

2022

Social Responsibility Report

(Environmental, Social and Governance Report)



CONTENTS

01	About This Report
03	Chairman's Statement
05	About us
05	Company Profile
07	Organizational Chart
08	Honors and Awards
09	Key Performance
11	Social Responsibility Management
11	Board Statement
11	Integration of Responsibility
12	Responsibility Management System
13	Stakeholder Engagement
14	Materiality Analysis

01 Effective Governance, Steady and Compliant Operation

17	Improve Corporate Governance
20	Deepen Risk Control
22	Strengthen Compliance and Internal Control
28	Promote Transparent Procurement

02 Further Develop Main Business and Serve the Economy and People's Livelihood

31	Supporting Rural Revitalization
34	Promote Industrial Transformation
38	Support Small and Micro Enterprises
40	Develop Digital Finance
41	Support People's Livelihood Improvement

03 Low Carbon Development to Protect Lucid Waters and Lush Mountains

49	Response to Climate Change
52	Promote Green Finance
55	Committed to Green Operation

04 High Quality Service with Focus on Customer Experience

59	Protect the Rights and Interests of Consumers
62	Digital Enabling Service Quality
65	Care for Special Groups
65	Popularize Financial Knowledge

05 Join Hands to Achieve Employee Development

71	Equal and Diversified Employment
72	Support Talent Development
74	Pay Attention to Employee Health and Safety
76	Protecting the Rights and Interests of Employees

06 Remain True to the Original Aspiration and Share a Better Life

79	Consolidate Efforts in Poverty Alleviation
79	Engage in Public Welfare Activities
80	Spread Financial Culture



Appendix

82	ESG Performance Overview
82	Economic Performance
82	Social Performance
86	Environmental Performance
88	Independent Assurance Report
90	Relevant Content Index
97	Reader Feedback Form

About This Report

Report scope



Organizational scope: The report takes Dongguan Rural Commercial Bank Co., Ltd. as a whole, including the head office, branches, subsidiaries, etc. For the convenience of expression, “Dongguan Rural Commercial Bank”, “the Bank”, “the Company” or “parent bank” are used in the report to refer to Dongguan Rural Commercial Bank Co., Ltd; “the Group” or “we” refer to the Bank and its subsidiaries. The above scope is consistent with the Bank’s 2022 Annual Report.

Time range: Contents in this report ranges from January 1, 2022 to December 31, 2022. In order to make this report consistent and comparable, some of the contents are beyond the above time range.

Reporting cycle: This report is disclosed once a year.

Preparation Basis and Reference



This report is prepared in accordance with *Appendix 27 Environmental, Social and Governance (ESG) Reporting Guidelines of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (Listing Rules). At the same time, references are also made to the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), and requirements in the Opinions of the China Banking Regulatory Commission on Strengthening the Social Responsibility of Banking Financial Institutions, and the Guidelines of the China Banking Association on Corporate Social Responsibility of Banking Financial Institutions.

Data Description



The financial data in the report mainly comes from 2022 Annual Report of the Bank; and other data are mainly from 2022 Environmental Impact Reporting, internal documents and relevant statistical data of the Bank.

The data in this report may be inconsistent with the data in the 2022 Annual Report due to the factors of statistical scope (such as the scope of consolidated statements and the scope of parent bank statements). In those circumstances, data in the 2022 Annual Report shall be the standard data.

Unless otherwise specified, the currency unit involved in this report is RMB.

To ensure consistency, some data should be traced back to that in previous years.

Reporting Principles



This report is prepared following the principles of importance, quantification, consistency and balance.

The principle of importance: Based on comprehensive analysis of industry features, stakeholders’ expectations and the Bank’s own development plan, important ESG issues affecting the sustainable development of the Bank are identified in this report, See P14 for details;

The principle of quantification: This report has disclosed the Bank’s ESG quantitative key performance, see Appendix *Performance* for details.

The principle of consistency: This report tries to keep the indicators used across different reporting periods consistent. Explanations are in place when there is a change on the key performance indicators;

The principle of balance: Contents in this report fully reflect facts objectively, and disclose both positive and negative indicators.

Guarantees of This Report



The Board of Directors and all directors of the Bank guarantee that there are no false records, misleading statements or major omissions in the contents of this report, and assume individual and joint liabilities for the authenticity, accuracy and integrity of its contents. To ensure the authenticity and reliability of the report, this report is submitted to SGS for third-party assurance, and an independent assurance report is provided. Please refer to the chapter “Independent Assurance Report” for details.

Reporting Language



This report contains both Chinese and English versions. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Access to the Report



The report is issued in electronic form.

Website of the Stock Exchange of Hong Kong: www.hkexnews.hk

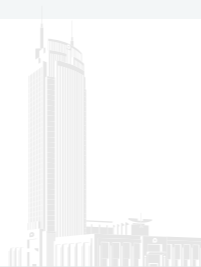
Official website of the Bank: www.drcbank.com

Address: No. 2, Hongfu East Road, Dongcheng Street, Dongguan, Guangdong, China

Post code: 523123

Tel: (86) 769-961122

Chairman's Statement



2022 was truly extraordinary and valuable. During the year, the Bank celebrated its 70th anniversary, made breakthroughs in its push for reform and development on a new track featuring the new system for the Group's development and the new system for listed banks (the "Double New"), unveiling a new chapter of high-quality development. All along, social responsibility is in our DNA, and we remain true to our original aspiration to support "agriculture, small businesses and real economy", bear in mind our responsibility of serving the real economy and the public, embrace green development by developing green finance, and continue to improve the quality and efficiency of financial service to real economy, to enable a better life, and to maximize the value of inclusive finance.

During the year, we stayed enthusiastic and promoted service to the real economy. Rooted in Dongguan for 70 years, our development resonated with the local economic development, where we witness the common prosperity. By actively following national strategies on developing the Guangdong-Hong Kong-Macao Greater Bay Area and the Guangzhou-Shenzhen Science and Technology Innovation Corridor, we contributed to industrial upgrading and economic boom of Dongguan with concrete financial services. Since 2022, with focus on development of the manufactory industry and "technology innovation + advanced manufacturing", we launched life-cycle financial service to the advanced manufacturing, with the balance of industry loans of the Bank reached RMB 125.613 billion, and the balance of loans to manufacturing related industries reached RMB 48.374 billion, representing an increase of 22.84% as compared with the beginning of the year; meanwhile, to support SRDI (specialized, refinement, differential and innovation) enterprises as well as high-tech enterprises, we launched comprehensive innovation on financial services targeting science and technology innovation, with the balance of loans to support science and technology enterprises of the Bank reached RMB 10.846 billion, an increase of 15.75% over the beginning of the year, channelling steady stream of "financial water" into the development of the real economy, and acting as the "backbone" for high-quality development of local economy.

During the year, we devoted ourselves to the main business and remained true to our original aspiration on supporting agriculture and small businesses. As the major local supporter in providing financial service, we focused on our main business in "supporting agriculture and small businesses", implemented the "133" project which aims at providing financial services to support rural revitalization, further promoted our commitments to rural areas by establishing grass-root outlets, and sending staffs to villages to understand their demands, and provided financial supports, which help ease the villagers' financing difficulties, and revitalized the rural collective economy; with our special financial products to support agriculture and benefit farmers, financial supports for local agriculture related industries were strengthened with the balance of loans to support "modern Sannong" reached RMB 66.734 billion, representing an increase of 18.51% as compared with the beginning of the year, which effectively completed the "last meter" delivery of financial services to villagers, and increased access of farmers to financial resources. Adhering to the core value of "maximizing the benefits of inclusive finance", we spared no effort to introduce "New Ten Measures to Help Enterprises and Benefit the People"

and "Twenty Measures to Relieve Customers' stress", In 2022, the balance of loans to SMEs (full caliber of the CBIRC) of the Bank reached RMB 147.651 billion, representing an increase of 23.27% as compared with beginning of the year, which supported more than 34,000 SMEs in production ; over the past three years, a total of RMB 80 billion have been allocated as special funds to help enterprises and individuals, lowering the financing costs of enterprises, and the Bank benefit more enterprises and citizens with fee reduction and interest concession.

During the year, we fulfilled our responsibilities and reinforced the core value of "financing for the people". We hold the belief that "finance for the people" is the core to serve our country, so we focus on people's livelihood when providing financial services, and invest financial resources in key areas that could improve people's livelihood. We innovatively created financial service demonstration sites featured by new citizen service, 5G smart outlets and star service, and comprehensively upgraded the "online and offline" service matrix with mobile banking, online banking, and WeChat banking, as well as SMS banking, enriching multi-channel service scenarios, in a way to promote the construction of intelligent service systems, and make more tailored financial services to our customers. In addition, we make it a priority to carry out public welfare and philanthropy activities such as mutual support in partnership, public welfare assistance, poverty alleviation, donations and voluntary services. In 2022, charity and other donations made by the Group during the Reporting Period totalled RMB 15.58 million, which demonstrated our sincerity to repay the society with practical actions, and our earnest commitment to fulfil social responsibilities by contributing to poverty alleviation.

During the year, we supported "carbon peak and neutrality" and developed green finance. We actively respond to the national strategic of "carbon peak and carbon neutrality", set a vision to build a modern "green bank", and make green and environmental protection industries as pillar industries, strengthen innovation in financial products such as green credit and green bonds, aiming to channelling more social resources to green environmental protection sectors, and to support a coordinated green development and circular economy; ultimately, we aim to fulfil our social responsibility in providing financial support for low-carbon economy. By the end of 2022, the balance of green credit of the Bank reached RMB 9.923 billion, representing a 35.3% increase over the beginning of the year, higher than the increase of various loans of the Bank.; meanwhile, the book balance of green bonds issued was RMB 1 billion, where all use of proceeds were allocated to green project certified by third-party institutions. We adhered to the concept of "green service, low-carbon operation", innovated and employed 5G communication, Internet of Things and other technical means to effectively reduce the energy consumption at business outlets and offices; at the same time, we continued to promote intelligent services, achieved paperless and intelligent business operations and further deliver concrete achievements in green development and environmental protection.

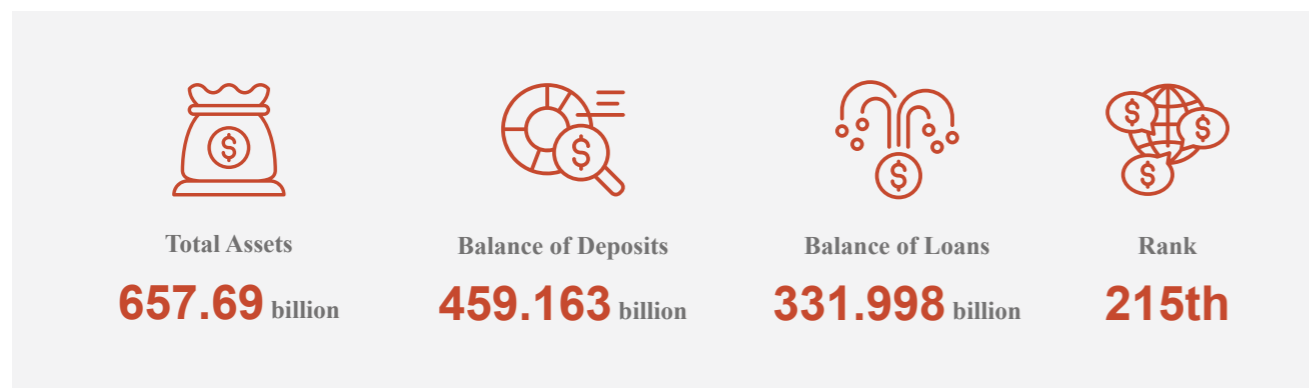
In the coming year, while standing at a new historical starting point, our responsibility lies in our shoulder and our mission lies in our heart. We will further focus on our main responsibilities, stay true to our original aspiration to support the real economy, and to serve the people's wellbeing, and inject surging momentum into high-quality economic development while fulfilling our social responsibilities and creating social values. Beyond that ,we will join hands with all of you to embark on a new journey in a new era and create a better future together.

Dongguan Rural Commercial Bank Co., Ltd.

Chairman:

About us

Company Profile



Dongguan Rural Commercial Bank (hereinafter referred to as “DRC Bank” or “the Bank”), as an independent legal entity, is a headquarter-level local joint-stock commercial bank. Our development history can be traced back to 1952 and our predecessor is Dongguan Rural Credit Cooperative Association. The Bank completed the reform as unified legal person in 2005, completed the reform as joint-stock company in 2009, and successfully listed on the Hong Kong Stock Exchange in September 2021 (stock code: 9889.HK), making it the 13th listed rural commercial bank and the 4th listed H-share rural commercial bank in China, and the first listed local legal financial institution in Dongguan.

As of the end of 2022, the total assets of the Group had reached RMB 657.69 billion, the balance of deposits was RMB 459.163 billion, and the balance of loans was RMB 331.998 billion. The Group has strengthened its capability in supporting the real economy with adequate credit supply and reasonable credit structure. Regarding capital adequacy ratio of the Group, the non-performing loan ratio is 0.90%, the provision coverage rate is 373.83%, the capital adequacy ratio and tier one capital adequacy ratio are 15.98% and 13.74% respectively; overall, the capital adequacy ratios at all levels well above regulatory standards. The Bank achieved a profit before tax of RMB 6.284 billion and a net profit of RMB 6.083 billion, with ROA and ROE of 0.97% and 11.72% respectively, making it among one of the leading listed banks.

According to the statistics of the international authoritative journal “The Banker” in 2022, in terms of tier-one capital as of December 31, 2021, the Bank ranked 215th in the global banking industry, among the top 300 in the global banking industry. The Bank ranked 39th in the “Top 100 Banks in China of 2022” released by China Banking Association in terms of net core tier-one capital and other statistical indicators as of December 31, 2021, and 6th among rural commercial banks in the PRC. As the only Dongguan-based entity listed in the “2022 Global 2000 by Forbes”, the Bank ranked 1,278th. The Bank ranked 292nd in the “Hurun China 500 Most Valuable Private Companies 2022” with a valuation of RMB44.5 billion, indicating that its brand influence and industry reputation have reached a higher level. In terms of brand honor, the Bank was honored with the “Dongguan City Government Quality Award”, the “Dongguan City Benefit Contribution Award” and the “Dongguan Civilized Unit” issued by the Dongguan Municipal Party Committee and Municipal Government. The Bank was awarded as the “National Role Model Bank of Rural Commercial Bank” by the CBIRC, “China Top 500 Private Enterprises” by All-China Federation of Industry and Commerce. In the banking awards initiated and organized by domestic authoritative media, the Bank was honored with various awards, including the “Best Rural Commercial Bank of the Year” and the “Annual Special Contribution Award for Supporting Local Economic Development”, etc. According to CCICR, the Bank’s corporate credit rating has remained at AAA since October 2017, the highest credit rating of corporates in China, and the rating outlook maintained stable.

