service handled nearly 3 million customer calls, of which more than 1.1 million calls were handled by manual customer service. The telephone hotline handled over 0.8 million calls, with a customer service satisfaction rate of 99.21%; the online customer service handled nearly 200,000 calls, with a customer service satisfaction rate of 91.00%; the online business hall handled over 100,000 video calls, with a customer service satisfaction rate of 99.25%.

(II) Construction of intelligent manual customer service

Firstly, the Bank introduced NLP analysis function to the intelligent voice navigation of the telephone banking service, improving the accuracy of customer intention recognition and continuously enhancing its intelligent distribution capability. In 2023, intelligent voice navigation served more than 1 million customers cumulatively.

Secondly, the Bank diversified its intelligent voice outbound business scenarios, expanding the application of intelligent outbound calls to VIP customer invitations, promotional activities, credit cards, and other projects. In 2023, the total number of customers reached nearly 600,000 for intelligent outbound calls.

5.3 Protecting Customers' Rights and Interests

(I) Strengthening the protection of consumer rights and interests

In 2023, for the protection of consumers' rights, the Bank has always acted on the service concept of "customer-centred". Driven by a high sense of social responsibility, the Bank implemented the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests, the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests, the Guidelines for the Protection of Consumers' Rights and Interests in the Banking Industry, the Guidance on the Construction of Institutional Mechanism for Banking and Insurance Institutions to Strengthen the Protection of Consumers' Rights and Interests and other laws, regulations and regulatory requirements related to the protection of consumers' rights, and continuously improved the customer complaint handling system, and further improved the systems in key areas such as complaint handling, emergency response, dispute resolution, and comprehensive complaint management. In 2023, the Bank received a total of 1,842 consumer complaints through various channels, with the majority of complaints coming from Guangdong Province. The main categories of complaints were related to personal housing loan early repayment and credit card disputes. The Bank had a 100% timely resolution rate for complaints and a 94.73% satisfaction rate in complaint handling, indicating a continuous improvement in customer service satisfaction. The Bank resolutely implemented the development concept of "putting people first" and practiced the political and people-oriented service philosophy of financial work, attaching great importance to consumer complaints and effectively safeguarding the legitimate rights and interests of consumers. In 2023, the Bank proactively listened to customer demands and has conducted 222 leadership visits. We have further opened multiple channels for receiving complaints, such as branches, customer service hotlines, and internal consumer protection hotlines. The total number of complaints received is the same as last year, and the timely handling rate reached 100%, continuously improving consumer satisfaction.

The Bank established a multi-level and three-dimensional publicity system, and held more than 4,000 events, publishing 221 articles through our own media platform. The Bank actively fulfills its corporate social responsibility and conducts theme publicity activities such as "3·15 Consumer Rights Protection", "Popularizing Financial Knowledge to Protect Your Wallet", "Popularizing Financial Knowledge Across the Country", "July 8 National Insurance Publicity Day", and "Financial Consumer Rights Protection Education and Publicity Month". The total number of people reached by our publicity activities exceeded 10 million throughout the year, effectively expanding the coverage of financial knowledge and improving consumer financial literacy.

(II) Information Security and Privacy Protection

1. Strengthening customer account security management

In 2023, the Bank focused on strengthening the account risk control mechanism, continuously promoting account lifecycle management, enhancing digital risk management capabilities, strengthening publicity and education, and risk alerts to effectively safeguard the safety of customers' account funds.

2. Improving the construction of information security system

For the organisational structure, the Bank built an organisational structure of information security in accordance with the principle of "top-down and tier-by-tier implementation"; the Bank also set up a steering group for network security, with the Party Committee Secretary as the group leader, so as to comprehensively coordinate the Bank's network security management and construction.

For the institution construction, the Bank strictly observed the Cybersecurity Law, the Data Security Law and the Administrative Measures for the Graded Protection of Information Security issued by the Ministry of Public Security, the Provisions on Protecting the Personal Information of Telecommunications and Internet Users issued by the Ministry of Industry and Information Technology and other laws and regulations, formulated more than 20 information security management policies, including the Administrative Measures for Network Security of GRCB, the Administrative Measures for the Graded Classification and Protection of Information of GRCB, the Administrative Measures for Information Security Incidents of GRCB, the Administrative Measures for the Graded Network Protection of Information Security of GRCB and the Administrative Measures for Data Security Management Measures of GRCB, so as to regulate the protection of information security from the policy aspect.

For the emergency response mechanism, the Bank formulated the Administrative Measures for Information System Disaster Preparedness of GRCB, the Network Security Emergency Response Plan of GRCB, the Financial Technology Business Continuity Emergency Response Plan of GRCB, and other systems and emergency plans, which clarified the assignment of responsibility, resolution steps and reporting paths for handling sensitive information leakage incidents, and regularly carried out emergency drills to ensure that information security emergencies could be handled quickly and orderly, so as to minimise losses.

3.Implementing management measure for information security

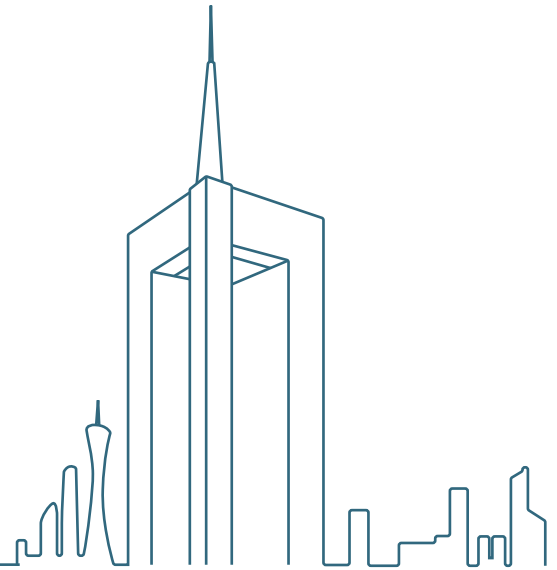
The Bank fully deployed security access control, security audit and security monitoring technology, completely banned the external interface of office terminals, and set up data leakage prevention equipment(DLP) to prevent sensitive data leakage; admission control was implemented for the internal network, so that external personnel and equipment couldn't access the data of the production system without authorisation; a range of security devices were deployed for areas of the Internet access network to ensure encrypted transmission of sensitive information data; access and administration permissions were opened according to the principle of minimum privileges, and the separation of duties for key positions and double proctoring for key affairs were realized to ensure the security for operating and managing information data; cybersecurity awareness training was carried out regularly, which publicized the management requirements of information security and related laws and regulations, so as to enhance staff's compliance and security awareness; the Bank also conducted regular information security inspections to ensure that the information security system was effectively implemented. In 2023, the Bank's information security protection measures were effectively implemented and no information security incidents that have significantly violated the above laws and regulations occurred.

(III) Arrangements for the protection of operational sites

In 2023, the Bank adhered to the principle of putting the people and their lives first, and made solid progress in standardizing safety management. It focused on identifying and correcting potential safety risks, and there were no external infringement cases or major safety accidents throughout the year, effectively protecting the lives and property of customers and employees. Firstly, the Bank advanced the standardization of safety management, streamlined and improved safety management systems, established safety management records for 1,142 properties, and implemented classified management. Secondly, we increased the frequency and intensity of safety inspections through self-inspections by institutions, inspections by the head office, and remote monitoring. We also focused on identifying and correcting potential safety risks, conducted the eighth round of safety assessments, with a self-assessment rate of 95.7%, and made efforts to eliminate safety hazards and create a good safety environment. Thirdly, we organized 63 safety education events at different levels, and all institutions of the Bank conducted approximately 6,000 safety emergency drills, focusing on promoting joint alarms and coordinated responses from the smallest emergency response units to enhance employee safety awareness and emergency response capabilities. Fourthly, we constructed a comprehensive safety management platform covering business properties across the Bank, strengthening the safety risk monitoring capabilities.

06

Green and Low-carbon, Energy Saving and Environmental Protection



6.1 Developing Green Finance

(I) Improving organisational security

The Bank actively implements the work requirements of regulatory authorities as well as provincial and municipal governments, attaches great importance to the development of green finance and continuously strengthens the organizational support for green finance. In terms of corporate governance, the Board of Directors coordinates and guides the development of green finance, and establishes the Strategy and Investment Committee (Sannong Committee) to supervise and evaluate the implementation of green finance initiatives. In terms of management and execution, the Corporate Finance Department (Green Finance Department) of the head office is responsible for the overall promotion of the Bank's green finance business, and shall coordinate the 29 head office departments as well as the Bank's operating institutions to jointly push forward the development of green finance.

(II) Strengthening institution construction

In 2023, the Bank formulated the Outline for the Implementation of Guangzhou Rural Commercial Bank's 14th Five-Year Development Strategy Planning for 2023, which proposed accelerating the development of green finance and increasing the investment in green credit. It focused on transformational areas such as green and low-carbon industries, ecological and environmental construction, and the "dual carbon" strategy. The Bank fully leveraged the demonstration and leading role of Green Financial Reform and Innovation Pilot Zone - Huadu Branch, and intensified innovation in green services to steadily increase the proportion of green loans.

In order to ensure the effectiveness of the practice of green finance, the Bank formulated a special plan in the field of green finance and published the Development and Implementation Plan of Guangzhou Rural Commercial Bank for Green Finance (2023-2025), and proposed the strategic objective of "becoming a green benchmark bank in the Guangdong-Hong Kong-Macao Greater Bay Area" to further strengthen the strategic guidance of green finance. Systematic framework has been established from the aspects of organisational guarantee, product innovation, asset structure transformation, green capacity building, risk control, resource protection and brand publicity to clarify the development objectives, key tasks and safeguard measures of green finance, and provide all-round guidance for the development of green finance business of the Bank.

(III) Establishing specialised institutions

The Bank actively responds to the work requirements of the higher-level regulatory authorities and provincial and municipal government organizations to strengthen the development of green finance and help promote the rapid development of the Green Financial Reform and Innovation Pilot Zone. First, the Huadu Sub-branch was upgraded to Green Financial Reform and Innovation Pilot Zone - Huadu Branch, which will serve as a pilot unit for green finance business and a window for external display, and will further increase its support for green finance in the future, and vigorously develop green credit, green bonds and other areas of business. Second, in light of the actual situation of the Bank, each branch institution sets up green finance franchise marketing team and management organization and actively develops customer base of green enterprise (projects) according to the business development plan and marketing advantages, and provides high-quality green finance services with a variety of products to promote the high-quality growth of the Bank's green credit business on the basis of ensuring that the regulatory objectives for green loans are accomplished.

(IV) Supporting green project construction

Financial assistance for mine restoration to maintain green mountains and clear waters together

The Hai Ecotourism Resort and Supporting Project" is adjacent to the "Guangzhou Baishuizhai" 4A Scenic Area. The project site has multiple pits formed by mining and agricultural activities in the early stage, which pose ecological risks to the river and lake ecosystems. The project developer, has taken into account the current conditions of the land and implemented comprehensive measures for geological risk prevention and control, and will complete 14 ecological restoration and utilization projects, restoring mining pits and developing new types of housing on an area of 425 mu. The total investment for the fourth phase of the project is approximately RMB480 million. After careful evaluation, the Bank provided a credit support of RMB300 million for the construction of the fourth phase of the project, with a loan term of up to 11 years, providing long-term financial support for the high-quality green project. The project is a pilot initiative in Guangdong Province to explore market-based approaches for promoting ecological restoration in mining areas. It is beneficial for the systematic restoration of natural ecosystems and enhances the efficiency of value transformation for ecological resources, while also delivering economic, social and ecological benefits. According to the feasibility report, the construction of the project is expected to create around 5,000 job positions for nearly 10,000 villagers from six villages, contributing to the revitalization and development of the local rural areas. Additionally, after the restoration, it is estimated that the ecological community will increase by 144 hectares, with the absorption of 5,910 tons of dust, 380 tons of sulfur dioxide, and an increase of 5,320 tons in water storage. The Bank's financial support injects financial impetus into the project development and fully demonstrates the Bank's commitment as a local corporate bank to serve the mission of "building a green and beautiful Guangdong through ecological construction".

Flexible use of financing tools to support clean energy development

Currently, China's energy structure is still dominated by thermal power, which inevitably leads to significant greenhouse gas emissions and atmospheric pollutants during the electricity generation process. In the context of the "dual carbon" goal, the development and widespread adoption of renewable energy is a necessary path to improve the energy structure and achieve the goal of "dual carbon".

To support the construction of clean energy projects, the Bank has not only increased its support for green loans but also actively utilized bond underwriting tools to help enterprises broaden their green financing channels. In 2023, the Bank, as a member of the underwriting syndicate, assisted ** energy company to complete the issuance of ultra-short-term financing bonds of RMB300 million, with all the proceeds raised being used to support the construction of renewable energy power projects, including three photovoltaic projects and two wind power projects. These investment projects not only further meet the local electricity demand for production and daily life and drive the development of upstream and downstream industries but also improve the energy supply structure, which is of great significance in accelerating the adjustment of China's energy structure and promoting regional economic development. Moreover, the construction and operation of photovoltaic and wind power projects will effectively reduce the impact of pollutants on the local residents' living environment and improve the air quality. According to third-party assessments, compared to an equivalent amount of thermal power generation, the investment projects can achieve an annual emission reduction of 833,900 tons of carbon dioxide, 128.29 tons of SO₂, 193.08 tons of NO_x, and 27.95 tons of smoke dust, which has significant environmental benefits.

(V) Innovating green finance products

The Bank, in conjunction with the development of green finance, has continued to launch a series of Jinmi products - "Jinmi Green Enterprise Loan", "Jinmi Carbon Emission Right Mortgage", "Jinmi Rural Revitalisation Forest Loan", "Jinmi Rural Revitalization Collective Construction Land Loan", "Jinmi Green and Low-Carbon Credit Card", etc., focusing on its main responsibilities and main business, and actively promoting the innovation and implementation of green financial products to help the development of green finance.

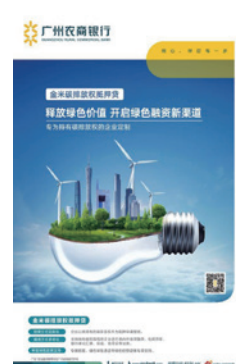
Jinmi Green Enterprise Loan

This product is specially designed to meet the needs of green enterprises (projects) for working capital loans and fixed asset loan financing. It covers a number of green industries such as energy conservation and environmental protection, clean production, clean energy, ecological environment and green service.



Jinmi Carbon Emission Right Mortgage

The Bank has innovatively launched the "Jinmi Carbon Emission Right Mortgage" to support the energy conservation and emission reduction activities of enterprises. This product is the Bank's first environmental equity financing product that supports enterprises' energy conservation and emission reduction transformation activities and meets the needs of green development funds, which is of great significance in promoting the green and low-carbon transformation of emission control enterprises.



Jinmi Rural Revitalisation Forest Loan

The Bank implements the spirit of the Central Rural Work Conference and the work arrangements of the Urban-rural Integration Pilot Zones - Guangzhou-Qingyuan Joint Area, effectively leverages the ability of financial institutions to serve rural revitalisation and green development, and has innovatively designed the special credit product "Jinmi Rural Revitalisation Forest Loan" pledged against the compensation usufruct of ecological public-welfare forests.



Jinmi Rural Revitalization Collective Construction Land Loan

The Bank actively responds to the diverse financial needs of rural areas and farmers by innovatively introducing products such as "Collective Construction Land Credit Loan" and "Collective Construction Land Project Loan". Comprehensive rural land improvement plays a significant role in improving land conservation and intensive utilization, enhancing ecological protection and improving living environments. It falls under the category of "Comprehensive Rural Land Improvement" in the green industry sector. These products are conducive to revitalizing collective assets in rural areas, promoting comprehensive rural land improvement, effectively advancing coordinated urban-rural development, and promoting the construction of beautiful and livable rural areas.



Jinmi Green and Low-Carbon Credit Card

The Bank actively responds to the national call for "dual carbon" and implements the Bank's green finance development plan to promote the transformation and upgrading of green financial business. Taking products as the focal point, the Bank launched the "Jinmi Green Low Carbon Credit Card". This product revolves around three dimensions: green living, green transportation and green energy, to create the core benefits of the product. It helps strengthen the building of green finance customer base, guides the public to actively practice green living, conveys the concept of green consumption, and stimulates the momentum of green consumption.



(VI) Strengthening green resource allocation

In 2023, the Bank strengthened assessment and guidance and guided operating institutions to develop green financial business by setting assessment indicators and allocating financial resources. It incorporated the scale of green credit into the business plan indicator system of both the head office and branch offices, effectively leveraging the assessment mechanism. Additionally, the Bank optimized differentiated pricing policies for loans and provided FTP subsidies for green credits, encouraging operating institutions to expand their efforts in green loan business.

(VII) Enhancing the Green loan mechanism

In 2023, the Bank established and consistently implemented the green loan review mechanism, actively learned from advanced practices in the industry and explored various management approaches, taking the lead in establishing a pre-approval mechanism for green loan identification. The Bank incorporated green industry identification into the credit system, and when credit businesses are preliminarily identified as green loans by the operating institutions, they are required to submit the green attributes of these loans to the head office's business management department for pre-approval. This ensures the authenticity and accuracy of newly added green loans and enhances the level of refined management.

(VIII) Green research and cooperation

The Bank actively participated in various government-bank-enterprise activities, strengthened communication and cooperation with external institutions, shouldered the main responsibilities, and endeavored to become the mainstay of local green finance development. In 2023, the Bank sent representatives to participate in the green finance professional training organized by the Financial Training Center of the People's Bank of China, invited internal and external lecturers to conduct a series of training sessions on green finance products and case studies, continuously improving the Bank's professional expertise and service capabilities in green finance. As a participating institution, the Bank was involved in the formulation of two group standards, including the "Evaluation and Certification Criteria for Green Finance Support to Enterprises in Guangzhou", actively providing intellectual support for government policy-making. The Bank published 14 green finance promotional articles through mainstream media outlets such as Yangcheng Evening News and ycw.com (金羊网), fully publicizing the achievements of the Bank's green finance development and phased work highlights. The Bank was recognized as an "Outstanding Member Unit of the Year" by the Guangzhou Green Finance Association and received awards such as the "Green Finance Practice Model of the Year" at the China Finance Billboard for its excellent service in Jinmi Green Finance.

6.2 Practicing Green Operation

The Bank has taken relevant proactive environmental measures in daily operations in order to limit greenhouse gas (GHG) emissions and natural resource consumption in business activities.

(I) GHG emissions and natural resource consumption

GHG emissions

Scope category	GHG emissions in 2023 (Ton-carbon dioxide equivalent)	GHG emissions per capita in 2023 (Ton-carbon dioxide equivalent/Person)
Scope1: Direct GHG emissions	136.46	0.06
Scope2: Indirect GHG emissions	12,154.28	4.97
Total GHG emissions (Scope1+2)	12,290.74	5.03

Notes:

1.The calculation scope of direct and indirect natural resource consumption arising from business activities in 2023 was the Head Office. Specifically, direct GHG emissions (Scope 1) mainly referred to the emissions of fuel consumed by the Head Office's own transport vehicles, natural gas consumed in business offices, and liquefied natural gas, and indirect GHG emissions (Scope 2) mainly included emissions from electricity consumed by the Head Office's business and office activities and paper consumed in business offices;

2.The accounting of per capita emissions was based on the calculation standard (total number of employees in the Head Office) corresponding to the emission amount in Scope 1 and Scope 2.

Direct and indirect natural resource consumption

Type	Environmental indicators	Unit	2023
Natural resource consumption directly from business activities	Amount of fuel consumed by own transport vehicles	Litre	7,890.53
	Natural gas consumed for business, office use	Cubic meter	51,616.00
	Liquefied natural gas consumed in operations	Ton	2.74
	Water consumed by business and office activities	Ton	126,355.00
Indirect natural resource consumption from purchased products or services	Electricity consumed by business and office	MWH	23,022.56
	Paper used in business and office	Ton	20.76

(II) Green office

In 2023, the Bank continued to strictly abide by the Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Regulations on the Classification and Management of Domestic Waste of Guangzhou Municipality and other laws and regulations. It adhered to the concept of energy conservation and environmental protection, promoted green office and green operation, and developed a series of policies and measures for energy conservation and emission reduction to effectively fulfil the responsibility for environmental protection. In recent years, the Bank has issued proposals such as Resolutely Stop Waste and Practice Diligence and Frugality and the Notice on Jointly Practicing Frugality by All Group Employees, focused on guiding employees to consciously save water, electricity, materials and other saving behaviours, improved resource utilisation efficiency, and improved management work such as waste classification and green procurement.

Energy Saving Measures

Type	Measures
Air conditioning management	<p>Control the air-conditioning temperature and require the cooling temperature to be set at 26 degrees or above in summer, and 20 degrees or below in winter. Windows must be closed when the air-conditioning is running.</p> <p>The Head office building is centrally air-conditioned and the air-conditioning is controlled on and off at regular intervals. The air-conditioning will be switched off automatically after working hours. Prior filing and application shall be made for the use of air-conditioners in OT hours.</p>
Lighting management	<p>Strengthen daily lighting management and turn on the lights as needed according to the actual situation, that is, do not turn on the lights when the light is sufficient and the light is good during the day, turn off the lights in time after leaving the office for a long time or after get off work, and ask employees to turn off the lights at will, so that staff can leave the lights off, put an end to the ever-bright light.</p> <p>The parking lot of the Head office building adopts energy-saving lamps, which will be automatically turned off when no vehicles or pedestrians pass by to avoid unnecessary lighting.</p>
Electrical management	<p>Regularly check the outdated condition of the equipment in the office, and assign a special person to be responsible for the daily maintenance of the equipment, so as to avoid the increase in power consumption caused by the old and damaged electrical equipment.</p> <p>There is a specially-assigned person to inspect the use of electrical appliances and to cut off the power to the equipment in time when it is not in use.</p> <p>The power of electrical equipment such as lights, air-conditioners, computers and printers must be turned off when employees leave the office for a long time, finish a meeting, get off work, and leave for holidays.</p>
Elevator management	<p>It is recommended that employees use stairs to walk up and down the elevator within 5 floors to reduce elevator energy consumption.</p>

Fuel and Gas Saving Measures

Type	Measures
Vehicle management	<p>Implement centralised management of official vehicles. Vehicles need to be reserved in advance, and a specially-assigned person will be responsible for unified deployment, rationally arrange vehicle travel routes and personnel collocation, encourage employees to carpool travel, improve vehicle use efficiency, and reduce vehicle travel frequency.</p> <p>Strictly follow the internal travel expense standards for business trips, and give priority to public transport to save transportation costs and avoid unnecessary expenses.</p> <p>Give priority to public transport means for OT transportation.</p> <p>Scrap and replace old vehicles with excessive emissions according to their service life, and give priority to using energy-saving and emission-reducing vehicles when replacing vehicles, so as to reduce the impact of vehicle exhaust emissions on the environment.</p>
Canteen gas management	<p>Collect meal requirements in advance and make the right amount of meals to avoid wasting canteen gas and food.</p>

Water Saving Measures

Type	Measures
Water saving equipment	<p>Use energy-saving sensor faucets in bathrooms to avoid wasting water resources due to open faucets.</p>
Management on water usage	<p>Post posters on water conservation in the Bank to enhance employees' awareness of water conservation.</p> <p>Collect drinking water on demand to avoid waste, and prohibit the use of drinking water to wash tea cups.</p> <p>Washing water in bathrooms and pantries must be cut off before leaving.</p> <p>Regular maintenance and management of water-using equipment to prevent running, spilling, dripping and leaking.</p> <p>Reuse waste water from mopping to water green plants.</p>

Paper Saving Measures

Type	Measures
Paperless office	<p>Post posters on paper conservation in the Bank to enhance staff awareness of paper conservation.</p> <p>Prioritise the use of electronic office channels to reduce paper consumption.</p> <p>For voting, questionnaire, evaluation and other tasks, give priority to online functions to reduce paper consumption.</p> <p>Strictly control the printing of non-essential materials in large quantities for meetings.</p> <p>Strictly control the repeated and useless printing of large-size files or multiple copies.</p> <p>Make full use of discarded paper without sensitive information to reduce paper consumption.</p>

Other Measures

Type	Measures
"Clear Your Plate" campaign	Take food as needed without extra order Join the "Clear Your Plate" campaign to stop food waste. Timely dispose of catering waste after the meal with dry and wet food separation.
Waste classification	Set up segregated waste bins, strengthen waste classification publicity and enhance staff awareness of waste classification. In order to implement relevant fire protection work requirements, eliminate potential safety hazards, and build a comfortable and clean working environment, the trash can of No. 2 fire escape in Xinhe Building was removed, and a new garbage transfer station was set up on the Nanyi of the 14th floor of the building for fixed-point disposal of garbage. In principle, the trash cans on the office floor of the building are only used for domestic garbage and recyclable garbage. Food waste such as take-out food must be strictly classified with domestic garbage and placed in the transfer trash can in the Nanyi of the 14th floor.
Online meetings	Try to increase the frequency of online meetings and reduce the frequency of on-site meetings.
Green data centres	During the construction of the generator room, measures such as sound insulation, noise elimination, exhaust gas purification (secondary treatment and purification), layout of the exhaust gas outlet (emission from the roof of the building) and acceptance by the environmental protection department were used to ensure that the construction met environmental protection standards. Improve energy efficiency through effective equipment maintenance and management measures, such as regular cleaning of precision air conditioner outdoor units. Optimise the layout of cold and hot aisles in the computer room, adjust the temperature setting value of the precision air conditioner in the computer room, keep the ambient temperature of the computer room at about 23°C, and use the redundant precision air conditioner as a standby for shutdown. Maintain illumination levels between 300lx (illuminance) and 500lx, disable redundant lighting as a standby, disconnect power branch switches for unconnected equipment, etc.
Green purchasing	Priority shall be given to the purchase of green, energy-saving and environmentally friendly products, and the purchase of high-energy-consuming, high-polluting or obsolete products that the state restricts or discourages the production, procurement or use of shall not be permitted.