As of the end of December 2022, the Bank has established a total of 505 business outlets (including the headquarters), including 39 tier-one branches and sub-branches, 200 tier-two sub-branches and 265 offices, and has provided a variety of onsite and offsite financial services such as 7*24- hour telephone banking, online banking, mobile banking, WeChat banking and direct sales banking. In addition, the Bank has been boosting financial cultural innovation. The Dongguan Numismatic Museum (东莞市钱币博物馆), elaborately built by the Bank, has nearly 20,000 pieces (sets) in its collection, and has been awarded as the “National Grade III Museum”, “Top Ten Folk Collections in Guangdong Province”, the “ First Batch of Financial Education Demonstration Bases in Guangdong Province” and the “Dongguan Patriotism Education Base”. The Bank has also built the bank heritage museum that inherits its nearly 70 years of development history, demonstrating the charm of local finance.

In recent years, the Bank has further developed into a regional group. The Bank established four branches outside Dongguan including Nansha branch in Guangdong Pilot Free Trade Zone, Hengqin branch in Guangdong Pilot Free Trade Zone, Huizhou sub-branch and Qingxin sub-branch, as well as four county banks in Huizhou Zhongkai, Yunfu Xinxing, Dongguan Dalang and Hezhou Babu, and strategically became the controlling shareholder of Zhanjiang RCB and Chaoyang RCB, and invested in Guangdong Shunde Rural Commercial Bank Co. Ltd., Guangdong Xuwen Rural Commercial Bank Co. Ltd., Guangdong Lechang Rural Commercial Bank Co. Ltd. and Yaan Rural Commercial Bank Co. Ltd., which has preliminarily formed a new regional group development pattern of “One Core with Two Wings” with Dongguan as center, Guangdong-Hong Kong-Macao Greater Bay Area as the core, and East Guangdong and West Guangdong as two complements. The Bank radiated financial services to customer groups in the Greater Bay Area, built customer ecosystem in the Greater Bay Area, and fully contributed to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development of Guangdong, Hong Kong and Macao.

Looking to the future, the Bank will continue adhering to the business philosophy of “customers are our greatest wealth”, implementing the principle of “rule-based governance”, focusing on the two key drivers: digitalization and collectivization, and sparing no effort to promote the five core business, i.e. retail finance, industry finance, SME finance, interbank finance and digital finance, with a view to building a modern rural commercial bank group with further capital marketization, more significant digital transformation, and more distinctive group operation.



Organisational Chart



Note: The above is the organisational structure as of the end of December 2022.

Honors and Awards

March 2022

2021 Top 100 Private Enterprises in Guangdong Province
Guangdong Federation of Industry and Commerce

May 2022

Ranking 1,278th in the 2022 Global 2000
Forbes Magazine, a journal in the U.S.

Advanced Unit for Financial Consumption Rights and Interests Protection in Dongguan in 2021
Dongguan Sub-branch of the People's Bank of China, Dongguan Financial Consumer Rights Protection Association

June 2022

Ranking 39th in the "Top 100 Banks in China of 2022" (based on net core tier-one capital)
China Banking Association

Bronze Cup of 2021 "Guangdong Poverty Alleviation Cotton Tree Award"
Leading Group for Rural Work / of the Guangdong Provincial / Committee of the Communist / Party of China

2022 Golden Award as the Most Beautiful Organization in Guangdong Banking and Insurance Industry
Guangdong Banking and Insurance Regulatory Bureau

July 2022

Ranking 215th in the "Global Top 1000 Banks" (based on tier-1 capital)
The Banker, a journal in the U.K.

Excellent Case for Innovation in Corporate Party Building in 2022
China Enterprise News Group, School of Marxism, Peking University, Red Flag Press, Journal of Party building in non-public enterprises

"Poverty Alleviation and Contribution" in 2022 Guangdong Poverty Alleviation Day and Charity Day Activity
Office of the Leading Group for Rural Work of the CPC Dongguan Municipal Committee, Dongguan Charity Association

August 2022

Internship Base for "Ten Schools and One Hundred Talents Plan"
Dongguan Talent Work Leading Group Office, Yangcheng Evening News

November 2022

Golden Tripod "Annual Supporting Local Economic Development Award"
Daily Economic News

December 2022

2022 Regional Influence Bank Dimensity Award
Securities Times, Securities Broker China

2022 Yangcheng Evening News (Dongguan) Financial New Talent List - Annual Rural Revitalization Service Award
Yangcheng Evening News

2022 Golden Benchmark Enterprise with Influence in Social Responsibility in Pearl River Delta
Guangzhou Daily • Guangdong Media

2022 China's Best Employers of the Year - Top 10 Best Employers in Dongguan
Zhaopin, Social Survey Research Center, Peking University, and National Development Research Institute, Peking University

January 2023

2022 Interbank Market Charity Day Charity Organisation Office of Designated Rural Vitalization Leading Group of PBOC / China Foundation for Development of Financial Education China Foreign Exchange Trade System National Interbank Funding Center

February 2023

Dongguan Benefit Contribution Award in 2022
Dongguan Municipal Committee of the Communist Party of China, Dongguan Municipal People's Government

Top 20 Enterprises in Dongguan by Principle Operating Income in 2022
Dongguan Municipal Committee of the Communist Party of China, Dongguan Municipal People's Government

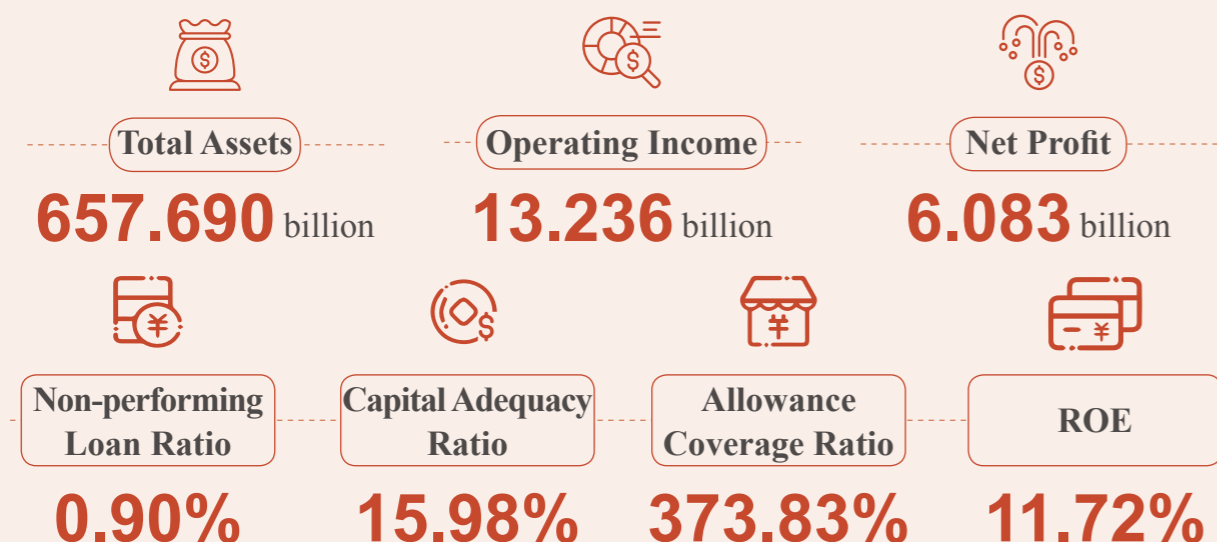
March 2023

Ranking 12th on Wind ESG Rating List of Listed Banks in Mainland China in 2022, ESG Rating A
Wind Database

Key Performance

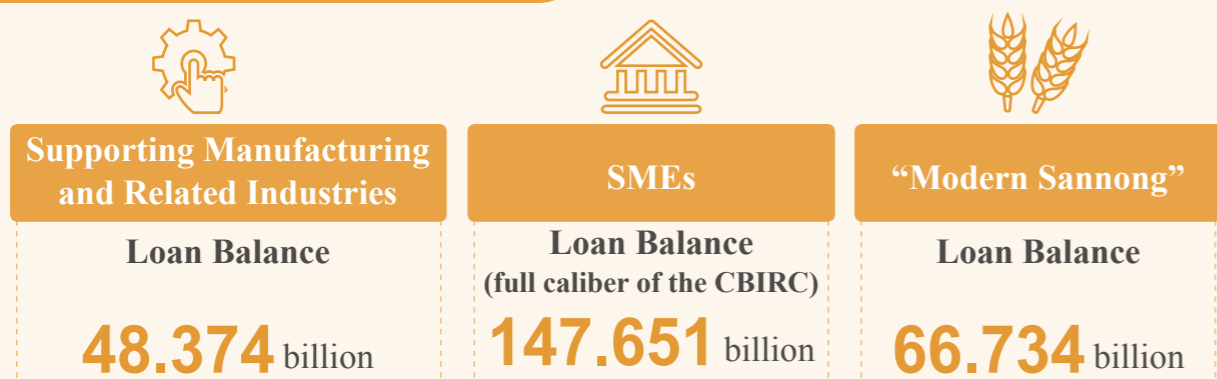
Economic Performance

2022



Note: the calculation is based on group-level statistics

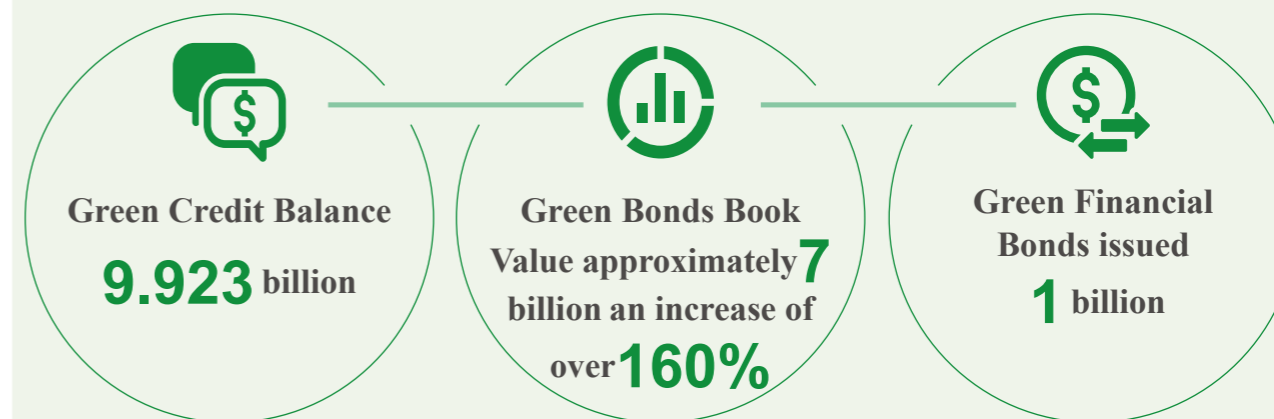
Social Performance



Contents	Unit	2022	2021	2020
Agriculture-related loan balance	billion	33.999	32.277	28.830
SMEs with no more than RMB10 million loan balance (excluding discounted bills)	billion	32.973	26.600	19.869
Number of personal electronic banking customers	No.	5,670,705	4,804,735	4,172,603

Note: the calculation is based on parent bank-level statistics

Environmental Performance



Contents	Unit	2022	2021	2020
Balance of loans to support green, energy saving and environmental protection enterprises	billion	9.146	7.334	6.094
Supporting green, energy saving and environmental protection enterprises	No.	79	65	62
Year-on-year growth rate of loans to support green, energy saving and environmental protection enterprises	%	24.7	20.35	26.75
Total amounts of greenhouse gas emissions	10,000 tons	2.40	2.87	2.60
Total greenhouse gas emissions per capita	tons of carbon dioxide/per capita	4.14	4.54	4.39
Electronic banking channels replacement rate	%	97.70	97.18	96.04

Note: the calculation is based on parent bank-level data

Social Responsibility Management

Board Statement

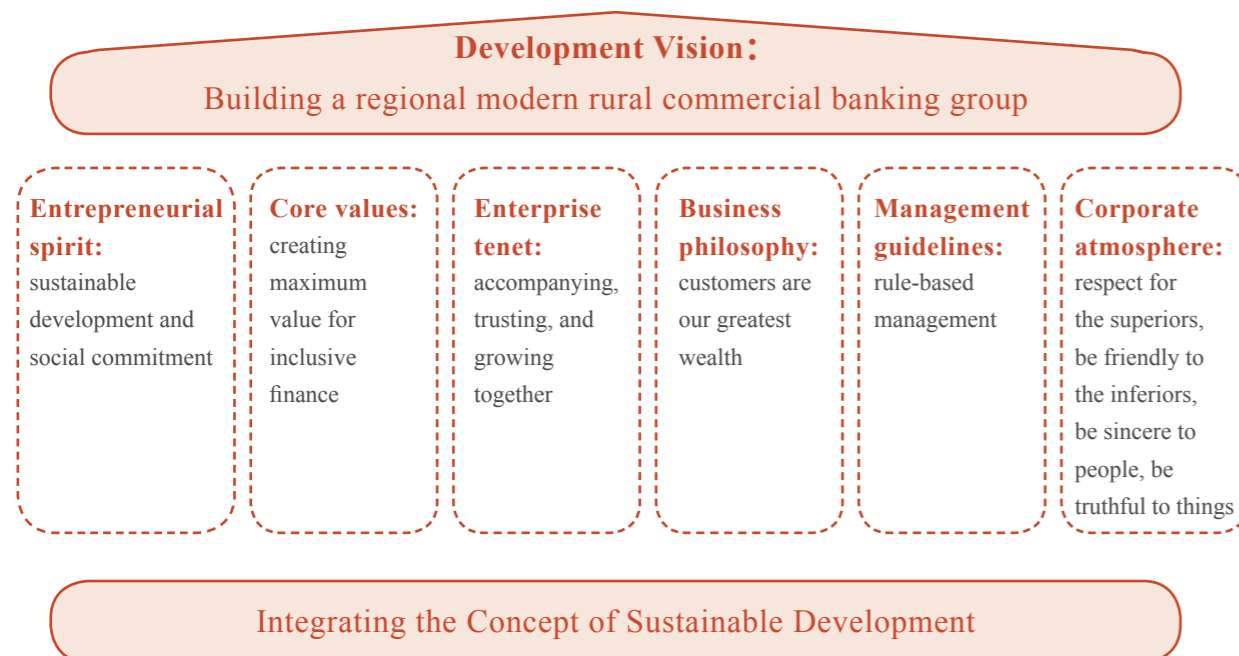
The Board of Directors of the Bank is responsible for strategy, management and reporting of social responsibility by identifying corporate social responsibility risks regularly, reviewing and making decisions on environment, society and governance related issues, including evaluating important issues, reviewing annual social responsibility reports, etc.; senior management of the Bank cooperates with and assists the board of directors in supervising and managing corporate social responsibility related work.