Energy Saving Measures - Management of Electrical Appliances and Air Conditioning



Advocating food conservation

(III) Disposing of hazardous and non-hazardous wastes

With regard to the management of hazardous and non-hazardous wastes, recyclable wastes such as paper, plastic and metal generated in the Head Office building of the Bank are handed over to the resource recycling facilities for recycling and processing; canteen food waste and other non-recyclable wastes are cleaned by garbage removal facilities every day; qualified third-parties are engaged for the recycling and processing of hazardous wastes.

6.3 Construction of a green bank

(I) Key Environmental Performance

The Bank's Key Environmental Performance in 2023:

Environmental Key Performance Table

Category	Indicator	Unit	2023	2022
Green finance	Green loan balance ¹	RMB100 million	432.49	248.95
	Green loan customer	Number	462	175
	Balance of investments in green bonds	RMB100 million	13.18	12.14
	Volume of green bill business	Transaction	11	159
	Amount of green bill business	RMB100 million	0.24	2.47
Green operation ²	Total GHG emissions (Scope 1 + 2)	Ton-carbon dioxide equivalent	12,290.74	11,632.14
	——Direct GHG emissions (Scope 1)	Ton-carbon dioxide equivalent	136.46	161.69
	——Indirect GHG emissions (Scope 2)	Ton-carbon dioxide equivalent	12,154.28	11,470.45
	Amount of fuel consumed by own transport vehicles	Litre	7,890.53	8,076.99
	Water consumed by business and office activities	Ton	126,355.00	152,580.00
	Electricity consumed by business and office premises	MWH	23,022.56	21,761.44
	Paper used in business and office premises	Ton	20.76	21.70
Greenhouse gas emission reduction	GHG emissions reduced by green credit assets	Ton-carbon dioxide equivalent	258,542.22	176,601.18

Notes: 1.The calculation standard is based on the regulatory calculation and reporting rules specified in the Notice on Work Related to Green Financing Statistics Rules.

2.The green operation data covers the Head office of Guangzhou Rural Commercial Bank Co., Ltd.

(II) Environmental Goal Management

Green Finance Objectives

Objectives	Status of objectives in 2023
By the end of 2025, the proportion of public green credit will be increased to 15%.	In 2023, the proportion of public green credit was 10.04%.
By the end of 2025, the number of green industry customers will be doubled to 400.	In 2023, the number of green industry customers was 462.
By 2025, a green financial product system covering the corporate segment, retail segment and financial market segment will be formed.	In 2023, one green financial product will be added, including the Jinmi Green Low-Carbon Credit Card, and two green financial products will be optimized, including the Jinmi Green Enterprise Loan and the Jinmi Rural Revitalization Forest Easy Loan.
By 2025, scenario analysis and environmental risk stress testing will be applied to loan risk prevention and control.	In 2023, the environmental stress test of chemical raw materials and chemical products manufacturing industry was completed.

Note: The calculation standard is based on the regulatory calculation and reporting rules specified in the Notice on Work Related to Green Financing Statistics Rules.

Green Operation Objectives

Objectives	Status of objectives in 2023
During 2023-2025, the annual greenhouse gas emission density shall not be higher than 0.12 tons of carbon dioxide equivalent/square meter.	In 2023, the Bank's greenhouse gas emission density was 0.11 tons of carbon dioxide equivalent/square meter.
During 2023-2025, the annual office water density shall not be higher than 1.50 cubic meters/square meter.	In 2023, the Bank's office water density was 1.11 cubic meters/square meter.
During 2023-2025, the annual gasoline consumption of official vehicles will continue to decline.	In 2023, the gasoline consumption of official vehicles decreased by 2.31% year on year.

Note: Based on the nature of the industry, the direct impact of operations on the environment is relatively limited. The Bank will continue to improve the statistics and account management of operational data to reduce operational costs.

(III) Prevention and Control of Environmental Risks

1. Optimizing the prevention and control of environmental risk management procedure system

The Bank continues to improve its environmental risk management system, and incorporates the identification, assessment and management of environment-related risks into all pre-lending, in-lending and post-lending phases with reference to the advanced international management technologies. It pays close attention to environment-related risks throughout financing business, strictly implements the state's industrial policies and policy requirements for environment management and pollution control, and improves its professional management capacity for environmental risks to effectively prevent and control environmental risks.



2. Improving policies for the prevention and control of environmental risks

The Bank has formulated a special chapter on the Guidelines on Green Credit Business in its credit policy for the year 2023, which explicitly proposes to promote green credit at a strategic level, to facilitate the transformation of the Bank's investment and financing structure and business development to green, and to strictly restrict the illegal addition of new loans for the "two highs and one surplus" industries. Meanwhile, the Bank has guided the use of green finance products, continuously followed up the relevant industrial policies and regulatory requirements of green finance, and guided eligible customers to fully utilise green finance products such as "Green Enterprise Loan" and "Carbon Emission Right Mortgage" in line with the calculation standard of green credit to support the holistic development of green finance across the Bank. The Bank has actively utilized the policy and location advantages of the Guangzhou Green Financial Reform and Innovation Pilot Zone to promote green credit from a strategic perspective, and promote the transformation of the Bank's investment and financing structure and business development towards green development to continuously improve the Bank's environmental and social performance.

3. Streamlining green credit management procedures

(1) Pre-lending identification of environmental risks

Risk identification. The Bank regards enterprises whose environmental credit is rated as red or yellow card as those failing to meet environmental standards, and prohibits the provision of new credit support to such enterprises in any form in principle; it does not provide credit support for projects that fail to pass the environmental impact assessment (EIA) approval or the acceptance of environmental protection facilities, as well as new projects that fall under the restricted or eliminated categories specified in the national industrial policies; if production enterprises with pollutant emissions fail to obtain the pollutant discharging licence, the Bank will not provide credit support for them either.

Due diligence. The Bank identifies the environmental risks of enterprises and projects through various methods, such as paying visits and reviewing credit materials to verify whether the enterprise or its project complies with relevant environmental protection policies and regulations, verifying whether the enterprise's pollutant discharging licence is within the validity period, and inquiring about the enterprise's latest environmental credit rating on relevant websites of the department of ecology and environment or the bureau of ecology and environment.

(2) In-lending assessment of environmental risks

Credit approval. The Bank strictly implements the policies and regulations on environmental protection and production safety to effectively prevent environmental risks. It strictly prohibits the provision of new credit support in any form to enterprises that fail to meet environmental standards or violate production safety; the Bank also strictly prohibits the provision of credit support for projects that fail to pass the EIA approval or the acceptance of environmental protection facilities, as well as new projects that fall under the restricted or eliminated categories specified in the national industrial policies; for enterprises with red or yellow environmental credit ratings, the use and granting of credit will be suspended until their ratings are restored to blue or green; it is prohibited to intervene in credit facilities for new production capacity in the "two highs and one surplus" industries, and loans for excess production capacity will be firmly compressed.

Resource allocation. The Bank will further allocate its credit resources to industries and areas with low energy consumption, low resource consumption, low pollution and low emission.

(3) Post-lending risk management

Tracking and monitoring. The Bank maintains its focus on the environmental protection situation of the enterprise after the project loan is granted and continuously monitors the environmental risks, including continuous tracking of the renewal of the enterprise's sewage discharge license, sewage discharge, acceptance results of environmental protection facilities, results of environmental credit ratings and other environmental protection-related licenses and facilities. If the Bank finds that an enterprise has risk signals such as non-renewal of emission permits, failure to meet emission standards, failure to pass the acceptance of environmental protection facilities, or being rated as red or yellow, it will suspend the issuance of credit to the enterprise and, based on the results of the re-investigation, will consider withdrawing the existing credit, and gradually reduce the amount of credit.

(IV) Coping with Climate Change

1. Qualitative analysis

The Bank follows the framework of Task Force on Climate-Related Financial Disclosure (TCFD) to proactively identify and proactively respond to physical and transformational risks associated with climate change.

Environmental Risk Classification	Physical Risk	
Environmental Risk/ Opportunity Factor	Guangzhou has seen an increase in extreme weather such as high temperature, heavy rain and typhoons in recent years.	
Risk Timeframe	Long-term	
Risk/Opportunity Description	Increased extreme weather may cause some branches and outlets to be unable to operate normally, and may also cause a certain degree of damage to the building facilities of the office premises or affect the health and safety of employees during their commute.	If the Bank's credit recipients interrupt their operations due to extreme weather events, or if the collateral of the credit recipients is damaged by extreme weather, it may have an impact on the Bank's operations.
Financial risk caused	Operational risk, etc.	Credit risk, etc.
Transmission mechanism	Increase in operating costs, impairment of assets	Impairment of collateral, deterioration of credit asset quality
Risk response	Actively pay attention to physical risks such as typhoons and floods that affect business continuity and make adequate contingency plans. Actively pay attention to extreme weather conditions such as high temperature, heavy rainfall and typhoons, and co-ordinate the operation of outlets on the premise of safeguarding the safety of employees. In conjunction with some customer industries with high climate risk (e.g. energy, transportation, manufacturing, agriculture, forestry, animal husbandry and fishery, construction, wholesale and retail trade, etc.), further collect relevant historical data on historical extreme weather disasters and the credit risk status of related credit-granting businesses during the same period, and set up a quantitative analysis system for scenario analysis or stress testing to effectively quantify the impact of extreme changes in the environment and climate on the Bank's credit assets and financial position, so as to propose timely countermeasures. In order to propose countermeasures in a timely manner.	

Environmental Risk Classification	Physical Risk	
Environmental Risk/ Opportunity Factor	In the context of the dual-carbon target, China has introduced more new policy regimes in support of high-quality economic development and the promotion of low-carbon transition.	Investors are more favorable to companies that excel in environmental and social responsibility.
Risk Timeframe	Medium- and long-term	
Risk/Opportunity Description	In recent years, the Opinions of the State Council of the Central Committee of the Communist Party of China on Accelerating the Advancement of Ecological Civilization Construction, the Guiding Opinions on Building a Green Financial System and other relevant policy documents to promote the green financial system and the construction of ecological civilization have been issued one after another. In the context of the "30-60" carbon target, China may introduce more policies and systems to support the development of energy-saving and environmental protection industries and promote the green financial sector in the future.	As the capital market's focus on ESG issues continues to deepen, investors are favoring companies that excel in environmental and social responsibility.
Financial risk caused	Credit risk, market risk	Market risk, reputation risk
Transmission mechanism	Decline in customer revenue, decline in credit asset quality	Withdrawal of funds by investors
Risk response	The Bank continues to pay attention to changes in national and regulatory environmental policies, incorporates green financial development into the Bank's development strategy, formulates the "Green Finance Work Program of Guangzhou Rural Commercial Bank", "Notice on Strictly Implementing the Management of Environmental Credit Risks of Enterprises" and other environment-related systems and measures in accordance with policy requirements and its own development needs, steadily establishes and improves the green financial management system, and tilts its resources toward green financial development. The Bank has steadily established a sound green financial management system, tilted its resources toward green financial development, equipped its green development team with sufficient professionals, incorporated green finance into its operational assessment, increased its green credit investment, and continuously launched innovative green financial products to respond to market demand. For energy-consuming industries, we have actively established a quantitative analysis system of scenario analysis or stress test to effectively quantify the impact of extreme changes in the environment and climate on the Bank's credit assets and financial status, so as to propose timely countermeasures.	

Note: This report defines short-term risks as risks with a high probability of occurrence or acute physical risks in the next 1-3 years, medium-term risks as risks in the next 3-5 years, and long-term risks as risks in the next 5-10 years.

2. Quantitative analysis

The climate and environmental risks faced by financial institutions are increasingly elevated as global climate and environmental risks become more apparent. The Bank studied the impact of climate and environmental risks on business development and conducted environmental stress tests for the chemical raw materials and chemical products manufacturing industry during the reporting period to test the risk of customer defaults that might result under different carbon price scenarios and to strengthen environmental and climate risk management capabilities.

1.Stress Scenario Setting

It is assumed that the proportion of free quota for the chemical raw materials and chemicals manufacturing industry will linearly decrease from 96% in 2023 to 85% in 2030; it is assumed that the chemical raw materials and chemicals manufacturing industry will not reduce production from 2023 to 2030; and it is assumed that the chemical raw materials and chemicals manufacturing industry does not have any bargaining power over the upstream and downstream. Under the scenario that carbon price rises and carbon quota decreases year by year, the extent to which the financial performance of the Bank's credit customers in the chemical raw materials and chemical products manufacturing industry will be affected and the change in default risk.