The Bank strengthened communication with stakeholders, identified and assessed important ESG issues through questionnaires and other forms. The process of evaluating, prioritizing and managing important ESG-related matters can also be found in the “Communication with Stakeholders” and “Analysis of Substantial Issues” in this chapter.

Integration of Responsibility

The Bank continues to uphold the concept of sustainable development and integrate it into the corporate strategy and culture, gradually creating an atmosphere for corporate social responsibility, and enhancing the awareness and ability of social responsibility management.

Model of Integrating the Concept of Social Responsibility



Responsibility Management System

The Bank has been committed to improving the social responsibility management system, strengthening internal and external social responsibility communication, enhancing social responsibility management capabilities, and creating greater value for the country, shareholders, employees, customers and the society.

The Bank promotes the ESG management system, optimizes the division of responsibility and governance structure, and facilitates the coordination among different levels of offices, branches and departments to perform their duties. With these efforts, ESG management capacity of the Bank is enhanced, and our responsibilities and commitments to shareholders are translated into concrete actions in well-organized ESG management. At the same time, the Bank has formulated the “Management Measures on Social Responsibility”, and has incorporated social responsibility indicators into the annual performance evaluation for remuneration, incentives and awards at different departments and sub-branches. Such sound management further enhances contribution to society.

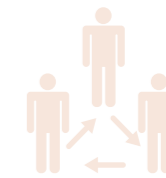
The Bank attaches great importance to the study and exchanges of social responsibilities, actively participates in external social responsibility trainings, continuously enhances the awareness of social responsibilities, and enhances the ability to fulfill social responsibilities.

ESG Governance Structure



Decision-Making

The Board of Directors assumes responsibility for the Bank’s social responsibility strategy setting, day-to-day management and reporting, identifies corporate social responsibility risks, and deliberates and makes decisions on environment, social, and governance issues, including evaluating materiality of these issues, reviewing annual social responsibility report, etc. The senior management cooperates with and assists the board of directors in supervising and managing work related to corporate social responsibility.



Organizational

An ESG working group is set up to supervise and evaluate the implementation of the Bank’s corporate social responsibility, ensure implementation of relevant laws, regulations and policies on corporate social responsibility; the working group maintains communication with stakeholders and updates achievements of corporate social responsibility management to the board of directors.



Implementation

Designated specific department carries out the related work in social responsibility.

Stakeholder Engagement

The Bank makes it a priority to strengthen stakeholder engagement, and establishes a normalized communication mechanism with diversified channels to deepen understanding of stakeholders, identify the needs and expectations of stakeholders, and respond to the needs of stakeholders, and consciously accept the supervision from stakeholders, in a way to seek mutual trust and win-win development. During the reporting period, the Bank's Board of Directors and its subcommittees actively performed relevant duties and effectively safeguarded the legitimate rights and interests of all stakeholders.

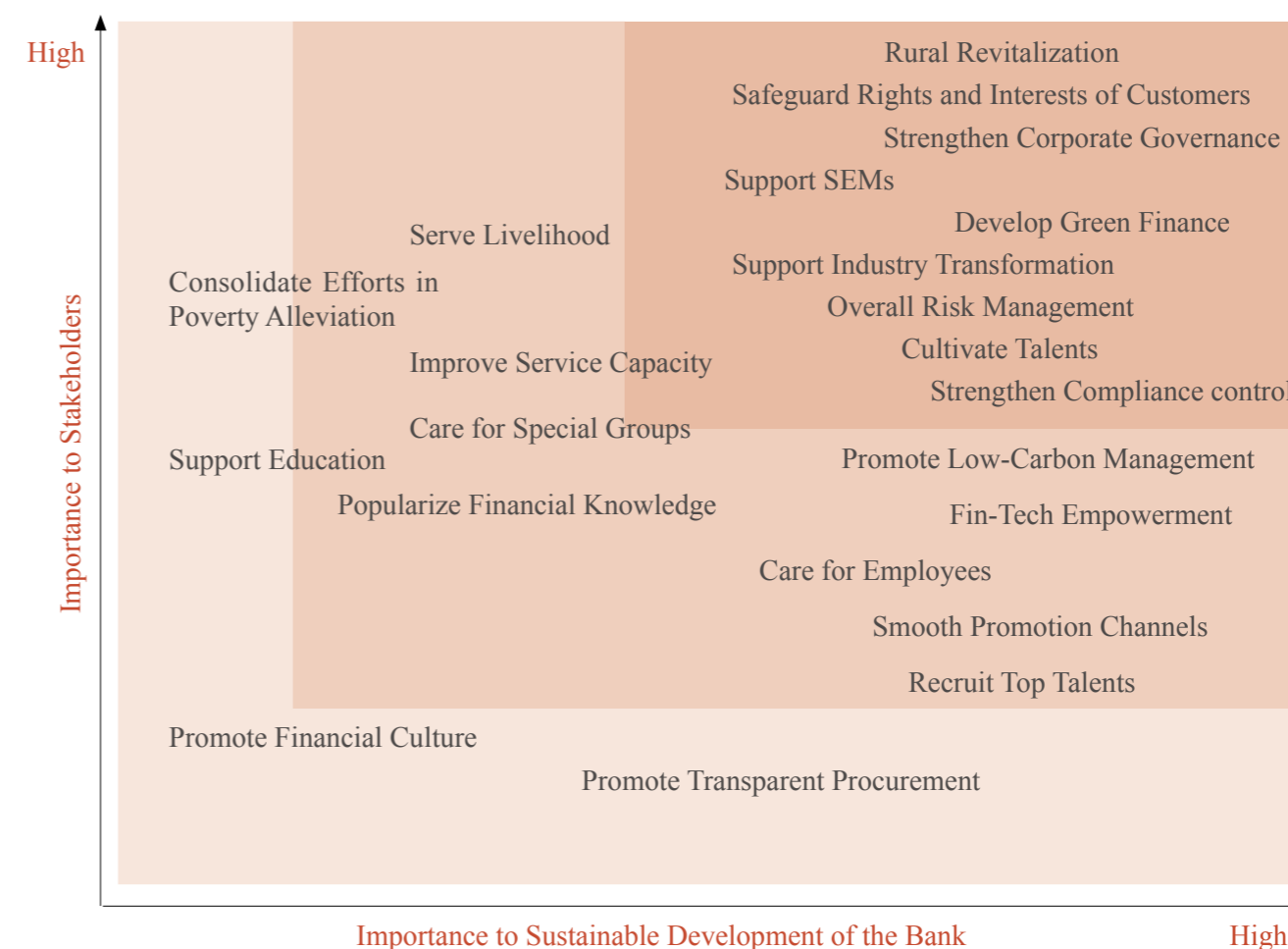
Stakeholders	Expectations and Demands	Communication Channel
 Government and Regulators	Serving the national strategy Compliant and stable operation Strengthen corporate governance Develop inclusive finance Developing Green Finance Response to climate change Contributing to the "Carbon Peak and Neutrality" goals	<ul style="list-style-type: none"> Organize learnings and discussions to ensure full implementation of national and regulatory policies and requirements Conduct special meetings regularly Release annual ESG report
 Shareholders and Investors	Protect the rights and interests of shareholders and investors Strengthen corporate governance Strengthen risk management Sustainable and sound operation	<ul style="list-style-type: none"> Release periodic reports Release annual ESG report and temporary announcements Set up investor communication channels such as investor hotline and mailbox
 Customer	Improve products and services Strengthen information and privacy protection Popularize financial knowledge Protect the rights and interests of customers	<ul style="list-style-type: none"> Conduct customer satisfaction survey Establish and diversify customer communication channels such as telephone hotline, official website, WeChat official account and mobile banking Follow-up actively on customer needs and complaints Carry out investor education activities
 Employee	Protect employees' rights and interests Reasonable salary and welfare system Carry out vocational training Promote career development Improve the working environment Enrich employee life Increase employee care	<ul style="list-style-type: none"> Workers' Congress Enrich employee culture Experience healthy life style Conduct staff training Carry out employee care
 Supplier	Fair cooperation Compliance Win-win cooperation	<ul style="list-style-type: none"> Bidding activities Daily communication Business communication
 Community	Promote community development Participation in social welfare and charity Promote rural revitalization	<ul style="list-style-type: none"> Community public welfare Volunteer activities Special projects on poverty alleviation

Materiality Analysis

The Bank strictly followed the new requirements of the ESG Reporting Guidelines issued by the Hong Kong Stock Exchange, and referred to the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI). It identified and evaluated material issues in social responsibility through communicating with external professional ESG consulting institutions, benchmarking against practices of peers, and carrying out stakeholder survey with 1,253 effective stakeholder questionnaires collected.

Based on expectations from stakeholders, and considering industry features and development plan of the Bank, the Bank identified, evaluated and prioritized 22 material issues for social responsibility management, and made key disclosures in this report. Compared with 2021, supporting industrial transformation is adjusted to issue category of high-level concern, up from original medium level concern, while issue of popularizing financial knowledge is adjusted from low level concern to medium level concern, and promoting financial culture is adjusted from the category of medium level concern to the low-level concern.

Matrix of Material Issues





Effective Governance, Steady and Compliant Operation

- 🗨️ Improve Corporate Governance
- 🗨️ Deepen Risk Control
- 🗨️ Strengthen Compliance and Internal Control
- 🗨️ Promote Transparent Procurement

1



Improve Corporate Governance

The Bank actively implements the national policy and regulatory requirements, continues to optimize the corporate governance structure, improves the corporate governance mechanism, carefully selects and engages directors, ensures the independence, diversification and professionalism of the governance board, enhances the level of governance with better capacity, ensures performance of environmental and social responsibilities, and lays a solid foundation for the Bank's steady development.

Optimize Governance Structure

DRC Bank, in strict compliance with the management system as modern corporate, has formed an "integrated corporate governance mechanism where five governance institutions are well structured and organized" with "core leadership by the party committee, power decision by the shareholders' meeting, strategic decision by the board of directors, supervision by the board of supervisors according to law, and implementation by senior management", effectively promoting the governance subjects to perform their respective duties, check and balance rights and responsibilities, and operate efficiently. During the reporting period, the Bank's "corporate governance structure with three meetings and management level", number of staff and their qualifications all met the compliance requirements.

Governance Institutions	Duty
Party Committee	<ul style="list-style-type: none"> The Party Committee of the Bank resolutely implements the Party's theories, principles and policies, plays a leading role in taking overall responsibility and coordinating all parties, and exercises overall leadership over the reform and development of the Bank. The Bank adheres to the principle of "all proposals should be subject to Party review before submitting", where research and discussion within the Party Committee is the pre-requisite for consideration of important matters by the General Meeting of Shareholders and the Board of Directors.
The General Meeting of Shareholders	<ul style="list-style-type: none"> The General Meeting of Shareholders is the supreme authority of the Bank, powers and responsibilities of which include but not limited to determining the Bank's business policy and investment plan, reviewing the reports of the Board of Directors and the Board of Supervisors, approving the Bank's budget and final accounts, and electing the Board of Directors and the Board of Non-employee Supervisors. During the reporting period, the General Meeting of Shareholders held two meetings and reviewed 24 proposals.
Board of Directors	<ul style="list-style-type: none"> The Board of Directors reports to the General Meeting of Shareholders and assume the ultimate responsibility for the operation and management of the Bank. The Board of Directors consists of the following committees: Strategic Decision and Sannong Committee, Comprehensive Risk Management Committee, Nomination and Remuneration Committee, Related Party Transactions Control Committee, Audit Committee and Consumer Rights Protection Committee. Implements the resolutions of the General Meeting of Shareholders, determines the Group's operation and development strategy, formulates the Bank's budget, appoints the President and other senior managers of the Bank, reviews matters that have a significant impact on the Bank's daily management and operations, and supervises the Bank's senior management. During the reporting period, the Board of Directors held 19 meetings, approved 207 proposals.
Board of Supervisors	<ul style="list-style-type: none"> Responsible for supervising the performance of the Board of Directors, senior management and their members, and financial performance, internal control and risk management of the Bank. The Nomination Committee and the Supervisory Committee are established to exercise their functions and powers independently and effectively in accordance with the law. During the reporting period, the Board of Supervisors held 9 meetings and approved 162 proposals.

Governance Institutions	Duty
Senior Management	<ul style="list-style-type: none"> Responsible for the daily operation and management of the Bank. The senior management oversees operation of the following specialized committees: Assets and Liabilities Management Committee, Financial Management Committee, Product Innovation Committee, Loan Review Committee, Proprietary Trading and Investment Decision making Committee, Non-performing Assets Management Committee, Comprehensive Budget Management Committee, Information Technology Management Committee, Comprehensive Risk Management Committee, Asset and Liabilities Management Committee, Procurement and Tendering Management Committee, Emergency Response Management Committee. All these committees perform their duties and operates independently. The Bank implements a unified and consolidated legal person management system, where its branches do not have the status as legal person. They carry out business within the authority of the Head Office in accordance with the law, and their civil liability is borne by the Head Office.