2.Stress test results

The clients in the chemical raw materials and chemical products manufacturing industry in this stress test were all normal clients of the Bank before the test. After the test, the additional carbon emission fees caused the operating expenses of the client companies to rise year by year, and the total profit and net profit to fall year by year. The results of the test show that if the carbon price rises and the carbon quota constraint mechanism is tightened, the operations of the Bank's customers in the chemical raw materials and chemical products manufacturing industry will be affected to a certain extent, and the probability of defaults by customers with poor operating conditions in the base period during the test period will be elevated.

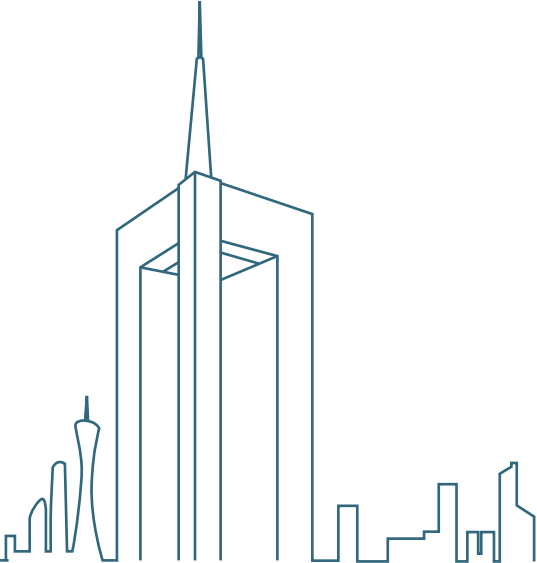
(V) Conducting environmental public welfare activities

In 2023, the Bank actively organized employees to participate in volunteer environmental service activities, such as environmental governance and afforestation, to encourage employees to protect the environment, raise their awareness of environmental protection, and work together to build a green and beautiful home. Firstly, we organized the "Waste Classification, Starts from Me" volunteer service activities. In-depth implementation of the important concept of "cities are built by the people and for the people", combined with the "Two Wishes and Two Micros" activities, the Bank organized nearly 1,000 employees to carry out activities such as environmental sanitation improvement, garbage classification promotion, river patrolling and water conservation in residential villages and communities, to call for more residents to participate in the creation of a civilized city and enhance the environmental protection awareness of the Bank's employees. Secondly, we organized voluntary tree-planting activities. We continued to deepen the joint construction of village and town banks by the party and the Bank, expand the scope of activities, enrich the forms of activities, and jointly carry out voluntary tree-planting activities with the co-construction villages and communities, with the participation of more than 300 employees, actively practicing the development concept of "lucid waters and lush mountains are invaluable assets", and jointly writing a chapter of green development.



07

People-oriented, Care for the Staff



7.1 Protecting Staff's Rights and Interests

(I) Recruiting and dismissal

The Bank strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other labour laws and regulations, and has formulated the Implementation Measures for the Administration of Labour Contracts of Guangzhou Rural Commercial Bank (Revised in 2020) to protect the legitimate rights and interests of staff in accordance with laws and regulations. In 2023, the signing rate of contracts for all staff of the Bank was 100%. The contract terms include working hours, rest and vacation, labour remuneration, social insurance, labour protection, working conditions, occupational hazard protection and other statutory mandatory provisions. The Bank strictly abides by the Law of the People's Republic of China on the Protection of Minors and the Provisions of the People's Republic of China on Prohibition of Child Labour, strictly verifies the identity, age and other information of the recruits during the recruitment process, and opposes any form of discrimination, child labour or forced labour.

In 2023, the Bank optimized the Administrative Measures for Staff Recruitment of Guangzhou Rural Commercial Bank (Revised in 2023) to improve the mechanism for talent introduction and selection, so as to enhance the quality of all employees and support the sustainable, stable and high-quality development of the business.

The Bank respects employees in making career choices, provides clear provisions for the term of contract, changes, release and termination of contract in relevant labour contracts, and deals with employees' resignation in strict compliance with applicable laws and regulations and the Bank's relevant policies.

As of the end of the Reporting Period, the Bank had a total of 8,751 employees, of which 4,039 were women, accounting for 46.15% of the total; 8,318 contract employees, accounting for 95.05% of the total; 6,692 employees with bachelor's degree or above, accounting for 76.47% of the total.

(II) Refining the promotion mechanism

In 2023, the Bank further improved the mechanism for selection, training, appointment and management of cadres, promoted sequence construction and optimization, facilitated staff development channels, enhanced staff motivation and built a team of high-quality professionals to provide talent protection for the Bank's operation and management; strengthened the supervision of selecting and employing people; established a fair and reasonable salary increment mechanism and job promotion mechanism, and guaranteed equal development opportunities for employees.

(III) Working hours and vacation

In 2023, in order to safeguard employees' rights of rest and vacation, and mobilise employees' enthusiasm for work, the Bank formulated the Measures for the Administration of Employee Leave of Guangzhou Rural Commercial Bank. The Bank implements an 8-hour working day to eliminate forced labour. If employees are arranged to work overtime due to work needs, they will follow the principle of voluntariness and pay overtime pay in accordance with relevant regulations. The Bank strictly abides by the Labour Law of the People's Republic of China and other relevant laws and regulations to stipulate the working hours. Public holidays include weekends and national statutory holidays, national statutory holidays are implemented in accordance with national regulations, and employee leave includes paid annual leave, maternity leave, marriage leave, funeral leave, personal leave, sick leave and family leave.

(IV) Ensuring equality and diversity

The Bank also pays great attention to gender diversity among its employees. The Bank fully respects the decision-making opinions of female employees, and is committed to creating a fair and friendly career development environment for women in the areas of personnel promotion, remuneration and benefits, so as to achieve gender equality among employees and ensure that gender diversity has a positive impact on the Bank's business work. As of the end of the Reporting Period, the male-to-female ratio of the Bank's employees was 1.17:1, with the number of male and female employees remaining at a reasonable and stable level.

(V) Pursuing democracy and communication

In 2023, the Bank issued the Implementation Measures of Employee Representative Assembly of Guangzhou Rural Commercial Bank, further protecting the democratic rights of employees, supporting employee participation in the management of the Bank, safeguarding the legitimate rights and interests of employees, building a harmonious and stable labor relationship, and promoting the Bank's sustained and healthy development. The Bank issued the Administrative Measures of Employee Supervisors of Guangzhou Rural Commercial Bank, further protecting the rights of employees to democratic decision-making, democratic management, and democratic supervision. The Bank issued the Implementation Measures of Guangzhou Rural Commercial Bank on Bank Affairs, regulating the democratic management of bank affairs, and protecting the rights of employees to participate in democratic decision-making, democratic management, and democratic supervision. We also established a direct contact system with the masses, regularly carrying out activities such as "union chairman reception day", "union chairman meeting", and "league cadres meeting" at the grassroots level, regularly understanding the thoughts and dynamics of employees, and effectively solving and responding to employee opinions, implementing the working concept of "reaching primary-level communities and integrating with the mass".

(VI) Remuneration and benefits

The Bank's salary management adheres to the principles of distribution according to work, giving priority to efficiency with due consideration to fairness and sustainable development, follows the concept of "performance appraisal leads development", and establishes an incentive mechanism that meets the development requirements of modern financial enterprises according to the assessment idea of "keeping in line with strategy, viewing peers as benchmark, maintaining its nature unchanged, and emphasizing the core". The Bank has formed an effective employee incentive and constraint mechanism, effectively plays the role of salary guarantee and incentive, fully mobilizing the enthusiasm of employees. In accordance with relevant laws and regulations, the Bank pays social insurance and housing provident funds for all employees, and has established a bank-wide enterprise annuity and supplementary medical security plan to improve the level of employee welfare and protect the legitimate rights and interests of employees.

(VII) Strengthening Staff Training

The Bank has always attached importance to the enhancement of the professionalism and professional quality of its employees. In 2023, the Bank thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China. By consolidating deployment of priority work, such as "compliance construction year" and digital transformation, the Bank speeded up the construction of key teams and talent cultivation, continuously strengthened the cadre echelon building, vigorously promoted education and training in a solid and practical manner, carried out new measures and made new achievements. The Bank has promoted more than 500 projects, covering more than 95,000 trainees, and has carried out 430 online livestream trainings, with 120 hours of online learning per capita.

7.2 Carrying out Staff Activities

The Bank cares for the physical and mental health of its employees and organizes colorful employee activities.

Firstly, the Bank focused on the annual key work, using the "I Add Glory to GRCB" labor skills competition as a starting point, and organized more than 20 competitive activities focusing on strengthening demonstration and guidance, optimizing asset allocation, and promoting business transformation. These activities attracted more than 1,100 employees to actively participate and guided them to improve their marketing and business development capabilities through learning from each other.

Secondly, the Bank innovatively launched the special action of "Happy Purchase Together" with enterprises, playing the role of a bridge and recommending high-quality products of customers to employees. The Bank transformed the organizational advantages of the trade union into resource advantages for marketing customers, successfully promoted 43 mortgage businesses with a total investment of RMB109 million and added 657 new credit cards, helping to promote high-quality business development.

Thirdly, relying on activities with distinctive themes, the Bank aimed to enhance the cohesion and centripetal force of employees. It organized nearly 100 festive activities such as "Mid-Autumn Festival"; revitalized the brand of the "Jinmi Cup" competition and held more than 120 large-scale events such as seven-a-side football, fun games, basketball, and e-sports; opened the "Staff's Interest Programmes" and offered nearly 4,000 training programs on badminton, tennis, table tennis, yoga, tai chi, painting and musical instruments. The Bank continued to build its "Dream Team", organizing employees to participate in nearly 50 competitions and winning awards such as the champion of the "Golden Fair Cup (金交會杯)" football game, the top three in the Guangzhou Financial Industry Association basketball and tennis games, and the third place in the Guangdong Financial System table tennis and badminton games.

"Farewell to the Old and Welcome the New Year · Calligraphy Exhibition for the Year of the Rabbit", launching the 2023 New Year's Blessing event

On the occasion of the Chinese New Year, the calligraphy enthusiasts in the Xinhe Building were full of enthusiasm and splashed their ink on the exquisite four-sided red paper, writing the word "blessing" which implied good luck. The staff sent "blessing", which was the traditional characteristic activity of the union to celebrate the Chinese New Year. The union's care and blessings for the staff were integrated into the word "blessing", adding a strong festive atmosphere to the upcoming Spring Festival.



"Blooming Youth, Head towards the Future" 2023 International Women's Day Celebration

On the occasion of International Women's Day, the trade union of the Bank aimed to strengthen corporate culture, inspire female employees to be positive and motivated, and enhance their sense of happiness and belonging. This was a demonstration of the Bank's care for female employees. Through this event, all female employees came together to create a beautiful blueprint for the future and create a joyful and warm holiday atmosphere throughout the institution.



"Prosperous GRCB, Pursuing Dreams on the Basketball Court", five-a-side basketball games of the Bank

In order to study and carry out the important remarks of General Secretary Jinping on building a strong sports nation, vigorously develop mass sports and fitness activities, guide more employees to love sports and devote themselves to sports, unite the strength of employees, and promote the high-quality and over-performance development, the Bank organized the 2023 "Jinmi Cup" Basketball Tournament.



"Prosperous GRCB · Enjoying Sports with Fun" successfully holding the 2023 Fun Games

In order to enrich the leisure life of enterprise employees, promote a healthy lifestyle, enhance communication and exchanges among departments, and improve the cohesion and centripetal force of the enterprise, on 20 May 2023, the Bank held the Fun Games with the theme of "Prosperous GRCB Enjoying Sports with Fun". Members of the Party Committee of the head office, assistant to the president, chairman of the trade union, secretary to the Chairman and business director attended, and more than 600 employees from the head office, branches, and subsidiaries of the Bank participated.



"I Add Glory to GRCB " series of labor skills competitions

The Bank organized the "I Add Glory to GRCB" labor skills competition and attracted more than 1,100 employees to participate actively, creating a good atmosphere of "promoting development through competition". It transformed the organizational advantages of the trade union into resource advantages for "training and using", promoting high-quality development of business, and fully playing the role of the trade union as a bridge and bond for connecting employees.



"Prosperous GRCB· Joyful Childhood", a parent-child carnival event

On the occasion of "Children's Day" International Children's Day, in order to show care for the children of employees and let them have a warm and happy holiday, and promote the excellent traditional Chinese family education and family style, the head office trade union specially held the "Prosperous GRCB· Joyful Childhood" parent-child carnival event. More than 800 employees and their families from the Bank actively participated in the event, enriching the leisure life of employees and creating a relaxed and happy memory for children.