Improve Governance Mechanism

The Bank constantly improved its governance mechanism, ensured scientific decision-making and improved corporate governance by innovating the board's pre-communication mechanism for decision-making, establishing and improving meeting mechanism for the chairman and independent directors, improving special meeting mechanism for the independent directors, and promoting the communication mechanism between special committees and the management.

Scientific and Efficient Governance Mechanism

Pre-communication mechanism for decision-making of the Board of Directors	Before the meeting of the Board of Directors, one-on-one communication will be conducted on major proposals, and the views and suggestions put forward by the directors from different perspectives are fully communicated, so as to form an atmosphere where full discussion, free speech and scientific decision-making are encouraged to ensure the effective performance of directors.
Meeting mechanism for Chairman and independent director	In accordance with the requirements of the listing rules, special meetings between the chairman and independent directors were organized to review and discuss proposals in key areas regarding directors' performance, risk management, and bank development, so as to enhance the initiative of independent directors to make suggestions and improve the scientific decision-making of the board of directors.
Special meeting mechanism of independent directors	To review and deliberate key issues regarding performance of independent directors, with management personnel from the Head Office and sub-branches presented as non-voting delegates, aiming to improve the information communication between independent directors and the management, ensure that independent directors timely and accurately obtain information on business operation, management and regulatory developments, therefore to make scientific and independent judgments and decisions.
Communication mechanism between special committee and management	Organize meetings among the Audit Committee and the statutory accounting firm, the Comprehensive Risk Management Committee and person in charge of compliance department, so as to ensure the performance of the committees, and give full play to their expertise, and provide support for the scientific decision-making of the Board of Directors.

Based on applicable domestic and foreign laws and regulations such as the *Corporate Governance Standards for Banking and Insurance Institutions* issued by the China Banking and Insurance Regulatory Commission and the *Securities Listing Rules* issued by the Hong Kong Stock Exchange, the Bank reviews its internal policies on corporate governance such as the Articles of Association, the Rules of Procedure for Independent Directors, and the Guidelines for the Values and Professional Norms of Directors and Senior Managers, and keep timely updates to ensure compliance with the latest regulatory requirements, and lay a solid institutional foundation for the high-quality development of corporate governance.

Rational Selection of Directors

The Bank standardizes the nomination and selection of directors in accordance with relevant laws, regulations and regulatory requirements, and keeps a diversified structure of director, and promotes the scientific decision-making and independent judgment of the Board of Directors.

The Bank has formulated a diversification policy for the Board of Directors, which is in line with policy requirement and its own position and is updated and implemented accordingly, and the Bank is committed to ensuring that the members of the Board of Directors achieve an appropriate balance in terms of diversification. The Bank considers the composition of board members from multiple aspects in accordance with the diversification policy of the board of directors, including but not limited to directors' gender, age, educational background, professional experience, knowledge and skills, to ensure a balanced distribution of the skills and experience portfolio of board members, to provide different perspectives, insights, and questions, so that the board of directors can effectively perform their duties, thereby enhancing the effective operation of the board of directors and maintaining high quality corporate governance. As of the end of 2022, there were 17

directors on the Board of Directors of the Bank, including 3 executive directors, 8 non-executive directors, and 6 independent non-executive directors. The three executive directors have long been engaged in the banking industry and have rich professional experience; The eight non-executive directors all hold important positions such as chairman and general manager of the company, with rich operating and management experience; The six independent non-executive directors all have professional skills in legal, accounting, or financial fields, including one from Hong Kong and is familiar with international accounting standards and Hong Kong capital market rules. The board members include two female directors. The board of directors expects that the proportion of female members will maintain at least at the current level, and will continue to make efforts to maintain the gender diversity of the board of directors. In addition, the Nomination and Remuneration Committee of the Board of Directors reviews the implementation and effectiveness of the diversification policy of the Board of Directors annually, and proposes adjustments to the Board of Directors to align with the Bank's strategy.

Protecting Shareholders' Rights and Interests

The Bank attaches great importance to the protection of the rights and interests of small and medium-sized shareholders, continues to strengthen communication and interaction with small and medium-sized investors. Through institutionalized protection measures, the Bank promotes knowledge sharing in securities trading, enhance awareness in investment risk, and safeguard the legitimate rights and interests of small and medium-sized shareholders.

Institutionalized protection	<ul style="list-style-type: none"> Establish a special task force mechanism that could mobilize resources both at the head office and at the branch level. Such mechanism is coordinated by the head office as a whole, and each tier-one branch set up a work team to cooperate in implementing work on equity management of shareholders, so as to ensure standardized transaction process, improve the service quality, and improve capability in resolving and addressing shareholders' complaints and suggestions. Establish a professional legal advisory team to provide legal advice, convenient channels for equity trading, entrusted handling and other related services to the shareholders, and improve the satisfaction of shareholders, especially small and medium-sized shareholders.
Improve system and policies	<ul style="list-style-type: none"> A management system on management of shareholders are established, with the <i>Equity Management Measures</i> and the <i>Management Measures for Major Shareholders' Commitment</i> formulated to clarify the rights and obligations of shareholders, regulate the restrictions on shareholders' behavior, and safeguard the legitimate rights and interests of shareholders, especially minority shareholders. Continue to maintain a scientific and compliant policy on share dividend, and achieve positive dynamic between shareholders' return on investment and the Bank's long-term stable operation.
Popularize transactional knowledge	<ul style="list-style-type: none"> Prepare and print a number of normative documents such as brochures of the Bank's securities transactions and a handbook of shareholders' rights and obligations for shareholders to use, so as to ensure that shareholders, especially minority shareholders, are all informed.
Improve daily communication	<ul style="list-style-type: none"> Ensure and maintain timely, effective and transparent information disclosure, and issue regular reports and interim reports in accordance with laws and regulations, so as to ensure that investors can obtain information in a timely, accurate and equal manner, and protect the legitimate rights and interests of investors. During the reporting period, dozens of documents such as regular reports and temporary announcements are available on the website of the Stock Exchange of Hong Kong and the official website of the Bank.

Deepen Risk Control

The Bank, adhering to the corporate spirit of "Sustainable development", attaches great importance to comprehensive risk management, constantly improves the comprehensive risk management system and awareness in that respect, strengthens risk prevention and control in key areas, empowering the Bank for sustainable development. During the reporting period, the Group's non-performing loan ratio was 0.90%, far lower than the overall non-performing loan ratio of the banking industry.

Construction of Comprehensive Risk Management System

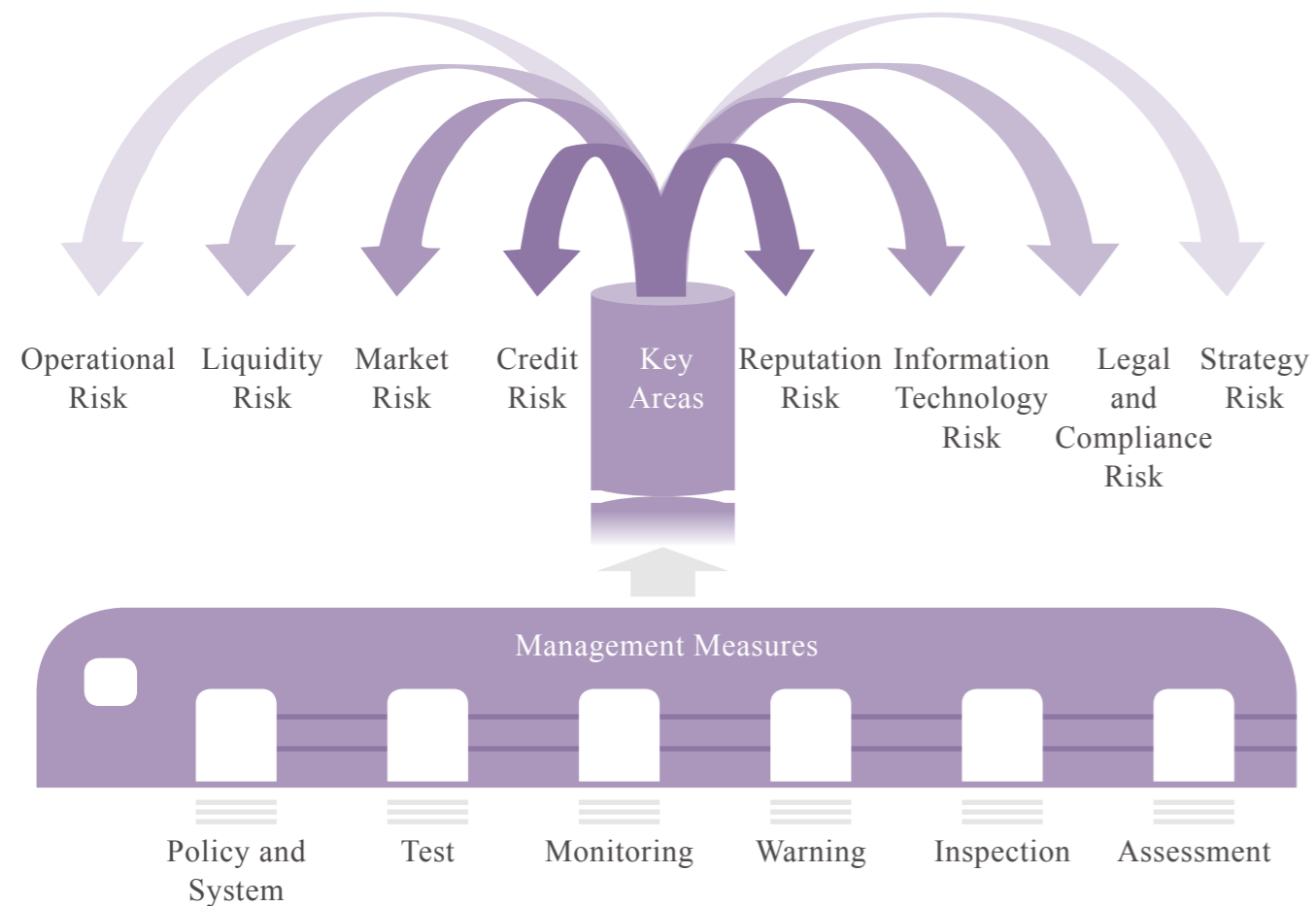
With the leading role of Party Committee at Head Office in the risk management of the Group, the Bank made it clear that the ultimate responsibility for comprehensive risk management should be borne by the Board of Directors, the supervisory responsibility should be borne by the Board of Supervisors, and the implementation responsibility should be borne by the senior management. A comprehensive risk management department was established to take charge of overall risk management, coordinate departments to implement risk management by categories. Therefore, a modern and comprehensive risk governance structure with "three lines of defense" are established where business department, risk management departments and internal audit department performs their duties, works closely and efficiently.

The Bank follows the management principle of "rule-based management", and builds a risk stress test management by establishing a risk appetite and risk limit management mechanism, defines internal capital adequacy assessment procedures, promotes digital transformation of risk control, strengthens the construction of a comprehensive risk management system, and enhances the overall risk management capacity.

Comprehensive Risk Management System

Risk appetite and risk limit management mechanism	<ul style="list-style-type: none"> Based on the risk assessment level and risk control needs, we establish risk appetite and risk limit framework, use risk management tools to realize scientific and dynamic monitoring and measurement of different risks, and make updates and rectification accordingly to ensure business operation within risk tolerance.
Risk stress test management system	<ul style="list-style-type: none"> Establish stress test methods and processes, enrich scenarios on risk shocks and tests, and regularly evaluate the rationality of different asset portfolios according to the stress test results. Currently, the Bank has a strong ability to withstand pressure in terms of profitability and capital adequacy, meeting the requirements of the New Capital Accord and external regulatory requirements.
Internal capital adequacy assessment procedure	<ul style="list-style-type: none"> Build an internal capital adequacy assessment procedure consisting of risk appetite, identification and assessment of major risks, quantification of major risks, risk management and mitigation, stress testing, capital planning, reporting and monitoring to provide strong support for risk management and capital management decisions, meeting regulatory requirements while achieving internal management goals.
Digital transformation of risk control	<ul style="list-style-type: none"> Engage digital technology to effectively promote the digital transformation of risk control, build a comprehensive risk management system, deepen the integration of risk system tools to ensure a systematic and effective risk control management. Currently, the comprehensive risk management system is well-operated, achieving automatic monitoring and early warning of preferences and limit indicators.

Risk Prevention and Control in Key Areas



The Bank attaches great importance to risk prevention and control in key areas such as credit risk, market risk, liquidity risk, operational risk, reputation risk, information technology risk, legal compliance risk, strategic risk, etc., enabled by modern technology, the Bank establishes risk prevention and control policy mechanisms in various fields, which further strengthening risk early warning, improving management assessment. Effective implementation of these measures from multiple perspective further promotes sustainable development of the Bank.

Risk Awareness Enhancement

The Bank sees it crucial to integrate risk management into corporate culture, and it carries out special risk trainings for employees both “online and offline”, focusing on improving employee’s awareness of risk management in compliance, cyber security, and cultivating internal driving force for comprehensive risk management.



Carrying out Training on Legal Risk Prevention

In order to promote understanding of laws and regulations in the banking industry and enhance employees’ capacity to identify and prevent legal risks, the Bank sets up an online learning platform and organizes group learning on legal issues related to the unified registration of movable property and rights, the impact of the *Personal Information Protection Law* on banking business, legal risk identification and risk prevention in the process of non-performing assets disposal. At the same time, video courses such as *Basic Methods for Preventing Credit Risks in Rural China* and “*Basic Knowledges on Anti-telecommunication Fraud*” were also provided to the employees through the platform to enhance their knowledge base in different fields, increase their legal awareness in order to prevent legal compliance risks.

Strengthen Compliance and Internal Control

The Bank keeps abreast of latest policy requirements on compliance and internal control, constantly improves its internal control and compliance system under “1+12348” strategy, and strengthen management efforts in anti-corruption, anti-money laundering, and fulfills its commitments to intellectual property protection. With a management mindset that compliance is the basic requirement in operation which must be followed, the Bank makes every effort to consolidate the foundation for sustainable development.