"Prosperous GRCB ·Pursuing Dreams with Football" 2023 seven-person football match

In order to enrich the cultural life of employees, enhance physical fitness, promote communication and exchanges, and further stimulate the sense of belonging of employees to the enterprise, and drive employees to actively participate in various work with a positive and full state of mind, the head office trade union held the "Guangzhou Rural Commercial Bank 2023 seven-person football match". After 10 days and 48 exciting games, the team from the head office emerged as the final winner, winning the championship.



"Prosperous GRCB· Moving Forward Together" 2023 hiking activity

The Bank held the "Prosperous GRCB· Moving Forward Together" 2023 hiking activity, with more than 580 employees participating in this event, embarking on a journey into nature together. This event was held at the beautiful Haizhu Lake, and employees confidently marched towards a new journey, uniting and working together at the right time! Through this outdoor activity, not only did employees relax and enjoy themselves, but it also promoted communication and strengthened team cohesion. With a good spirit and positive work attitude, everyone contributed to the high-quality development of the Bank.



7.3 Caring for the Health of the Employees

(I) Improving the caring and service system

In 2023, the Bank has been continuously promoting the "Warmth of Love" care program, deepening special initiatives such as "I do practical things for the public", organizing visits and condolences to employees in difficult situations, and helping with 43 employees who encountered major illnesses or disasters throughout the year. The Bank has established service centers such as "Activity Center", "Parent-child Home", and "Staff Library", serving a total of 6,000 employees and paying full attention to the well-being of employees in all aspects.

(II) Improving employee medical insurance

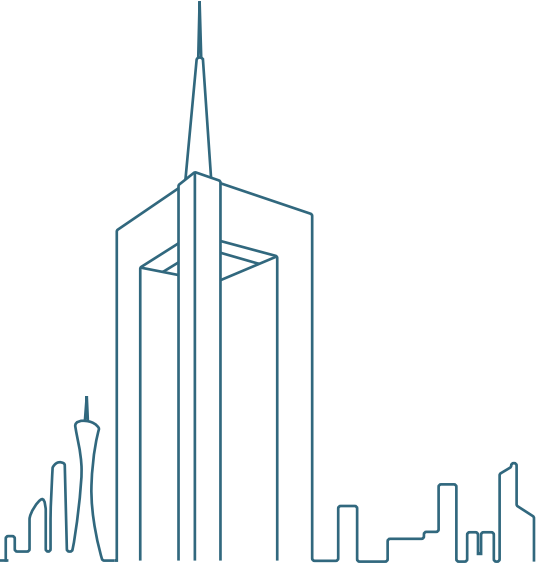
In 2023, the Bank has invested more than RMB1 million to promote the implementation of the Bank's Employee Assistance and Support Scheme, and has continued to improve the three-dimensional employee healthcare system covering hospitalisation, serious diseases and accidental injuries, which has benefited nearly 10,000 employees.

(III) Organising staff physical examination

The Bank attaches great importance to the health of its staff and regularly organises them to undergo physical examination. In 2023, in order to meet the diverse and personalised physical examination needs of employees, the Bank continued to choose Class-I, Grade-III public hospitals and physical examination institutions for employees to choose freely, and continued to optimise the physical examination packages to meet the needs of employees of different genders and ages. At the same time, we will continue to improve the work related to physical examination, and carry out special lectures on the interpretation and analysis of physical examination report data after physical examination, so that employees can truly understand the significance of their physical examination indicators, provide professional guidance for future daily health care or conditioning to maximise the value of physical examination, and escort the health of employees.

08

Development for the Benefit of All and Contribution to Society



8.1 Fulfilling the Responsibility of Assistance

In 2023, the Bank convened Party Committee meetings to discuss pair-up assistance programmes for boosting rural revitalisation, conducted in-depth research and donated RMB1 million to support the construction of demonstration belts for rural revitalization and the widening and renovation of village roads in Qigong Town, Yangshan County, Qingyuan City; donated RMB0.9 million to support the purchase and installation of street lights and environmental improvement projects in 9 poverty alleviation villages in Bijie City, Guizhou Province, demonstrating the Bank's sense of responsibility as a state-owned enterprise. The Bank was awarded the honor of "Guangdong Silk Cotton Cup of Poverty Alleviation-Silver Cup" for its practical actions.

The Bank actively participated in the consumption-driven poverty alleviation campaign, leveraging the advantages of its trade union to purchase local specialty agricultural products instead of direct donations, and supporting agricultural enterprises and households to increase production and income.

8.2 Practicing Public Welfare and Charity

In 2023, with rural revitalisation as its service pivot, Jinmi Foundation deepened the "public welfare + finance" mode and built the brand of "Jinmi Charity · Together Under the Banyan Tree". Its regional influence kept improving, and the expenditure for charity projects reached RMB6.5 million.

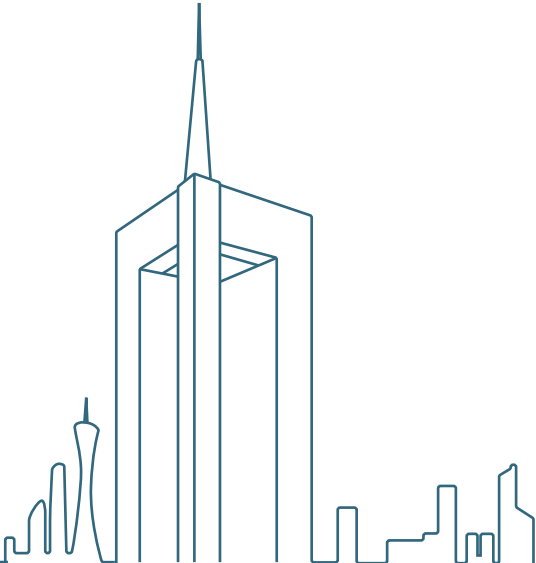
(I) Bank-Social Organisation Cooperation for Rural Revitalisation Project

The Bank's Jinmi Foundation cooperated with Guangzhou Federation of Social Organisations to promote the project in Conghua, Baiyun, Panyu and Haizhu districts, which focused on incubation of rural industrial projects, cultivation of talents for rural organisations and assistance to disadvantaged groups and offered donations of RMB2 million. A platform for incubating rural revitalisation-related industrial projects was built for a deep understanding of the assistance needs of villagers, veterans, entrepreneurial youth, women, and other rural revitalisation subjects, who would gain financial support. Industries boosted employment and provided people with stable income increases.

(II) Support to Rural Revitalisation Projects in Guangzhou

Using its business outlets as volunteer service stations, the Bank collected actual charitable needs under its jurisdiction, and supported the revitalization of more than 200 administrative villages in Guangzhou around the construction of beautiful villages, improvement of cultural and sports facilities, and assistance to the elderly and the sick, with an expenditure of approximately RMB4.5 million.

Social Responsibility Outlook



Social Responsibility Outlook

The year 2024 is a critical year for the Bank to comprehensively enhance its efficiency and benefit growth. The Bank will adhere to Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as its fundamental guideline, deeply understand the political and people-centered nature of financial work, fully implement the decisions and arrangements made at the Central Economic Work Conference and the Central Financial Work Conference and implement the specific deployment of "1310" by the Provincial Party Committee and the ideas and measures of "1312" by the Municipal Party Committee. In combination with the Bank's development strategic plan for the 14th Five-Year Plan, guided by the spirit of the 20th National Congress of the Communist Party of China and with the strategic vision of "becoming a first-class commercial bank in China", the Bank will combine high-quality business development with fulfilling social responsibilities to achieve healthy, stable and high-quality development.

In terms of economy

The Bank will take serving the real economy as its mission, firmly assume its responsibilities as a state-owned financial enterprise, actively implement national and provincial development strategies, focus on key areas such as the hundreds of counties, thousands of towns, and tens of thousands of villages" project, self-reliance and strength in technology, and the construction of a modern industrial system, increase support for the real economy and respond actively to the policies of the provincial and municipal livelihood projects and fully serve the new needs and aspirations of the people of Guangzhou for a better life. The Bank will keep focusing on its main responsibilities and main business types, deeply cultivate local areas and sources, promote in-depth business transformation, continuously deepen reform and innovation, increase support to the real economy, drive the allocation of financial resources toward key sectors of economic and social development, and further boost the coverage, availability, and satisfaction of the services for inclusive finance and rural finance.

In terms of society

The Bank will keep centring on customers, focus on the growth of core and key customer groups, make solid progress on customer management and customer group development, and concentrate on the development of product service system; besides, the Bank will steadily advance the management of compliant and legal risks, improve the development of the system and mechanism for protecting consumer rights and interests, further consolidate the protection of financial customer rights and interests, better instruct and guide consumers, and make prevention, control, and long-term governance from source; centring on support to business development, the Bank will establish a tiered and classified talent training system, promote the development and optimisation of sequences, and pay close attention to personnel's physical and mental health; also, the Bank will continuously carry out various public benefit activities, support the rural revitalisation, society-and-livelihood development, and culture promotion of local region.

In terms of the environment

The Bank will optimise its industrial distribution, and take green and environmentally friendly sectors as the entry points to continue to increase the investment in green credit, support the transformation of diversified green industries and low-carbon transformation of high-carbon industries, and build a green product system based on "Green Enterprise Loan". The Bank will also promote the development of green non-financial enterprise bond investment and underwriting, green bills, green letters of credit, and other businesses to enrich the field of green financial services. Meanwhile, the Bank will also actively respond to the green and energy-conservation policies of the state, advocate and practice the philosophy of green and energy conservation, implement measures for handling official business in a way of energy conservation and environmental protection, and organise and carry out environmental protection activities, to assist the society in its sustainable development.

Key Performance Table

Environment

ESG Index	Unit	2023 data	2022 data	2021 data
A1 Emissions				
A1.1 Types of emissions and relevant emission data ¹				
A1.2 Greenhouse gas emissions and density ²				
Total Emissions ³	Ton-carbon dioxide equivalent	12,290.74	11,632.15	11,735.77
Annual Emission Density ⁴	Tons-Carbon Dioxide Equivalent/m ²	0.11	0.10	0.10
Direct Emissions (Range 1)				
Gasoline	Ton-carbon dioxide equivalent	17.35	17.76	37.61
Natural gas	Ton-carbon dioxide equivalent	112.01	132.54	118.70
Liquefied Natural Gas	Ton-carbon dioxide equivalent	7.1	13.84	19.50
Indirect Emission (Range ²)				
Purchased Power	Ton-carbon dioxide equivalent	12,135.19	11,470.45	11,559.96
Office paper	Ton-carbon dioxide equivalent	19.09	19.95	—
A1.3 & A1.4 Waste				
Waste Electronic Equipment ⁵	Piece	332	744	341
Waste electronic equipment/person	Pieces/person	0.14	0.30	0.14
A2 Resource Usage				
A2.1 Total Energy Consumption and Density ²				
Total Energy Consumption ^{6,7}	Tonnes of standard coal	2,911.53	2,683.36	2,793.51
Energy consumption density ⁷	kg of standard coal / m ²	25.48	23.51	24.47
Direct energy consumption				
Gasoline	Liter	7,890.53	8,076.99	16,882.94
Natural gas	m ³	51,616.00	61,078.00	54,701.00
Liquefied Natural Gas	Ton	2.74	5.35	7.47

ESG Index	Unit	2023 data	2022 data	2021 data
Indirect energy consumption				
Outsourcing power ⁶	MWH	23,022.56	21,761.44	21,931.25
Annual intensity of electricity consumption ^{6,8}	MWH/m ²	201.51	190.46	192.12
Gasoline consumption of official cars ⁹	Liter	7,890.53	8,076.99	16,882.94
A2.2 Water consumption and density ²				
Office Water	m ³	126,355.00	152,580.00	141,681.00
Annual intensity of water consumption ¹⁰	m ³ /m ²	1.11	1.34	1.24
A2.3 Resource consumption ¹¹				
Office Paper Consumption	Ton	20.76	21.70	—
Intensity of office paper consumption ¹¹	Kg/person	8.49	8.88	—
Proportion of Cross-Regional Video Conferences ²	Percentage	78%	80%	92%
Coverage Rate of Video Equipment In Meeting Rooms ²	Percentage	27%	27%	78%
Number of Cross-Regional Video Conferences ²	Times	220	207	167
Total Number of Video Conferences ²	Times	283	260	181

Notes:

1. Based on the business content of the Bank, the exhaust emissions generated in the course of operation mainly come from the exhaust of official vehicles, including oxides, sulfur oxides and other pollutants regulated by national laws and regulations, and the total amount of such pollutant emissions is not significant, so no disclosure is made.

2. The scope of collection and disclosure of annual greenhouse gas emissions, energy and water usage, and information related to videoconferencing is the head office of Guangzhou Rural Commercial Bank (including the Xinhe Building, the Wangyu Center, the Jingyun Building and the Panyu Training Center). As the information of emission category and energy and resource consumption category of computer rooms cannot be measured separately yet, the Bank's greenhouse gas emission intensity, waste emission intensity, energy consumption intensity and office water consumption intensity include office areas and computer rooms.