Compliance in Internal Control

The Bank steadily promotes internal control and compliance management, established a sound internal control and compliance system, effectively manages compliance risks, and promotes sound and compliant operations.

Compliance Management and Measures

The Bank makes continuous efforts in improving the compliance system, building a compliance management mechanism that is conducive to operation, formulating the *Construction Plan on Building Five Pillars Compliance Culture for 2022-2023*, promoting the integration of the compliance culture into the operation, and enhancing employees' awareness of compliance performance to ensure compliance in operation.

Case

Multi-Dimensional Compliance Education Activities

In 2022, in line with *Construction Plan of Building "Five Pillars" Compliance Culture for 2022-2023*, the Bank carried out tailored activities including internal examination, skill improvement, knowledge improvement and compliance promotion to the employees by different work streams, positions and titles, so as to enhance awareness of compliance and create a good atmosphere of "learning and sharing".

Case

Carry out Advocacy Activities on Digital Compliance

To enhance compliance awareness, the Bank, building on its digital transformation, developed an experiential online platform that are popular among employees with a variety of activities on compliance topics, which effectively expanded coverage of compliance topics and strengthened the communication of compliance culture.

Innovation and development compliance - Using screensaver as reminder

- With digitization tool, staffs are reminded of anti-gambling, illegal fund-raising, private lending, proxy signing, anti-crime, anti-money laundering topics through their computers both at work and at leisure time. Therefore, staffs are immersed in the culture of compliance.

Continued efforts to develop compliance scenarios - Promote understanding through "Micro-video"

- Micro-videos are designed and made basing on latest regulatory updates and risk information for quick learning of staffs. Though such innovation through micro-videos, staffs are able to have direct impressions on violation cases which reminds them the importance of compliance.

Internal Control Management and Action

In accordance with the regulatory requirements on internal control, the Bank establishes and improves the internal control supervision and management system, and builds the internal control evaluation mechanism featured by "internal and external reviews and evaluations", vigorously promotes the digital transformation of internal control management, as well as the scientific and effective implementation of internal control management.

Taking a risk and problem-oriented approach, the Bank conducted both self-inspections by grass-roots offices and cross checks by the Head Office, on-site and off-site, on key businesses and key areas. Based on feedback both from internal and external inspections regarding specific issues or risks, the Bank develops and carries out case -by-case risk mitigation plans, which effectively improves risk prevention and control capability in key areas.

Anti-Corruption

Strictly abiding by such laws and regulations such as the *Amendment to the Criminal Law of the People's Republic of China (XI)*, the *Law on Combating Unfair Competition of the People's Republic of China*, and the *Interim Provisions on the Prohibition of Commercial Bribery*, the Bank strengthens governance in fighting commercial bribery, establishes and improves reporting mechanism of employees for related complaints, and carries out anti-corruption training, and builds a lean and clean environment with self-discipline.

Anti-Corruption and Anti Commercial Bribery

The Bank attaches great importance to anti-corruption, conducts anti-corruption governance and supervision business operation, and creates a lean and clean environment. At the same time, special actions are also carried out to enhance awareness on anti-corruption. By the end of 2022, 5,775 employees of the Bank had participated in anti-corruption trainings.

Measures Taken on Anti-corruption and Anti-bribery

Create an honest and clean environment	Anti-corruption in business process	When issuing corporate loans and loans to small and micro enterprises, the Bank will send reminders via SMS to customers, so as to clarify the charging standards and inform our clients of the supervision and complaints reporting channels, in a way to resolutely prevent corruption and irregularities in business operations.
	Anti-corruption with suppliers	In accordance with the requirements in <i>Notice on Further Regulating Procurement, Bidding and Business Cooperation among the Bank and External Parties</i> issued by the Bank, a letter of integrity commitment is required to be signed with suppliers during procurement process.
	Anti-corruption in cooperation with external parties	A review mechanism was established for cooperation with insurance institutions where all parties are required to make commitments on integrity. Under the mechanism, regular compliance interviews with insurance institutions are held to strengthen supervision over insurance business agents and cut off improper benefit.
Make every effort in anti-corruption		<ul style="list-style-type: none"> • Before holidays, the requirements for integrity and discipline during the holidays are highlighted by issuing notices and sending SMS reminders. • On holidays, unannounced visits will be made directly to supervise and inspect the issues related to "four forms of decadence" such as illegal gift payments, illegal entertainment. • Targeting those the corrupt practices and bad habits of Party members and cadres, such as accepting entertaining in violation of regulations, receiving and sending red envelopes and cash gifts, regular meetings were held for middle-level cadres to highlight integrity and remind the newly promoted cadres thereof.

Case

Organizing Working Meetings for Middle-Level Cadres to Highlight Clean Governance

On September 2022, the Bank organized a work meeting with 9 management staffs from important departments and offices, reminding them their responsibility of anti-corruption, guiding party members and staffs to enhance their awareness in discipline and anti-corruption rules, and giving full play to the “Wild Goose Queue effect”.



Working meeting on integrity and clean governance

Employee Complaints, Petitions and Whistle Blowing

The Bank facilitates employees’ complaints and whistle-blowing, encourages employees to participate in anti-corruption, building a “firewall” as internal supervision, and creates a harmonious development environment with integrity.

Reporting Channels for Employees’ Complaints and Whistle-Blowing

- The mailbox and telephone number for reporting, as well as incentive mechanism for internal reporting are made public, encouraging employees to supervise and report suspected corruption and commercial bribery, and giving full play to the supervising role of employees.
- The employees may fill in a form of anti-corruption investigation anonymously, and the person specially assigned will collect these forms by each department or site, so as to effectively enable the employees in reporting any corrupt practices, and form a good atmosphere where everyone is willing and able to supervise and report.
- Establish a working mechanism to address petitions on monthly basis led by the Commission for Discipline Inspection, which aims to maximizing the internal supervision, exerting deterrence against corruption and other violations.

Enhance Party Conduct, Uphold Clean Government

With the political consciousness of maintaining comprehensive and strict governance, the Bank identifies root causes and address airing issues as well, and systematically promotes corruption deterrence and punishment, corruption prevention and corruption education, improves the “mechanisms where people dare not to, cannot and are not willing to engage in corrupt practices”, and makes every effort to fight corruption.

Measures for Building a Clean and Honest Government

- Stay resolute and strike hard on corrupt practices, enforce discipline and accountability “which covers all staffs with zero tolerance and no exceptions or exemptions”, and exert deterrence on any “corrupt practices”.
- Fully integrate the “responsibilities in both business operation and party conduct”, improve the restriction and supervision mechanism on powers, and improve the supervision efficiency, and tighten the control on corruption.
- Strengthen publicity and education on combating corruption and upholding integrity, carry out reviews and discussion on clean governance, remind, educate and guide party members and cadres to strengthen their party spirit, improve their political awareness, and guard against any corrupt practices.

Case

Discipline Education and Learning Activities

From July to September 2022, the Bank organized a discipline education and learning activity with the theme of “Be brave in self-revolution, always keep advanced and pure”. Through concentrated learning, reviewing cases in corruption, visiting anti-corruption education bases, the Bank effectively improved the awareness of all employees to abide by disciplines and laws, and consciously stood in awe, guard against fear, and keep the bottom line.



Case

Activities to Cultivate Clean and Honest Family Styles

From November to December 2022, the Bank organized activity of “Lead a Clean and Honest Family Life”, and further cultivate such culture by sending letters, showcasing a simple and clean lifestyle, co-singing initiatives, organizing publicity activities to guide all staff and their families to cultivate their integrity, and jointly build a lean and clean culture against corruption.



Anti-Money Laundering

The Bank strictly abides by applicable laws and regulations such as the *Anti-money Laundering Law of the People's Republic of China*, and the *Anti-Money Laundering Regulations of Financial Institutions*, and works to improve the construction of internal control mechanism to fight money laundering, deepens the prevention and governance of risks in money laundering, carries out publicity and education on anti-money laundering, enhances the efficiency of the performance and capacity in fighting against money laundering

Fight against Money Laundering

- According to the regulatory requirements on anti-money laundering, the Bank improves internal control mechanism by strengthening the coordination and cohesion of internal control system, enhancing supervision, guidance and incentive, as well as staff training.

- Ensure compliance in anti-money laundering by continuously strengthening the management of customer due diligence, improving the retention mechanism of customer identity data and transaction records, and optimizing the model for monitoring and reporting large amount and suspicious transaction.

- Improve management efficiency on anti-money laundering by strengthening risk warning, strengthening risk classification and assessment by client type, and improving the refined management thereon.

Actively Carry out Publicity and Education on Anti-Money Laundering

- Carry out diversified and featured activities on anti-money laundering. During the reporting period, 7 thematic publicity activities were carried out, with more than 120,000 copies of publicity materials distributed, covering more than 4,873,000 people, and the publicity activities were well received by the public.

- Within the Bank, anti-money laundering knowledge training is carried out for all employees covering management level, personnel engaged in anti-money laundering work, as well as new employees to effectively improve the awareness and capacity in anti-money laundering. During the reporting period, a total of 16 anti-money laundering training was carried out with 25,493 trainees.

Intellectual Property Right Protection

The Bank strictly follows applicable national laws and regulations such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, actively implements the requirements of the *Trademark Management System of Dongguan Rural Commercial Bank Co., Ltd.*, strengthened the management of trademark use and improved the awareness of intellectual property protection through the establishment of a leading group and capacity training. By the end of 2022, the Bank had 3 patents, 21 copyrights and 290 registered trademarks. During the reporting period, there were no major intellectual property violations.



Promote Transparent Procurement

Legitimacy and compliance are key priorities of the Bank. Following the principle of fairness, impartiality, openness and transparency in procurement, and in accordance with the requirements of the *Procurement and Bidding Management Measures of Dongguan Rural Commercial Bank*, the Bank strengthens the management of suppliers in terms of selection, engagement, cultivation as well as replacement, and creates a clean and positive atmosphere for cooperation, and maintains a mutually beneficial and win-win partnership.

The Bank implements a classified hierarchical management for key suppliers with different level of concern and other general transaction suppliers, incorporates environmental responsibility and social responsibility indicators into the supplier evaluation system, urging suppliers to actively perform their responsibilities in human rights, labor, environmental protection.



Urge suppliers to practice social responsibility

- Safety management requirements on suppliers are incorporated in procurement criteria, where suppliers are required to provide social security payment certificates for key project personnel, in a way to urge suppliers to strengthen employment management and ensure labor health and safety.

Urge suppliers to promote environmental protection

- Among qualified products under procurement requirements with same standards, energy-saving and environmental protection products will be preferred.
- For procurement projects that entails environmental protection, suppliers with relevant qualifications such as ISO environmental management system certification, China Environmental Labeling Product Certification will be scored accordingly in line with qualification certificates provided.

Indicators		Unit	2022	2021	2020
Total number of suppliers		No	663	615	498
Number of suppliers by region	Within Guangdong Province	No	504	472	412
	Other Provinces	No	159	143	86



Further Develop Main Business and Serve the Economy and People's Livelihood



- Supporting Rural Revitalization
- Promote Industrial Transformation
- Support Small and Micro Enterprises
- Develop Digital Finance
- Support People's Livelihood Improvement

2

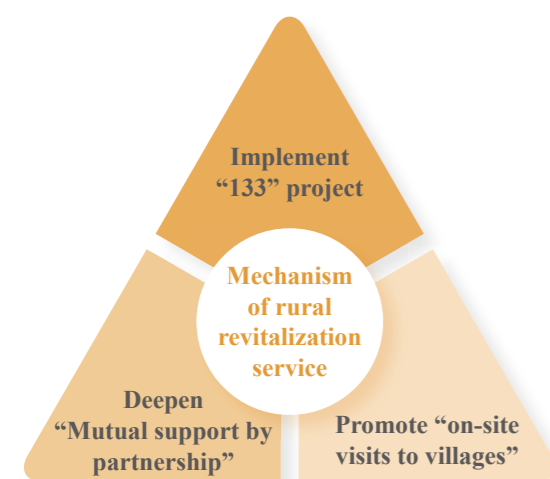
Supporting Rural Revitalization

Affairs related to “Agriculture, rural areas and farmers” is fundamental to the national economy and the people’s livelihood. Focusing on the national strategic goal of rural revitalization, combined with its own market positioning, the Bank accelerates the innovation of financial products and services to support rural revitalization by improving the rural revitalization service mechanism, fully supporting the revitalization of rural industries, talents, and ecology, and contributing wisdom and strength to the building of strong agriculture industry, beautiful villages, and rich farmers.

Implement the Rural Revitalization Service Mechanism

In order to fully support rural revitalization, the Bank establishes a long-term mechanism of rural revitalization services based on local economic development and its own business features, and expands service coverage for “agriculture, rural areas and farmers” by more close and convenient outreach and implementing innovative service models such as “133” project, “mutual support by partnership” and “on-site visits to villages”, so as to ultimately build high-quality to efficient agriculture industry, to make villages suitable for living and working, and to help farmers to lead a more wealth life.

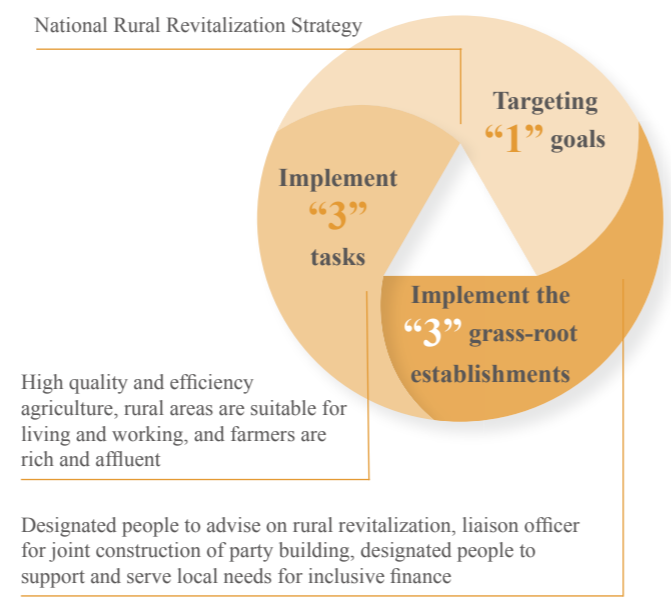
Long Term Mechanism of Rural Revitalization Service



Fully Implement the “133” Project

The “133” project is one of the Bank’s major measures to support the rural revitalization strategy. Focusing on the strategic goal of national rural revitalization, the Bank has made every effort in serving development “agriculture, rural areas and farmers”, innovated and created a new mode of financial services for “agriculture, rural areas and farmers” in the new era, and provided considerate and inclusive financial services for every village and family.