3. The GHG inventory includes carbon dioxide, methane and nitrous oxide, which are mainly derived from purchased electricity, office paper and fuel. The GHG accounting is presented on a carbon dioxide equivalent basis and is based on the "Guidelines on Corporate Greenhouse Gas Emission Accounting Methodology and Reporting for Public Building Operating Enterprises (Trial)", the "Guidelines for Measuring Energy Saving and Emission Reductions in Green Credit Projects", the "Average Carbon Dioxide Emission Factors of China's Regional Electricity Grids in 2011 and 2012", and "Guidance for Businesses on Reporting Greenhouse Gas Emission Factors" issued by the UK Department for Environment, Food and Rural Affairs in 2020. Guidelines on Greenhouse Gas Emission Factors" for accounting.

4. Annual GHG Emission Intensity means the annual GHG emissions per unit of building area of the Head Office, calculated on the basis of the total annual GHG emissions of the Head Office and the total building area of the Head Office.

5. The scope of collection and disclosure of information related to annual waste electronic equipment and per capita waste electronic equipment is the caliber of the head office of Guangzhou Rural Commercial Bank (including Xinhe Building, Wangyu Center, Jingyun Building and Panyu Training Center). Based on the content of the Bank's business, hazardous waste generated in the course of operation mainly consists of waste gas fluorescent lamp tubes and waste toner

cartridges and ink cartridges, whose total amount generated is relatively small, and is therefore not disclosed; non-hazardous waste generated mainly consists of whole, non-disassembled waste electronic equipment, all of which are handed over to recyclers for disposal, and the weights of which are not disclosed for the time being due to the fact that there are a wide range of waste electronic equipment and it is impossible to accurately count their weights.

6.Total energy consumption is calculated based on the power and energy consumption of the head office and the conversion factors in the national standard of the People's Republic of China, General Rules for Calculating Comprehensive Energy Consumption (GB/T2589-2020).

7.Energy Consumption Density is the annual energy consumption per unit of building area of the head office, calculated based on the total annual energy consumption of the head office and the total building area of the head office.

8.Annual Power Consumption Density means the annual power consumption per unit of floor area of the Head Office, calculated on the basis of the annual electricity consumption of the Head Office and the total floor area of the Head Office.

9.As a result of continued official vehicle management, gasoline use in official vehicles of the Head Office decreases each year from 2021-2023.

10.The annual water intensity is the annual water consumption per unit of floor area of the head office, calculated on the basis of the annual total bank water consumption and the total building area of the head office. The Bank's water supply is entirely from the municipal water supply and there is no problem in finding the applicable water source.

11.Office paper consumption density is the per capita consumption of printing paper by head office employees.

Based on the content of the Bank's business, statistics and disclosure of packaging information are not applicable.

12.Based on the content of the Bank's business, statistics and disclosure of packaging information are not applicable.

Society

	ESG index	Unit	2023 data	2022 data	2021 data
B1 Employment ¹					
B1.1 Total number of staff by category	Total number of employees	Person	8,751	8,860	8,828
Gender	Number of male staff	Person	4,712	4,752	4,751
	Number of female staff	Person	4,039	4,108	4,077
Employment type	Contract staff	Person	8,318	8,474	8,449
	Labor dispatch staff	Person	433	386	379
Staff type	Senior management	Person	10	8	12
	Middle-level management	Person	251	246	256
	Management Level	Person	1,063	982	967
	General staff	Person	7,427	7,624	7,593
By educational background	Junior college and below	Person	2,059	2,216	2,409
	Undergraduate	Person	5,551	5,481	5,322
	Postgraduate or above	Person	1,141	1,163	1,097
By age	29 years old and under	Person	1,844	1,927	1,932
	30-49 years old	Person	5,348	5,505	5,601
	50 years old or above	Person	1,559	1,428	1,295
By region	China Mainland	Person	8,743	8,853	8,821
	Hong Kong, Macau, Taiwan	Person	8	7	7
	Overseas	Person	0	0	0
Other types	Number of Staff on Maternity Leave and Waiting for Maternity Leave	Person	237	235	252
	Number of Staff Eligible for Retirement in the Next Five Years	Person	794	970	879

	ESG index	Unit	2023 data	2022 data	2021 data
B1.2 Staff Turnover Rate by Category ²	Turnover rate of total number of staff	Percentage	4.58%	3.16%	2.98%
Gender	Male staff	Percentage	46.13%	52.50%	55.37%
	Female staff	Percentage	53.87%	47.50%	44.63%
Staff type	Senior management	Percentage	0.50%	0.00%	0.00%
	Middle-level management	Percentage	0.25%	0.71%	1.01%
	Management Level	Percentage	4.49%	5.36%	7.72%
	General staff	Percentage	94.76%	93.93%	91.27%
By educational background	Junior college and below	Percentage	12.47%	18.93%	22.48%
	Undergraduate	Percentage	58.85%	55.71%	54.03%
	Postgraduate or above	Percentage	28.68%	25.36%	23.49%
Age	29 years old and under	Percentage	52.37%	45.00%	39.93%
	30-49 years old	Percentage	40.15%	42.50%	47.65%
	50 years old or above	Percentage	7.48%	12.50%	12.42%
Region	China Mainland	Percentage	100.00%	100.00%	100%
	Hong Kong, Macau, Taiwan	Percentage	0.00%	0.00%	0.00%
	Overseas	Percentage	0.00%	0.00%	0.00%

ESG index	Unit	2023 data	2022 data	2021 data	
B2. Health and Safety					
B2.1 Number of deaths due to work for the past three years (including reporting year)					
Number of deaths due to work	Person	0	0	0	
B2.2 Number of working days lost due to work-related injuries					
Numbers of work-related injuries	Times	9	6	5	
Total number of days lost due to work-related injuries	Days	622	264	599	
B2.3 Health and safety measures					
Coverage rate of social insurance	Percentage	100%	100%	100%	
Coverage rate of staff medical examination	Percentage	100%	100%	100%	
B3 Development and training ³					
B3.1 Percentage of staff trained by category					
Gender	Percentage of training sessions for male staff	Percentage	99.70%	100%	100%
	Percentage of training sessions for female staff	Percentage	99.90%	100%	100%
Staff type	Training for senior management staff	Percentage	99.90%	100%	100%
	Training for middle-level management staff	Percentage	100%	100%	100%
	Management staff training	Percentage	100%	100%	100%
	General staff training	Percentage	99.80%	100%	100%

ESG index		Unit	2023 data	2022 data	2021 data
B3.2 Training of staff by category and average number of hours					
Total Training Attendance		Person-time	95,000	77,552	64,674
Gender	Number of training sessions for male staff	Person-time	49,557	40,327	33,825
	Number of training sessions for female staff	Person-time	45,443	37,225	30,849
Staff type	Training for senior management staff	Person-time	18,319	11,232	1,368
	Training for middle-level management staff	Person-time	118	114	156
	Management staff training	Person-time	2,947	1,812	1,212
	General staff training	Person-time	76,681	66,320	63,306
Training type	Senior staff training	Person-time	118	114	156
	Middle-level staff training	Person-time	2,947	1,812	1,212
	Junior staff training	Person-time	91,935	75,626	63,306
Total training hours for all staff		Hour	793,764.55	832,043	787,272
Gender	Total training time for male staff	Hour	403,652.25	422,267	398,908
	Total training time for female staff	Hour	390,112.3	409,775	388,364
Staff type	Total training time for senior management staff	Hour	167,737.3	137,402	32,051
	Training time for middle-level management staff	Hour	869.5	446	811
	Total training time for management staff	Hour	26,118.3	33,809	31,240
	Total training time for general staff	Hour	626,027.25	694,640.00	755,221.00
Average training hours per employee ⁴		Hours/Person	98.49	102	98
Gender ⁴	Average training hours for male staff	Hours/Person	96.02	100	95
	Average training hours for female staff	Hours/Person	101.2	105	101

	ESG index	Unit	2023 data	2022 data	2021 data
Staff type ⁴	Average training hours for senior management staff	Hours/Person	107.94	100	123
	Average training hours for middle-level management staff	Hours/Person	86.95	56	81
	Average training hours for management staff	Hours/Person	104.47	139	124
	General training hours for general staff	Hours/Person	96.24	101	97

B5. Supply Chain Management

B5.1 Number of Suppliers by Region

Number of suppliers	Domestic	individual	616	569	—
	Overseas	individual	3	5	—

B6. Product Liability

B6.2 Consultation complaints received about products and services

Customer Service	Customer service handling capacity	Ten thousand calls	273.61	385.26	237.16
	Manual connection quantity	Ten thousand calls	109.87	132.56	103.3
	Manual connection rate	Percentage	78.46%	71.28%	83.14%
	Customer service satisfaction rate	Percentage	98.79%	98.56%	99.12%
	Customer satisfaction with complaint handling	Percentage	94.73%	92.81%	92.07%
Customer complaints	Complaints	Cases	1,842	1,263	2,059
	Complaint acceptance rate	Percentage	100%	100%	100%

ESG index	Unit	2023 data	2022 data	2021 data
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B7. Anti-corruption

B7.3 Describe the anti-corruption training provided to directors and employees

Anti-corruption training	Anti-corruption training	Times	250	—	—
	Number of persons covered by anti-corruption training	Person-time	7,623	—	—
Anti-money laundering training	Anti-money laundering training	Times	170	188	154
	Number of persons covered by anti-money laundering training	Person-time	76,563	77,255	76,646

B8. Community investment

B8.2 Starting Resources in Focus Areas

Staff assistance input	RMB Ten thousand	201.25	160.18	200
Helps for suffering workers	Person-time	43	44	160
Hours of volunteer services	Hour	10,000	220,000	650
Total poverty alleviation input	RMB Ten thousand	190	380	94.4
Total charitable investment	RMB Ten thousand	650	819.72	673.03
Beneficiaries of public welfare and charity projects	Person-time	24,000	200,000	5,000

1. The relevant statistics cover the period from 1 January 2023 to 31 December 2023 for the Bank's employees. Relevant data of the Bank's employees cover employees who have signed formal employment contracts with the Bank and labor dispatch employees.

2. Total Employees Separation Rate The statistical caliber for 2023 is the head office (excluding wholly-owned and holding subsidiaries within the scope of consolidated statements), and the statistical caliber for 2022 and 2021 is the head office of Guangzhou Rural Commercial Bank (including the Xinhe Building, the Wangyu Center, the Jingyun Building and the Panyu Training Center).

3. Training-related data include both online and offline training hours, and the statistical scope of the data covers the training data of all bank employees and the external training data of bank leaders.

4. Training hours per capita, training hours per capita by gender, and training hours per capita by employee type are for the entire bank (within the scope of consolidated statements) for 2023, and for the head office (excluding wholly owned and controlled subsidiaries within the scope of consolidated statements) for 2022 and 2021.

Independent Limited Assurance Report



- The assurance boundary is generally consistent with the coverage of the consolidated financial statements of GRCB, except for some adjustment to the boundaries of certain performance data.

(VI) Assurance Procedures

To ensure the effective implementation of assurance work, CCXGF has formulated an assurance implementation plan and schedule, and carried out the assurance work with an objective attitude, which mainly includes the following procedures:

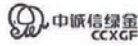
- CCXGF conducted on-site interviews with the management personnel responsible for report preparation and providing relevant information at the head office of GRCB;
- Evaluate the process under which GRCB follows the AA1000 principle, and review and examine stakeholder management practices and business processes based on interviews and collected supporting materials;
- Conduct sampling checks on the reliability and quality of selected specific performance information;
- Recalculate the selected specific performance information; and
- Other work deemed necessary by CCXGF.

(VII) Conclusion

According to the AA1000AS (v3) standards, CCXGF has conducted assurance on the sustainable development information disclosed in the Social Responsibility Report of GRCB, and made the following conclusions:

Social Responsibility Report's compliance with the AA1000 (2018) principles

- **Inclusivity:** GRCB has effectively identified stakeholders, established positive and effective communication channels with internal and external stakeholders, fully listened to the demands and expectations of stakeholders, understood the key concerns of stakeholders, incorporated them into the Company's sustainable development goals and strategic management, and at the same time, it has appropriately organized core stakeholders to participate in company decision-making. The Social Responsibility Report complies with the principle of Inclusivity.
- **Materiality:** Based on the key concerns of stakeholders, and in combination with its own industry characteristics and development strategy planning, as well as its impact on economy, environment, and the society, GRCB has conducted important topic assessments, and established relevant processes for evaluating important topics and priorities. The Social Responsibility Report complies with the principle of Materiality.



- The assurance boundary is generally consistent with the coverage of the consolidated financial statements of GRCB, except for some adjustment to the boundaries of certain performance data.

(VI) Assurance Procedures

To ensure the effective implementation of assurance work, CCXGF has formulated an assurance implementation plan and schedule, and carried out the assurance work with an objective attitude, which mainly includes the following procedures:

- CCXGF conducted on-site interviews with the management personnel responsible for report preparation and providing relevant information at the head office of GRCB;
- Evaluate the process under which GRCB follows the AA1000 principle, and review and examine stakeholder management practices and business processes based on interviews and collected supporting materials;
- Conduct sampling checks on the reliability and quality of selected specific performance information;
- Recalculate the selected specific performance information; and
- Other work deemed necessary by CCXGF.

(VII) Conclusion

According to the AA1000AS (v3) standards, CCXGF has conducted assurance on the sustainable development information disclosed in the Social Responsibility Report of GRCB, and made the following conclusions:

Social Responsibility Report's compliance with the AA1000 (2018) principles

- **Inclusivity:** GRCB has effectively identified stakeholders, established positive and effective communication channels with internal and external stakeholders, fully listened to the demands and expectations of stakeholders, understood the key concerns of stakeholders, incorporated them into the Company's sustainable development goals and strategic management, and at the same time, it has appropriately organized core stakeholders to participate in company decision-making. The Social Responsibility Report complies with the principle of Inclusivity.
- **Materiality:** Based on the key concerns of stakeholders, and in combination with its own industry characteristics and development strategy planning, as well as its impact on economy, environment, and the society, GRCB has conducted important topic assessments, and established relevant processes for evaluating important topics and priorities. The Social Responsibility Report complies with the principle of Materiality.



- **Responsiveness:** GRCB has responded to important sustainability issues of concern to stakeholders in the Social Responsibility Report. The Social Responsibility Report complies with the principle of Responsiveness.
- **Impact:** GRCB has actively conducted impact assessments on important sustainability issues, incorporated the internal and external impacts of climate risks and other important issues into the basis of the Company's future strategic planning, risk management, and policy document formulation, and actively conducted climate stress testing. The Social Responsibility Report complies with the principle of Impact.

Specific performance information quality of the Social Responsibility Report

- Construction area (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Outsourcing power (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Office water consumption (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Gasoline consumption of official cars (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Office paper consumption (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Total energy consumption (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Total greenhouse gas emissions (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Direct greenhouse gas emissions (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Indirect greenhouse gas emissions (GRCB Head Office (Xinhe Mansion, Tennis & Badminton Center, Jing Yun Building and Panyu Training Center))
- Total poverty alleviation input (Guangzhou Rural Commercial Bank Co., Ltd.)
- Total charitable investment (Guangzhou Rural Commercial Bank Co., Ltd.)
- Total number of employees (contract staff and labor dispatch staff of GRCB head office (excluding wholly-owned and controlling subsidiaries within the scope of consolidated financial statements))
- Number of female staff (contract female staff and labor dispatch female staff of GRCB head office (excluding wholly-owned and controlling subsidiaries within the scope of consolidated financial statements))



- Number of contract staff (contract staff of GRCB head office (excluding wholly-owned and controlling subsidiaries within the scope of consolidated financial statements))
- Turnover rate of total number of staff (contract staff and labor dispatch staff of GRCB head office (excluding wholly-owned and controlling subsidiaries within the scope of consolidated financial statements))
- Total training hours for all staff (Guangzhou Rural Commercial Bank Co., Ltd.)
- Average training hours per employee (Guangzhou Rural Commercial Bank Co., Ltd.)
- Customer complaint acceptance rate (Guangzhou Rural Commercial Bank Co., Ltd.)
- Customer service satisfaction rate (satisfaction of mobile banking, online customer service and online business hall)
- Number of persons covered by anti-money laundering training (Person-time) (Guangzhou Rural Commercial Bank Co., Ltd.)
- Times of anti-money laundering training (Guangzhou Rural Commercial Bank Co., Ltd.)
- Times of anti-corruption training (Guangzhou Rural Commercial Bank Co., Ltd.)
- Number of persons covered by anti-corruption training (Person-time) (Guangzhou Rural Commercial Bank Co., Ltd.)

No substantial errors were found during the assurance process of the specific performance information mentioned above.

(VIII) Limitations

- Due to the lack of internationally recognized and universal standards for evaluating and measuring non-financial information, these different but acceptable evaluation methods and measurement techniques may have a certain impact on the comparability of data among different institutions;
- CCXGF has not conducted assurance on key performance indicators other than those shown in the assurance report;
- In this assurance, interviews and document verification were conducted with relevant department managers of GRCB only, and external stakeholders were not involved.



AA1000
Licensed Report
000-872/V3-H82F5

China Chengxin Green Finance Technology (Beijing) Limited



Policy List

In combination with the Bank's business operation, the Bank would regularly identify and track relevant national laws, regulations and regulatory requirements applicable to the Bank's business. Bank applies and strictly abides by the following laws, regulations and regulatory policies, including but not limited to the following. At the same time, Bank has formulated relevant internal policies to ensure that all work is carried out in accordance with laws and regulations. In 2023, Bank did not violate laws and regulations.

ESG index	Laws, regulations/policies	Internal policy
A1, A2, A3, A4 Environment	Guidance on Building a Green Financial System	Guangzhou Rural Commercial Bank Green Financial Development Planning and Implementation Plan (2023-2025)
	Green Finance Guidelines for the Banking and Insurance Industry	Guidelines on Green Credit Business
	Implementation Plan for the Development of Green Finance in Guangdong Province in Support of Carbon Peaking Action	Notice on the Trial Implementation of the Pre-approval Mechanism for Green Loan Identification
	Notice on Accelerating the Synergistic Development of Green Building Industry and Green Finance by the Housing and Urban-Rural Development Department of Guangdong Province	
B1. Employment	Labor Law of the People's Republic of China	GRCB Management Measures on Staff Recruitment
	Labor Contract Law of the People's Republic of China	
	Interim Provisions on Labor Dispatch	
	Employment Promotion Law of the People's Republic of China	
	Social Insurance Law of the People's Republic of China	
B2. Health and Safety	Law of the People's Republic of China on the Protection of Minors	
	The Law of the People's Republic of China on Safe Production	Provisions on the Safety Production Responsibility System of Guangzhou Rural Commercial Bank
	Regulations on Internal Security and Protection of Enterprises and Institutions	Safety and Security Management Measures of Guangzhou Rural Commercial Bank
B3. Development and training	Guidelines for the Management of Practitioners in Banking and Financial Institutions	
B4. Labour Principles	Labor Law of the People's Republic of China	Employee Leave Management Measures of Guangzhou Rural Commercial Bank
	Provisions of the People's Republic of China on Prohibition of Child Labor	
	Law of the People's Republic of China on the Protection of Minors	

ESG index	Laws, regulations/policies	Internal policy
B5. Supply Chain Management	<p>Law of the People's Republic of China on Bidding and Tendering,</p> <p>The Regulations on the Implementation of the Law of the People's Republic of China on Bidding and Tendering,</p> <p>The Provisions on Engineering Projects Subject to Bidding,</p> <p>The Interim Provisions on the Management of Centralized Procurement by State-owned Financial Enterprises</p> <p>Measures on the Administration of Bidding for the Selection and Appointment of Accounting Firms by Financial Enterprises</p>	<p>Purchasing Series Management System of Guangzhou Rural Commercial Bank</p>
B6. Product Liability	<p>Law of the People's Republic of China on the Protection of Consumer Rights and Interests</p> <p>The Guiding Opinions of the General Office of the State Council on Strengthening the Protection of the Rights and Interests of Financial Consumers</p> <p>Implementation Measures of the People's Bank of China on the Protection of the Rights and Interests of Financial Consumers</p> <p>Administrative Measures for Handling Consumer Complaints in the Banking and Insurance Sector</p> <p>Administrative Measures for the Protection of Consumer Rights and Interests of Banking and Insurance Institutions</p> <p>Guidelines for the Protection of Consumer Rights and Interests in the Banking Sector of the China Banking Regulatory Commission (CBRC)</p> <p>Guiding Opinions of the China Banking and Insurance Regulatory Commission on Strengthening the Construction of Institutional Mechanisms for the Protection of Consumer Rights and Interests in Banking and Insurance Institutions</p>	<p>Emergency Disposal Plan for Major Consumer Complaints of Guangzhou Rural Commercial Bank</p> <p>Administrative Measures for the Protection of Financial Consumers' Rights and Interests of Rural Commercial Banks in Guangzhou</p> <p>Administrative Measures for the Resolution of Financial Consumer Disputes of Guangzhou Rural Commercial Banks</p> <p>Administrative Measures on Financial Marketing and Publicity Standards of Guangzhou Rural Commercial Bank</p> <p>Administrative Measures for Handling Consumer Complaints of Guangzhou Rural Commercial Banks</p> <p>Consumer Rights Protection Review Management Measures of Guangzhou Rural Commercial Bank</p> <p>Administrative Measures on Disclosure of Consumer Rights and Interests Protection Information of Guangzhou Rural Commercial Banks</p> <p>Provisions on the Protection of Personal Financial Information Security of Guangzhou Rural Commercial Bank</p>
B7. Anti-corruption	<p>Regulations on Disciplinary Actions of the Communist Party of China</p> <p>Rules for the Supervision and Enforcement of Discipline by Discipline Inspection Organs of the Communist Party of China</p> <p>Regulations of the CPC on the Authority and Procedures for Approving the Disciplinary Punishment of Disciplined Party Members</p> <p>Opinions of the Central Committee of the Communist Party of China on Strengthening Supervision of the "Leader" and the Leadership Team</p> <p>Anti-Money Laundering Law of the People's Republic of China</p>	<p>Implementing Rules for Accountability of Guangzhou Rural Commercial Bank for Violations of Integrity in Practice</p> <p>Implementing Rules for Supervision, Discipline Management and Accountability of Guangzhou Rural Commercial Bank</p> <p>Supervisory Interview System for the Party Committee of Guangzhou Rural Commercial Bank in Implementing the Main Responsibility of Comprehensively Governing the Party from a Strict Perspective</p> <p>Working Guidelines of Guangzhou Rural Commercial Bank on Decision Matters Concerning Disciplinary Sanctions for Disciplined Party Members (for Trial Implementation)</p> <p>Implementation Measures for Anti-Money Laundering and Anti-Terrorist Financing Audit of Guangzhou Rural Commercial Bank</p> <p>Measures for Accountability Management of Guangzhou Rural Commercial Bank</p>

ESG content index

This report has complied with all mandatory disclosure requirements and "comply or explain" clause of the Environmental, Social and Governance Guide set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mandatory disclosure requirements		Disclosure of Sections
Governance structure	A statement issued by the Board containing the following. (i) disclosure of the Board's oversight of environmental, social and governance matters; (ii) the Board's ESG management approach and strategy, including the process for assessing, prioritising and managing significant ESG-related issues, including risks to the issuer's business; and (iii) how the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.	Statement of the Board of Directors
Reporting Principles	Describe or explain how the following reporting principles have been applied in the preparation of the ESG report. Materiality, quantification, consistency	About this Report
Scope of reporting	Explain the scope of the ESG reporting and describe the process of selecting which entities or operations to include in the ESG report. Where the scope of reporting has changed, the issuer should explain the differences and the reasons for the changes.	About this Report
"Comply or explain" clause		Report section
A. Environment		
	General Disclosure: Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste (1)Policies; And (2) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy List Practicing Green Operation
	A1.1 The types of emissions and respective emissions data	Key Performance Table
	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) directly (scope1) and indirectly (scope 2).	Key Performance Table
A1 emissions	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table
	A1.5 Description of measures to mitigate emissions and results achieved.	Practicing Green Operation Construction of A Green Bank
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Practicing Green Operation Construction of A Green Bank

"Comply or explain" clause		Report section
A2 resource utilization	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Policy List Practicing Green Operation
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performance Table
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Table
	A2.3 Description of energy use efficiency initiatives and results achieved	Practicing Green Operation Key Performance Table Construction of A Green Bank
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Practicing Green Operation Key Performance Table Construction of A Green Bank
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Based on the Bank's business content, the statistics and disclosure of packaging data are not applicable.
A3 Environment and Natural	General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Policy List Developing Green Finance Construction of A Green Bank Practicing Green Operation
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Developing Green Finance Construction of A Green Bank Practicing Green Operation
A4 Climate Change	General Disclosure Policy for identifying and responding to significant climate-related issues that are already likely to have an impact on the issuer.	Construction of A Green Bank
	A4.1 Describe significant climate-related issues that have had and may have an impact on the issuer, and actions to address them.	Construction of A Green Bank

"Comply or explain" clause		Report section
B. Society		
B1 Employment	General Disclosure: Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (1)Policies; And (2)Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy List Protecting Staff's Rights and Interests
	B1.1 Total workforce by gender, employment type, age group and geographical region	Key Performance Table
	B1.2 Employee turnover rate by gender, age group and geographical region	Key Performance Table
B2 Health and Safety	General Disclosure: Relating to providing a safe working environment and protecting employees from occupational hazards: (1)Policies; And (2)Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy list Caring for the Health of the Employees
	B2.1 Number and rate of work-related fatalities for the past three years (including reporting year).	Key Performance Table
	B2.2 Lost days due to work injury.	Key Performance Table
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Carry out Staff Activities Caring for the Health of the Employees Key Performance Table
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Strengthen Staff Training
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Table
	B3.2 The average training hours completed per employee by gender and employee category.	Key Performance Table
B4 Labour Code	General Disclosure: Relating to preventing child and forced labour: (1)Policies; And (2)Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy List Protecting Staff's Rights and Interests
	B4.1 Description of measures to review employment practices to avoid child and forced labour	Protecting Staff's Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered	This item does not apply as there is no relevant situation in Bank.