“133” Project of Rural Revitalization Financial Services



Deepen “Mutual Support by Partnership”

In order to expand the financial services coverage for “agriculture, rural areas and farmers”, the Bank actively carried out partner matching and co-building activities between the Bank’s party organizations at all levels and the party organizations of villages and groups in Dongguan City, encouraged party members to take the initiative to volunteer in communities and villages, vigorously promoted grass-roots party organizations and party members to provide supports to villages at different levels, and expanded the scope of financial services. By the end of 2022, the Bank’s party organizations at all levels had partnership with grass-roots party organizations in 597 villages, groups and communities in Dongguan, covering 100% local villages; totally, nearly 4,000 staffs providing inclusive financial service have been designated to Dongguan Village Committee and its subordinate village groups; more than 600 volunteer activities have been carried out in various forms, such as popularizing financial knowledge to the countryside, and visiting the elderly.

Comprehensively Promote “On-Site Visits to Villages”

In order to promote inclusive finance, the Bank makes use of its unique advantages in “popularity, geography and kinship in rural areas”, and builds on “mechanism of designated people to advise on rural revitalization, liaison officer for joint construction of party building, designated people to support and serve local needs for inclusive finance”, further expanding its service coverage by visiting villages and households. By jointly carrying out party building activities in villages and township, as well as communities in Dongguan, the Bank communicates with the villagers about their financial service needs, establishes financial demands records, and spares no effort to achieve full coverage of rural financial services. By the end of 2022, the Bank had accumulated records of **349,500** rural families, with a coverage rate of **96.49%**.

Improve Rural Financial Products and Service System

Innovation is the first driving force for the high-quality development of “agriculture, rural areas and farmers”. Relying on digital and intelligent means and focusing on innovation in business product financial service and marketing, the Bank strives to meet the customized financial needs of rural residents, creates a service brand of “benefiting the people”, assist in digitization with intelligent and efficient financial services, and significantly improves the quality and efficiency of financial services for “agriculture, rural areas and farmers”.

In order to precisely serve the “modern agriculture, rural areas and farmers”, revitalize the rural economy, and improve villagers’ living, the Bank has taken a number of innovative measures to improve the rural financial products and service system, providing exclusive digital financial services for Dongguan villagers, meeting the diversified needs of rural areas, and promoting the construction of digital villages.

Upgrading supply side resources
- special funds to help local high-quality enterprises to improve efficiency

- Building on “rural credits” for rural revitalization, the Bank continues to promote the “village-based credits” model, aiming to ensure that “every village has credit needed for development, and each household has access to credit”, and takes practical actions to reduce villagers’ financing costs, and promotes the financial resource on supply side. By the end of December 2022, the Bank developed the credit plans for 592 village groups, with an overall volume of credit for rural revitalization exceeding RMB 4.28 billion.
- The Bank follows the monetary policy requirements of the People’s Bank of China, and make full use of monetary policy tool, such as the funds from “agricultural re-lending” to increase credit support for agricultural enterprises. By the end of 2022, the Bank had made 4 re-loans to support agriculture totaling RMB 95 million.
- In cooperation with Guangdong Agricultural Insurance Company and Dongguan Agricultural Supplies Office, “agricultural insurance loan” was launched as an innovative product. As of the end of 2022, the balance of the “agricultural insurance loan” was RMB 6.56 million.

Promote rural consumption
- themed credit card

- The credit card with the theme of rural revitalization is designed to showcase the characteristic scenic spots of villages and groups with QR Code embedded, so as to innovate and promote the image and cultural connotation of Dongguan’s beautiful countryside. At the same time, the Bank provides exclusive credit card installments with “unified charging for each village” to meet the capital needs of villagers for housing construction and decoration. This credit card won the “Outstanding Product and Service Award of Dongguan Finance for Rural Revitalization” for its distinctive services features in terms of “unified charging standard”, “benefiting people’s rights and interests” and “village-based coverage”. By the end of 2022, the Bank had designed featured cards for 58 villages and groups (communities) in the city, and issued 46,200 rural revitalization themed credit cards, an increase of 20,500 over the beginning of the year.

Popularizing financial knowledge
- transforming rural business outlets into comprehensive bases

- To give play to the value of financial inclusion, since 2022, the Bank has built and transformed its business outlets covering rural areas into comprehensive bases for multi-purpose where financial and wealth management education activities would be conducted, and may also serve as venues for village affairs and volunteer activities.

Bridging the digital divide

- one-stop house leasing management service at “Easy to Rent” intelligent platform

- The Bank launches the digital “Easy to Rent” platform, providing villagers with one-stop housing lease management services such as management of rental property and rent collection, as well as revenue and expenditure analysis, which effectively addresses “difficulties in rent collection”, creates a coordinated model of “integrating finance service into specific rural scenes”, and helps eliminate the rural digital divide. By the end of 2022, the “Easy to Rent” platform has served 5,146 customers in total, and generated a cash volume of RMB 215 million in the year.

Building a rural brand

- a new media platform of “Financing for Agriculture”

- The Bank strives to build a new media platform of “Financing for Agriculture”, using new media tools such as webcast to maximize influence and advantages, to promote “rural food”, “rural scenic spots”, “rural culture”, “rural health care”, and “rural goods”, aiming to showcase rural characteristic culture and build rural brands. By the end of 2022, 8 new media broadcasts are live streamed, with 600,000 people following.

Promote Efficiency in Agriculture, Prosperity of Rural Residents

Focusing on the priorities to promote high quality and efficiency in agriculture, build villages more desirable for people to live and work, and increase the wealth and prosperity of rural residents, the Bank strengthened financial service support, channeled financial resources directly to “modern agriculture, rural areas and farmers”, fully supported the development of modern agriculture, modern rural construction, and prosperity of rural residents, contributing financial strength to accelerate agricultural and rural modernization in Dongguan.

By the end of 2022, the Bank’s balance of loans in “Modern Sannong” had reached RMB **66.734** billion, an increase of RMB **10.422** billion over the beginning of the year, with an increase rate of **18.51%**; the balance of agricultural loans was RMB **33.999** billion, an increase of RMB **1.721** billion over the beginning of the year, including RMB **5.830** billion of inclusive agricultural loans, an increase of **18.11%** over the beginning of the year, **7.55** percentage points higher than the increase of loans at the Bank level.

Promote High-Quality and Efficient Agriculture

Focusing on “Loan to leading agricultural enterprises”, the Bank supports provincial and municipal leading enterprises engaged in agriculture business, and also their upstream and downstream SMEs or individual businesses, cultivates enterprises in modern agricultural, and drives the healthy and vigorous development of agricultural industry chain. By the end of 2022, 13 provincial and municipal leading agricultural enterprises have been supported, with a loan balance of RMB 914 million.



Case

Financial Support for the Development of Leading Agricultural Enterprises

Company A is a national leading enterprise in agricultural industrialization in Guangdong Province, which mainly processes high-quality rice. The company has been awarded as “National Enterprise that Honor Contract and Keep Promises”, and “Top 50 Rice Processing Enterprises in China”, with an annual rice processing capacity of 400000 tons, and a supporting storage capacity of 300000 tons, and it is also leading in hardware facilities in the industry. In order to boost the high-quality development of leading agricultural industrialization enterprises in Dongguan, support the circulation of agricultural products, and ensure the stability of agricultural product supply, the Bank provides credits to the company. By the end of December 2022, the Bank had provided comprehensive credit of RMB 679 million to the company.

Making Villages More Desirable for People to Live and Work

The development of rural collective economy is crucial to promote rural revitalization. Under the special credit policy for collective enterprise, the Bank supports villages and collective enterprises to upgrade and transform factory buildings and properties, coordinates the development of professional companies and build beautiful villages, and helps villages to revitalize property rents, improves collective asset returns, stimulates the vitality in rural collective economy, aiming to make villages more desirable for people to live and work. By the end of 2022, the Bank has a loan balance of RMB **4.104** billion to support villages and village collective enterprises, an increase of RMB **877** million over the beginning of the year.



Case

Financial Support for the Development of Rural Collective Enterprises

Village A has been selected as a featured boutique village in Dongguan, and its joint-stock cooperative is responsible for upgrading the parks, greening, roads, sport and entertainment facilities, etc. within its jurisdiction. In order to fill the financing gap for starting those projects, the Bank, after reviews, granted a credit of RMB 10 million to the cooperative for project construction, promoted the improvement in rural residential environment and ecological environment, and supported the construction of beautiful villages in Dongguan.

Support the Prosperity of Rural Residents

The Bank regards “village-based credit” as a long-term public-interest project, which has wide coverage by integrating grass-root outlets into specific villages to achieve “resource mobilization”. Such credit mode ensures the “wide coverage of credit in villages”, and makes all rural households are accessible to financial resources, while addressing the difficulties in getting financing supports such as high interest rates and long review processes. Building on the credit service, the Bank provides supports for rural residents in entrepreneurship, and broadens income channels for realizing rural prosperity.

Promote Industrial Transformation

The real economy is cornerstone for a country to build a modern economic system. The Bank adheres to its original aspiration of “serving the real economy wholeheartedly”, actively integrates regional development strategies, promotes infrastructure construction, and assists Dongguan in building an “advanced manufacturing center in the Greater Bay Area of Guangdong, Hong Kong, and Macao”, boosting the high-quality development of the real economy.

In order to align with national and regional key industry development policies and support supply side structural reform, the Bank formulated the Guiding Opinions on Priorities of Credit Allocation in 2022, under which classified and prioritized credit management is put in place. The transformation and upgrading of key and strategic new industries are priorities for credits allocation. By the end of 2022, the Bank’s loan balance for “SRDI (specialized, refinement, differential and innovation)” enterprises had reached RMB 827 million, up 29.02% year on year.

The Bank keeps abreast with the latest technologies, embracing financial technology, implementing digital transformation, deepening the empowerment and integration of fin-tech, building an industrial financial service platform, providing featured services, including smart bills, smart financing industry chain and smart risk control, to support the healthy and rapid development of the industry. By the end of 2022, the financial service platform has signed 1,808 customers with a total capital flow of RMB 11.412 billion.

SRDI Loan Balance

827 million



Financial Service Platform

1,808 customers



Total Capital Flow

11.412 billion



Jointly Promote the Development of the Greater Bay Area

The Bank actively implements national strategies including *Outline Development Plan of the Guangdong Hong Kong Macao Greater Bay Area* and *the Opinions on Financial Support for the Construction of the Guangdong Hong Kong Macao Greater Bay Area*, and comes up quickly with concrete measures to expand financial support, and participates in the construction of the Guangdong Hong Kong Macao Greater Bay Area.

Since the launch of comprehensive financial service plan “Financing for Bay Area” featured by three innovative products including “Building the Bay Area”, “Boosting Industry Prosperity” and “Public-interest service”, the Bank has provided all-rounded financial services for infrastructure construction, industrial transformation and upgrading, and improvement of people’s well-being in the Guangdong Hong Kong Macao Greater Bay Area. By the end of 2022, the Bank had supported development of different industries in the Guangdong Hong Kong Macao Greater Bay Area with a loan balance of RMB 199.117 billion.

Case

Project of “Financial Innovation Center A”

The project of “financial innovation center A” is a major project in Dongguan. The project will maximize its owner’s advantages in new retail, modern logistics, intelligent manufacturing, artificial intelligence, and will serve to attract industrial platforms and headquarters in industrial products, express delivery headquarters, a financial and tax business innovation. In the future, this financial innovation center will create an AI enabled ecology, and will make efforts in “stabilizing, strengthening and extending the industry supply chain”, which in return, will channel more industrial resources into Dongguan, and empower the high-quality development of the real economy in the Greater Bay Area. By the end of 2022, the Bank had provided RMB 1 billion of credit support for the construction of this financial innovation center project.

Support Strategic Emerging Industries

Focusing on Dongguan’s goal of “Building on strength in manufacturing industry and promoting high-quality development of the real economy”, the Bank formulates a targeted comprehensive financial service plan to support the development of advanced manufacturing industry, strategic emerging industries, and high-tech industries in Dongguan, promotes the transformation and upgrading of key industries, and creates a “advanced manufacturing enabled by technological innovation” in Dongguan, injecting strong momentum in building “manufacturing industry as pillar”.

Comprehensive Financial Products and Services for Strategic Emerging Industries

“Smart Financing” comprehensive financial service plan

- It comprehensively serves the advanced manufacturing industry and strategic emerging industries, provides a full range of financial product services for manufacturing enterprises in the Greater Bay Area and their upstream and downstream enterprises, addressing diversified financial needs of enterprises in production and construction, technological transformation, research and development, as well as transaction settlement, and asset appreciation, assists enterprises in digital transformation, and improves scientific and technological strength.

Financial service plan for transformation and upgrading of sci-tech innovation industrial park

- The Bank develops “policy based on specific local circumstance” and “credit based on feature of different platform”, in combination with the characteristics and needs of digital parks, and launches preferential credit conditions such as preferential interest rates and green channels to quickly respond to the needs of digital industry customers.

Special financial products of “industry supporting loan” and “science insurance loan”

- To provide discount loans to qualified high-tech enterprises and promising enterprises in line with policy requirements, meeting financial needs for short-term liquidity turnover of our customers, further reducing the financing costs of high-tech enterprises and accelerating local scientific and technological innovation and digital economy development by helping customers obtain preferential policies such as loan discount.

Case

Supporting High-Quality Development of Advanced Manufacturing Industry

A science and technology limited company in Guangdong is mainly engaged in robot production, and the robot equipment produced by it mainly serves applications in electronic communication and household appliances. In order to expand the automation application in the automobile manufacturing field, the enterprise applied for a loan of RMB 90 million from the Bank for mergers and acquisitions. After the acquisition with this loan, the technology of the enterprise has been improved and the application rate of automation has been significantly improved, providing assistance for the development of enterprise intelligent manufacturing, and ensuring the sustainable development of the enterprise.