Operational Practices		
	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Policy List Strengthening Compliance and Internal Control
B5 Supply chain management	B5.1 Number of suppliers by geographical region.	Strengthening Compliance and Internal Control
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Strengthening Compliance and Internal Control
	B5.3 Describe the management of the identification of environmental and social risks at each stage of the supply chain, and the associated implementation and monitoring practices.	Strengthening Compliance and Internal Control
	B5.4 Describe practices for promoting the use of environmentally friendly products and services in the selection of suppliers, and related implementation and monitoring methods.	Strengthening Compliance and Internal Control
	General Disclosure: Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (1)Policies; And (2)Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy List Improving Services through Technology Listening to Customers Protecting Customers' Rights and Interests
B6 Product liability	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	On the basis of the business content of Bank, this item is not applicable.
	B6.2 Number of products and service related complaints received and how they are dealt with	Listening to Customers Protecting Customers' Rights and Interests Key Performance Table
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Strengthening Compliance and Internal Control
	B6.4 Description of quality assurance process and recall procedures	On the basis of the business content of Bank, this item is not applicable.
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Protecting Customers' Rights and Interests
"Comply or explain" clause		Report section
	General Disclosure: Relating to bribery, extortion, fraud and money laundering: (1)Policies; And (2)Compliance with relevant laws and regulations that have a significant impact on the issuer.	Policy List Strengthening Compliance and Internal Control
B7 Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Strengthening Compliance and Internal Control
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Strengthening Compliance and Internal Control
	B7.3 Describe the anti-corruption training provided to directors and employees.	Strengthening Compliance and Internal Control
	General Disclosure: Investment Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Fulfilling Responsibilities of Poverty Alleviation Practicing Charity
B8 Community Investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Fulfilling Responsibilities of Poverty Alleviation
	B8.2 Resources contributed (e.g. money or time) to the focus area	Key Performance Table

GRI (Version 2021) Index

NO.	Content	section of disclosure
GRI 2: 2021 General disclosure		
Organisation and its reporting practices		
2-1	Organisation details	About this Report
2-2	Entities included in the organisation's sustainability report	About this Report
2-3	Reporting period, frequency of reporting and contacts	About this Report
2-4	Restatement of information	About this Report
2-5	External assurance	Independent Limited Assurance Report
Events and workers		
2-6	Activities, value chain and other business relationships	About this Report
2-7	Employees	07 People-oriented, Care for the Staff
2-8	Workers other than employees	02 Comply with Laws and Regulations and Prudently Operate 05 Providing Sincere Services and Ensuring Account Security
Governance		
2-9	Governance structure and composition	
2-10	Nomination and selection of the highest governance body	
2-11	Chair of the highest governance body	
2-12	Oversight role of the highest governance body in managing impact	
2-13	Delegation of responsibility for managing impact	
2-14	Role of the highest governance body in sustainability reporting	01 Deepening Ideas and Strengthening Responsibilities
2-15	Conflicts of interest	02 Comply with Laws and Regulations and Prudently Operate
2-16	Communication of key concerns	
2-17	Common knowledge of the highest governance body	
2-18	Performance evaluation of the highest governance body	
2-19	Remuneration policy	
2-20	Process for determining remuneration	
2-21	Annual total remuneration ratio	

No.	Content	Section of disclosure
Strategy, policy and practice		
2-22	Statement on Sustainable Development Strategy	
2-23	Policy Commitments	
2-24	Integration Policy Commitment	
2-25	Procedures for remedying negative impacts	01 Deepening Ideas and Strengthening Responsibilities
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	
2-28	Membership of the Association	
Stakeholder engagement		
2-29	Approach to stakeholder engagement	01 Deepening Ideas and Strengthening Management 02 Comply with Laws and Regulations and Prudently Operate
2-30	Collective bargaining agreements	05 Providing Sincere Services and Ensuring Account Security 07 People-oriented, Care for the Staff
GRI 3: 2021 Substantive topics		
3-1	The process of identifying substantive topics	
3-2	List of substantive topics	01 Deepening Ideas and Strengthening Responsibilities
3-3	Management of substantive issues	
GRI 201: 2016 Economic performance		
G201-1	The economic value of direct production and distribution	03 Focusing on the Bay Area and Serving the Real Economy
G201-2	The financial impact of climate change and other risks and opportunities	06 Green and Low-carbon, Energy Saving and Environmental Protection
G201-3	Obligatory defined benefit plans and other retirement schemes	07 People-oriented, Care for the Staff
G201-4	Financial subsidies granted by the government	03 Focusing on the Bay Area and Serving the Real Economy
GRI202: 2016 Market performance		
G202-1	Ratio of standard entry level salary to local minimum wage by gender	07 People-oriented, Care for the Staff
G202-2	Proportion of executives hired from the local community	

No.	Content	Section of disclosure
GRI 203: 2016 Market performance		
G203-1	Infrastructure investment and support services	03 Focusing on the Bay Area and Serving the Real Economy 08 Development for the Benefit of All and Contribution to Society
G203-2	Significant indirect economic impact	
GRI 204: 2016 Purchasing practices		
G204-1	Proportion of procurement spend from local suppliers	02 Comply with Laws and Regulations and Prudently Operate
GRI 205: 2016 Anti-Corruption		
G205-1	Operational sites that have conducted corruption risk assessments	
G205-2	Communication and training on anti-corruption policies and procedures	02 Comply with Laws and Regulations and Prudently Operate
G205-3	Corruption incidents identified and actions taken	
GRI 206: 2016 Anti-competitive behaviour		
G206-1	Lawsuits against unfair competition, antitrust and antitrust practices	02 Comply with Laws and Regulations and Prudently Operate
GRI 207: 2019 Taxation		
G207-1	Tax Policy	
G207-2	Tax governance, control and risk management	02 Comply with Laws and Regulations and Prudently Operate
G207-3	Tax-related stakeholder engagement and management	
G207-4	Country-specific reporting	NA
GRI 301: 2016 Material		
G301-1	Weight or volume of material used	
G301-2	Recycled feedstock used	NA
G301-3	Recycled products and their packaging materials	
GRI 302: 2016 Energy		
G302-1	Energy consumption within the organisation	
G302-2	Energy consumption outside the organisation	
G302-3	Energy intensity	06 Green and Low-carbon, Energy Saving and Environmental Protection
G302-4	Reducing energy consumption	
G302-5	Reducing energy demand in products and services	

No.	Content	Section of disclosure	
GRI 303: 2018 Water resources and sewage			
G303-1	Interaction of organisations and water as a shared resource		
G303-2	Managing impacts associated with drainage		
G303-3	Water abstraction	06 Green and Low-carbon, Energy Saving and Environmental Protection	
G303-4	Drainage		
G303-5	Water consumption		
GRI 304: 2016 Biodiversity			
G304-1	Operations owned, leased, managed by the organisation in or adjacent to protected areas and biodiversity-rich areas outside protected areas		
G304-2	Significant impacts of activities, products, services on biodiversity	NA	
G304-3	Protected or restored habitats		
G304-4	Species on the IUCN Red List and the National Register of Conservation in habitats affected by operations		
GRI 305: 2016 Emissions			
G305-1	Direct greenhouse gas (GHG) emissions (Scope 1)		
G305-2	Indirect greenhouse gas (GHG) emissions from energy (Scope 2)		
G305-3	Other indirect greenhouse effect gas (GHG) emissions (Scope 3)	06 Green and Low-carbon, Energy Saving and Environmental Protection	
G305-4	Greenhouse effect gas (GHG) emission intensity		
G305-5	Greenhouse effect gas (GHG) emission reductions		
G305-6	Emissions of ozone-depleting substances (ODS)	NA	
G305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant gases	NA	
GRI 306: 2020 Wastes			
G306-1	Waste generation and significant waste-related impacts		
G306-2	Management of significant waste-related impacts		
G306-3	Waste generated	06 Green and Low-carbon, Energy Saving and Environmental Protection	
G306-4	Waste transferred from disposal		
G306-5	Waste entering disposal		

No.	Content	Section of disclosure
GRI 308: 2016 Supplier Environmental Assessment		
G308-1	New suppliers screened using environmental criteria	02 Comply with Laws and Regulations and Prudently Operate
G308-2	Negative environmental impacts of the supply chain and actions taken	
GRI 401: 2016 Employment		
G401-1	New hires and staff turnover	07 People-oriented, Care for the Staff
G401-2	Benefits offered to full-time employees (not including temporary or part-time employees)	
G401-3	Parental leave	
GRI 402: 2016 Labour relations		
G402-1	Minimum notice period for operational changes	07 People-oriented, Care for the Staff
GRI 403: 2018 Occupational Health and Safety		
G403-1	Occupational Health and Safety Management Systems	07 People-oriented, Care for the Staff
G403-2	Hazard identification, risk assessment and incident investigation	
G403-3	Occupational health services	
G403-4	OHS matters: worker involvement, consultation and communication	
G403-5	Occupational health and safety training for workers	
G403-6	Worker health promotion	
G403-7	Prevention and mitigation of OHS impacts directly related to business relationships	
G403-8	Workers to whom the OHS management system applies	
G403-9	Work-related injuries	
G403-10	Work-related health issues	
GRI 404: 2016 Training and education		
G404-1	Average number of hours of training per employee per year	07 People-oriented, Care for the Staff
G404-2	Employee skills enhancement programmes and transition assistance programmes	
G404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: 2016 Diversity and equal opportunities		
G405-1	Governance structure and employee diversity	07 People-oriented, Care for the Staff
G405-2	Ratio of basic salary and remuneration for men and women	

No.	Content	Section of disclosure
GRI 406: 2016 Anti-discrimination		
G406-1	Incidents of discrimination and corrective actions taken	07 People-oriented, Care for the Staff
GRI 407: 2016 Freedom of association and collective bargaining		
G407-1	Operating sites and suppliers where freedom of association and collective bargaining rights may be at risk	07 People-oriented, Care for the Staff
GRI 408: 2016 Child labour		
G408-1	Operating sites and suppliers with significant risk of child labour incidents	07 People-oriented, Care for the Staff
GRI 409: 2016 Forced or compulsory labour		
G409-1	Operating sites and suppliers with significant risk of forced or compulsory labour incidents	07 People-oriented, Care for the Staff
GRI 410: 2016 Security practices		
G410-1	Security personnel trained in human rights policies or procedures	Not involved
GRI 411: 2016 Aboriginal Rights		
G411-1	Incidents involving violations of Aboriginal rights	Not involved
GRI 413: 2016 Local communities		
G413-1	Operating sites with local community involvement, impact assessment and development plans	08 Development for the Benefit of All and Contribution to Society
G413-2	Operating sites with actual or potentially significant negative impacts on local communities	
GRI 414: 2016 Social assessment of suppliers		
G414-1	New suppliers screened using social criteria	02 Comply with Laws and Regulations and Prudently Operate
G414-2	The negative impact of the supply chain on society and the actions taken	
GRI 415: 2016 Public policy		
G415-1	Political donations	NA
GRI 416: 2016 Customer Health and Safety		
G416-1	Assessment of health and safety impacts on product and service categories	05 Providing Sincere Services and Ensuring Account Security
G416-2	Assessment of health and safety impacts on product and service categories	

No.	Content	Section of disclosure
GRI 417: 2016 Marketing and labelling		
G417-1	Requirements for product and service information and labelling	
G417-2	Breaches involving product and service information and labelling	05 Providing Sincere Services and Ensuring Account Security
G417-3	Violations relating to marketing	
GRI 418: 2016 Customer Privacy		
G418-1	Substantiated complaints relating to invasion of customer privacy and loss of customer data	05 Providing Sincere Services and Ensuring Account Security

Reader feedback form

Thank you for reading the Bank's 2023 Corporate Social Responsibility(ESG) Report. In order to provide you and other stakeholders with more valuable information, Bank sincerely expect you to put forward valuable suggestions and opinions on this report and feedback to Bank through the following ways:

Tel:

Address:

1. Which of the following stakeholders do you belong to?

- Government Regulatory Authority Shareholders Customers Staff
 Suppliers and Partners Communities Public and Media Others

2.What is your overall evaluation of this report?

- Poor General Good Very good

3.Do you think this report completely covers your expectations of Bank?

- Yes No

4.Do you think Bank has responded well to your expectations?

- Yes No

5.Do you think the content layout and format design of this report are convenient to read?

- Yes No

6.What other comments and suggestions do you have on Bank social responsibility work and this report?

Thank you for your concern and support for Bank.



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