Case

Building a Regional High-End Manufacturing Cluster

Manufacturing Base A is a key project in Guangdong Province and a major project in Dongguan City. It is a regional high-end manufacturing cluster built by a Guangdong science and technology company in Hengli Town to further expand its business capacity. The project integrates the design, manufacturing, testing, assembly and delivery of automobile molds and intelligent manufacturing hardware, which strongly drives the improvement of regional supply chain system, further boosts development of Hengli town under such industry-driven model, and the layout of Dongguan’s 5G new infrastructure industry. The Bank provided credit support of RMB 400 million to the enterprise. This is a vivid case of how the Bank channels financial supports to improve industry production capacity, and enhance the core competitiveness of the industry.

Case

Financial Support for Strategic Emerging Enterprises

A renewable energy limited company in Dongguan is one of the strategic emerging industries mainly engaged in the installation, construction, maintenance and management of photovoltaic power projects. The main business of the company is to invest in the construction of photovoltaic projects. A wholly-owned subsidiary will be set up for construction and operation once a photovoltaic equipment project is negotiated. The wholly-owned subsidiary uses the roof space of their customer’s factories for free, and all the electricity generated is used by the customer at the agreed discount of the market price. At the same time, the electricity generated is transmitted to the power grid during the shutdown of the enterprises. Considering environmental benefits of the project, the Bank granted quick approval of credit to support the enterprises. As of the end of 2022, credit to enterprises of the Bank reached RMB 70 million.

Case

Addressing Financial Difficulties for High-Tech Enterprises

An electronic limited company in Dongguan is an entity engaged in the research, development and sales of electronic communication equipment and digital products. The company operates in compliance with the law and grows rapidly. It was rated as a “high-tech enterprise” by Dongguan Science and Technology Bureau. In 2022, the Bank had learned that the company encountered shortage of operating capital and introduced the “industry support loan” product to provide the company with mortgage free financing assistance. By June 2022, the enterprise had successfully obtained a credit of RMB 5 million, and also obtained the discount interest in “Integration of industry, finance and technology” from the Science and Technology Bureau, which effectively addressed capital shortage for the enterprise.

Case

Financial Support for Specialized and Special New Enterprises

An electric company is a specialized, special new enterprise located in Dongguan City. The company mainly engages in research and development, production and marketing of power transformers, distribution transformers, box type substation and other power related equipment. After years of dedicated operation and steady development, the company has become a leading enterprise in the transformer industry. In Dongguan, the company is one of the transformer suppliers of China Southern Power Grid and State Grid. Due to the rapid rise in price of copper, the main raw material for production, the company faced financing shortage for purchasing raw materials. The Bank provided a loan of RMB 20 million as operating capital for the enterprise to ease the financial tension and promote the steady operation and development of the enterprise.

Support the Transformation and Development of “Industry-Leading” Enterprises

The Bank established a list of industry leading enterprises including local listed enterprises and major industry players, and provided comprehensive service plans including financing, settlement, asset management and other financial products according to the needs of enterprises, aiming to solve corporate financial problems in a one-stop manner, support the transformation and development of “industry-leading” enterprises, ensure the stability of the industrial chain, and promote industrial development.

Case

Financial Support to Expand the Warehousing Cold Chain Industry

A supply chain warehousing and logistics limited company is mainly engaged in cold storage leasing and automated three-dimensional warehousing and logistics services. The company plans to focus on standardization of agricultural and sideline products, grid-based information service, and the “one-stop” inter-modal transportation supply chain, so as to build a modern distribution center integrating refrigeration, cold chain transportation, fresh processing, and information management, comprehensive facilities for frozen food including vegetables, fruits, aquatic products, non-staple food. After learning about the company’s construction plan, the Bank immediately provided credit to this company to support the implementation, which might make up for insufficient supply of the cold chain storage capacity in Dongguan, further promote cold chain industry development.

Support Small and Micro Enterprises

Small and micro enterprises (SMEs) underpin innovation and employment, thus playing an irreplaceable and important role in China’s domestic economic development. The Bank remains true to its original aspiration, keeps the mission of supporting agriculture, small enterprises and real economy in mind, and implements the strategy of “Full Services for All SMEs”. By increasing financial resources, building on modern technology, the Bank facilitates financial access of small and micro enterprises, and promotes the high-quality and efficient development of small and micro businesses. By the end of 2022, the Bank’s balance of loans to full-caliber SMEs had reached RMB **147.651** billion, a net increase of RMB **27.876** billion, up **23.27%** over the beginning of the year; The interest rate of newly issued inclusive SMEs was **4.75%**, down by **0.77** percentage points year on year.

Channeling More Financial Resources into Targeted Areas

The Bank makes it a priority in supporting resumption of work and production of SMEs, helps SMEs to overcome difficulties by providing tailored financial resources, introducing preferential interest rate policies.

Relief Measures for SMEs

Make use of national policy on “Support for SMEs”

- Implement the monetary policy of the People’s Bank of China, and make use of low-cost refinancing funds, improve the confidence of SMEs in borrowing, and effectively support the growth and development of SMEs. During the reporting period, a total of 9 re-lending loans for SMEs were granted, totaling RMB 8.7 billion.

Released “Ten Measures”

- In 2022, the Bank introduced “Ten Relief Measures” to help enterprises and people (referred to as “Ten Measures”), set up rescue funds of RMB 60 billion, including RMB 35 billion of special credit lines for enterprises, aiming to address “urgent, difficult, and anxious” problem for enterprises and the masses with sincerity.

Inclusive interest rate reduction and interest subsidy

- Provide preferential interest rate, comprehensively reduce the interest rate of loan products to SMEs such as “Loan to stable business card”, “Quick loan” and “Loan to leading enterprise”, provide tailored credit service to the customers, and ease difficulties in capital increase of customers.
- Implemented policy of the People’s Bank of China on periodic interest reduction for small and micro enterprises, and granted such preferential loans to local SMEs without lodging applications. The total interest reduction exceeded RMB 84.81 million, benefiting 19,700 SMEs.

Issued special financial bonds for loans to SMEs

- Issued special financial bonds for loans to SMEs, effectively guaranteed the adequate supply of funds for the continuous operation of local SMEs, and eased their financing difficulties. By the end of 2022, the Bank’s outstanding financial bonds for loans to SMEs amounted to RMB 5 billion, with the use of proceeds been allocated to SMEs .

“On-site visit to households and factories” to understand the financing demands

- Encourage marketing personnel at every outlet to visit local factories, companies and households, understand the needs of SMEs, therefore to deliver tailored financial products and services, and improve the coverage of inclusive financial services, which carried out the humanistic care of the Bank.



Innovative Small and Micro Financial Product System

Based on advantages from internet, big data, and local connections, the Bank creates an “online and offline” product system for SMEs, launches a series of inclusive products such as “Stable Business Loans (穩業貸)”, “Science-Insurance Loan (科保貸)”, “Leading enterprise Loan (優企貸)”, “Overpayment Quick Loans (超抵快貸)”, as well as “Seafood loan (海鮮貸)”, and innovation was further made to launch “Youth Entrepreneurship Loan (青創貸)”, “Industry Support Loan (行業扶持貸)”, and “Litchi Loan (荔枝貸)” in 2022. With these diversified products, the Bank provides one-stop comprehensive financial services covering life cycle of SMEs in different industries and across industrial chain, effectively broadening the financing channels for SMEs.

Youth Entrepreneurship Loan

- Targeting those second generation of entrepreneurship such as members of the Young Entrepreneurs Association, members of the local chambers of commerce, and Dongguan excellent talent card owners, the Bank provides “Youth Entrepreneurship Loan” with a maximum amount of RMB 20 million as venture capital to support young entrepreneurs to inherit and succeed family businesses for further prosperity. By the end of 2022, the balance of “Youth Entrepreneurship Loan” was RMB 3.242 billion, including financing supports to 53 rural households.

Petty Entrepreneurship Loan

- Under the joint efforts of the Bank, Dongguan Human Resources and Social Security Bureau and Dongguan Finance Bureau, with subsidies and corresponding risk compensation from Dongguan Municipal Government, “Petty Entrepreneurship Loan” was launched and provided to individuals who have start-up business entities in Dongguan and are qualified under entrepreneurial policies of Dongguan Municipal Government. By the end of December 2022, the balance of “Petty Entrepreneurship Loan” was RMB 421 million, supporting 1,473 small and micro enterprises.

Case

Granting Inclusive Loans to Address the Urgent Needs of SMEs

A kitchen utensils company in Dongguan mainly engaged in the design, production and marketing of stainless-steel kitchenware, gas protectors, refrigeration equipment and hotel supplies. While the shrank consumption had a great impact on the catering and hotels business, further impacting on the sales of kitchenware and hotel supplies of the enterprise. The enterprise then was in short of funds. After learning about the operation of enterprises and the demands, the Bank took immediate action to grant them an inclusive loan in May 2022, effectively easing the operating pressure. At the same time, according to the requirements of the *Notice of the People's Bank of China on Supporting Financial Institutions to Reduce the Periodical Interest Rate for Inclusive Small and Micro Loans*, the Bank provided the enterprise with a subsidy of 1 percentage point (annualized) in interest rate over that rate agreed in the contract signed in the fourth quarter of 2022. Thus, the enterprise enjoyed an interest subsidy of more than RMB 25000 in total, which will be credited to its corporate account, reducing the financial costs of enterprises and ease the shortage of funds.

Case

Launch A Comprehensive Financial Service Program with Targeted Supports to Women Innovation and Entrepreneurship

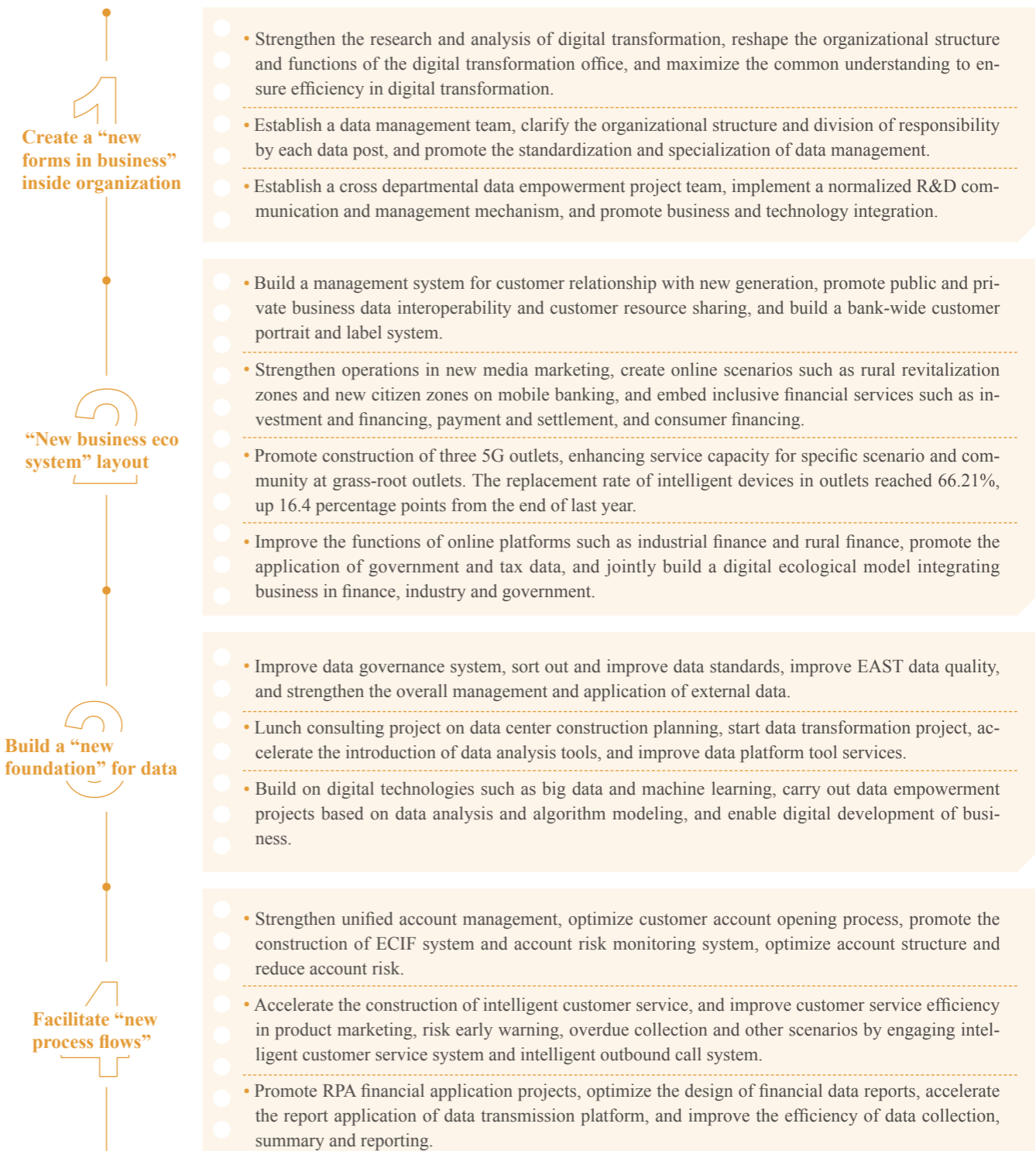
In 2022, the Bank launched a comprehensive financial service program with targeted supports to women innovation and entrepreneurship, providing high-quality and exclusive financial services for women customers, and enabling women’s innovation and entrepreneurship development in the new era. On April 15, 2022, the Bank, together with the Dongguan Women’s Federation and the Women’s Committee of Binhai Bay Central Hospital, launched the live broadcast of “Magnolia blossom and thriving - Special Financial Support Service Plan for Women”, which attracted more than 5000 online participants with about 21,000 interactions. The Bank provides precise financial supplies to the demand side, and facilitate women’s innovation and entrepreneurship in the new era through the wide spread of this product,



Develop Digital Finance

With the acceleration of the digital transformation of China’s financial industry, the Bank has made every effort to build a “smart digital bank”, promote the digital transformation of “new business organizational structure, new ecologic system, new business foundation and process flows”, rapidly enable business marketing. The Bank is also committed to providing customers with more intelligent and convenient financial services to promote high-quality economic and social development.

“Four New” Project



Demonstration Project on Digital Transformation

Retail business precision marketing data mining project

• In order to enhance the competitiveness of retail business and improve marketing with more accurate customer data, the Bank sets up a professional data empowerment service team to conduct data analysis on those long-tail customers, indirect customers and new citizen customers with asset potential under the algorithm model, to understand customer behavior and preferences, and financial needs, and promote long tail customers to become high-quality customers. Under such model, more customers on the marketing list subscribed financial products, with marketing conversion rate improved, helping to expand the scale of retail asset under management, enabling multi-directional data applications and improving the quality and efficiency of financial services.

Consulting project on data construction planning

• In order to effectively implement the digital transformation strategy, with reference to current industry development and industry-leading experience, the Bank continues to strengthen construction of data platform, completes the planning and consulting data middle office to increase packaged business capability, plans and designs the blueprint of data middle platform and 4 roadmaps, and formulates key management measures regarding data operation, data service, data storage and calculation, data aggregation, data development, and data asset, aiming to create a data system that integrates the functions of platform, management and application, and maximize the value of data assets, and enable all-round digital transformation and development innovation in business.

Consulting project of planning of new generation core data system

• In order to comprehensively promote the strategies of collectivization and digitalization, in accordance with the requirements of three-year science and technology strategic plan of the Bank, we have launched a consulting project to plan new generation of core system, reshaped the system architecture and service functions by combining business, technology and data architecture, promoted the transformation of traditional core system to a new generation of distributed core system, and created a forward-looking, practical and well-designed new core system, further strengthening our capability in science and technology system, and achieving the high-quality development and application of Fintech to empower the whole bank.

Customer management system

• In order to implement the “1+12348” strategic plan, promote scientific and technological innovation and digital transformation in both public and private businesses, the Bank has built a life cycle intelligent customer operation ecosystem covering customer data analysis, across industrial chain with functions to present financial products to targeted customers and tracing the updates thereon. The project promotes the integration of customer data in business operation, and enriches our marketing business scenarios, enhance our comprehensive capability of customer relationship management.



Support People’s Livelihood Improvement

The Bank attaches great importance to improving people’s livelihood, promotes the infrastructure and new urbanization through innovative financial products and services, ensures that new citizens live and work in peace and contentment, and makes use of financial advantages to bring people’s well-being to a new level.

Promote Infrastructure Construction

Infrastructure construction is the foundation for promoting economic and social development. The Bank gives full play to its advantages in featured finance, innovates and launches life cycle financial supporting services for special purpose bonds, in a way to support the sustained development of the economy and people’s livelihood.

- Promote key water environment treatment project at city level to help Dongguan build a model city of ecological treatment.
- Promote several key projects such as urban rail transit, intercity rail transit and trans regional highways, key port projects to help Dongguan in construction of a comprehensive transportation hub and better integrate into the economic development of the Greater Bay Area.

Promote the Construction of New Urbanization

The Bank actively follows the national and regional requirements for new urbanization planning, strongly supports Dongguan to expand urban space and promote new urbanization construction, and increases the credit lines for urban renewal projects, provides strong financial services for urban renewal projects such as “reutilization and upgrading of old industrial lands”, “reconstruction of old industrial areas into commercial land and/or residential land”, “old village reconstruction” in Dongguan, and assists in the construction of “high-quality Bay city”.

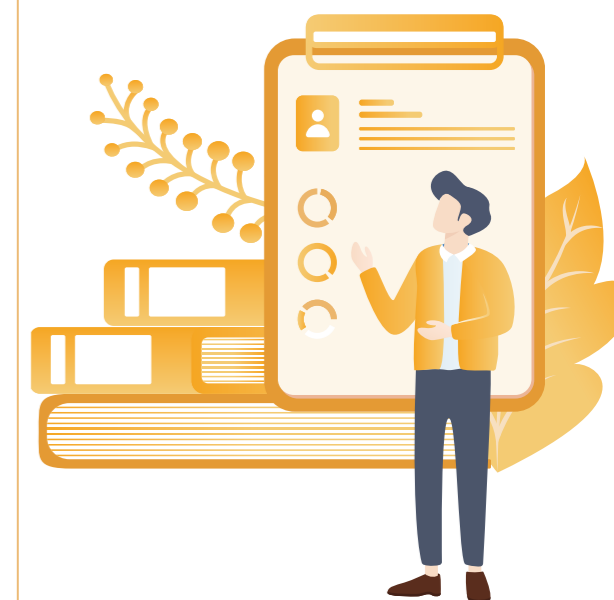
The Bank makes continuous efforts to provide a comprehensive financial service plan for “Urban Renewal”, focusing on the four priorities in “industry, policy, customer and service”, and committed to serving the urban renewal of Dongguan. The Bank provides a package of integrated financial solutions to support Dongguan’s new urbanization covering initial stage planning, relocation and resettlement, development and construction, as well as reaching out to potential customers.



Case

Credit to the “Reutilization and Upgrading of Old Industrial Lands” Project in Dongguan

In order to promote new urbanization and support urban renewal projects, in 2022, the Bank extends a credit of RMB 300 million to an industrial investment group company for a period of 10 years to support its investment in “reutilization and upgrading of old industrial land block 001 and 010”. As a key project of the town, the company aims to build a high-tech and intelligent technology industry base that integrate capacity in processing equipment and related supporting applications. Once completed, the project will become flagship project showcasing the development of Dongguan’s innovative industries, making new urbanization more attractive.



Innovative Financial Services for New Citizens

Focusing on the basic financial demands of new citizens in entrepreneurship and employment, housing, wealth management, consumption, the Bank provides new citizens with featured financial services both online and offline for them to live and work in peace and contentment. By the end of 2022, a total of 6 “new citizen financial service demonstration sites” had settled down in our bank with three featured service in “Intelligent service area”, “Happy life in Dongguan” and “Dongguan-where the dream starts”, under which “five” specific business scenarios and “five” service scenarios are innovatively created to provide new citizens with featured financial services.

3 Featured Service Areas of Financial Service Demonstration For New Citizens

Intelligent Service Area

display the modern image of the Bank through intelligent and modern decoration style.



Happy Life in Dongguan

Display featured financial products to new citizens, leaflets on financial service, promotional videos, and lists of services that new citizens care most about after arriving in Dongguan. This service area provides new citizens with one-stop “butler-like” services.



Dongguan-Where the Dream Starts

with special themed activities for new citizens, including guiding new citizens to participate in the “Dongguan Dream” activity, taking pictures to connote that this marks a new beginning. Photos can be posted or sent to families or people himself for memorial use in the future.



Case

Building “Online” Financial Service Zone For New Citizen

The Bank built an online service zone of “Helping new citizens to live and work in Dongguan”, and set up 9 functions covering Dongguan scenic spot for sign in, online questionnaires, preferential treatment, housing, transportation, leisure choices in Dongguan, as well as entertainment and consumption, health care and wealth management, covering 26 functional choices. Among them, the function on Dongguan scenic spots actively encourages people to visit Dongguan and enjoy the beautiful scenery of Dongguan. The function for questionnaires sets four themes of dialect, culture, food and sports, and designs topics with unique Dongguan characteristics for new citizens to participate in answering questions, so that new citizens can better understand Dongguan culture.



Address Key Concerns for Improving People’s Livelihood

The Bank is committed to giving full play to its financial advantages, by innovating financial products and services, supporting people’s livelihood in key areas such as social security, housing, medical care, education and transportation, and channeling financial resources to key areas to address major concerns of people in their daily life.

Social Security Card



- In response to the requirements from the Human Resources and Social Security Bureau, the Bank signed a contract with the operating entity of electronic social security card platform at the end of December 2022 to launch the function of issuing electronic social security card in the mobile banking APP.
- Focus on major scenarios regarding use of social security card in people’s daily life, such as usage for healthcare, catering, travelling, culture and tourism purposes, the Bank grants discounts to consumption transactions using social security cards to meet customers’ diversified consumption needs, maximizing the use of social security cards in benefiting the people, and improve sense of happiness and fulfilment.

Housing



- In order to implement the national policy on “shared ownership housing” and bring real benefits for people therefrom, the Bank innovatively launched the mortgage loan on “three limitations house”. In 2022, the Bank granted credits to four mortgage projects under that category, with an accumulated credit amount of RMB1.57 billion and an allocated amount of RMB 24.398 million.
- The Bank launches “quick loan”, providing fast service on real estate valuation and credit amount calculation in Dongguan, Guangzhou, Huizhou, Qingyuan and Zhuhai. This product is open to online application with intelligent response, which effectively improves the efficiency on the review process for mortgage loans. By the end of 2022, the accumulated credit amount was RMB 1.388 billion, and the allocated amount was RMB 862 million.
- Working with the Housing and Urban Rural Development Bureau, the Bank launched supervision function of new commercial housing pre-sale funds, provided support and services in that respect, guaranteed the fund safety of both buyers and development enterprises, and promoted the steady development of the real estate market.

Medical Care

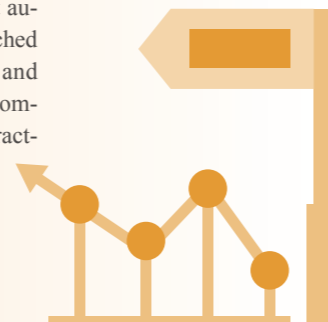


- Build an intelligent medical service system that integrates “intelligent medical treatment” for medical staff, “intelligent service” for patients and “intelligent management” for hospital management, which helps to improve the digital application in medical processes in Dongguan, and provide more convenient medical services for the public. At present, two public hospitals have agreed to use the system.
- According to the work requirements of the Dongguan Medical Security Business Management Center, in order to strengthen the management on the personal accounts for employee’s basic medical insurance in Dongguan, ensuring that the employees insured can enjoy treatment and use their personal accounts in line with requirements and in a timely manner for medical expenses across provinces or within the province, the Bank cooperated with the medical insurance center to update the system, and developed functions on payment under medical insurance system; and at present, such system is pending further verification test of the medical insurance center.

Education



- Responding to the national and local policies on supervision of funds for tutoring institutions, the Bank, in cooperation with competent authorities in carrying out supervision on funds, developed and launched a supervision system on prepayments to tutoring institutions, and guarantees the funds security of tutoring institution and their customers through supervision. By the end of 2022, there were 482 contracted users of the system.



Traffic



- As the only authorized bank of the “Dongguan Parking” APP, the Bank has customized the “Intelligent Parking Accounting Management” system for a transportation company. This system includes five module functions of intelligent receipt, intelligent registration, intelligent settlement, intelligent query, and intelligent recharge. It has realized the collection of charging fees for outdoor parking lots in 32 towns and districts in Dongguan, and helped Dongguan achieve “unified parking network”.

Enable “Digital Government”






- Working closely with the Guangdong Provincial Finance Department, the Bank forwards information flows of the special accounts on special debt supervision to the digital finance system accurately in a timely manner, and assists in standardizing the management of special debt funds of local governments.
- By establishing direct access to the new generation of customs tax electronic payment system, the Bank become the first local bank in Guangdong Province to access to this platform, and becomes one of the first agricultural commercial banks in China to carry out customs duty payment business, which will provide more convenient financial services for enterprises engaged in foreign trade.





Low Carbon Development to Protect Lucid Waters and Lush Mountains

-  Response to Climate Change
-  Promote Green Finance
-  Committed to Green Operation



Response to Climate Change

The Bank actively implements the national “carbon peak and neutrality” strategy, adheres to the concept of green development, further strengthens risk management on climate change, improves policies framework on environmental risk management, and avoids significant losses that may arise from climate change and other environmental risks on its sustainable development.

Risk Management on Climate Change

Fully embracing the concept of green development, The Bank make corresponding arrangements in the *Outline of the Second Three-Year Development Plan for the Third Transformation of Dongguan Rural Commercial Bank (Group) (2021-2023)*; meanwhile, the Bank further formulated the *Green Finance Development Plan of Dongguan Rural Commercial Bank* (hereinafter referred to as the “Development Plan”) with specific medium and long-term goals to implement the national strategic decisions on carbon peak and carbon neutrality thoroughly and strengthen ecological civilization. In line with the goals and tasks set in the Development Plan, the Bank makes continuous efforts to improve governance and capacity in green finance, promotes the development of green finance business, and provides financial support to energy conservation and emission reduction projects. By the end of 2022, the green financial business reached 3% of total assets, meeting the goal set in the Development Plan.

The Bank established a management structure on green finance with clear division of labor to provide organizational guarantee for promoting green and low-carbon development. The Board of Directors takes the lead to practice green development throughout the business operation, incorporates green credit development into the three-year development plan, and regularly reviews and supervises the implementation of green credit. The senior management is responsible for formulating goals in green credit, establishing mechanisms, processes and division of responsibilities, and conducting regular assessment and evaluation. Under the unified leadership of the Board of Directors and senior management, the Corporate Business Department, as the core management department of green credit, takes the lead in optimizing the management of green financial service process, optimizing and enriching the product system; while the Retail Business Department and Financial Market Department are responsible for innovation of product lines; meanwhile, Credit Approval Department and the Comprehensive Risk Management



Department are responsible for building management system on green finance, and management of green credit approval and post-lending credit management; and the Office of Nomination and Remuneration Committee is responsible for formulating green credit assessment indicators and assessment to mobilize efforts with incentive-based measures.

Green Finance Development Plan of Dongguan Rural Commercial Bank

Overall objective

The proportion of green financial business in total assets to be increased significantly in three years with volume of green finance business accounting for 3% of total assets by the end of 2022 and 5% by 2023.

Focus on supporting “seven priorities” areas

Green intelligent manufacturing, rural revitalization, rural and urban water use, energy conservation and environmental protection, green transportation, green buildings and carbon finance

Action plan

- Improve the framework on green finance.
- Optimize the green finance service system.
- Continuously explore low-carbon operation.

Climate Risk Assessment

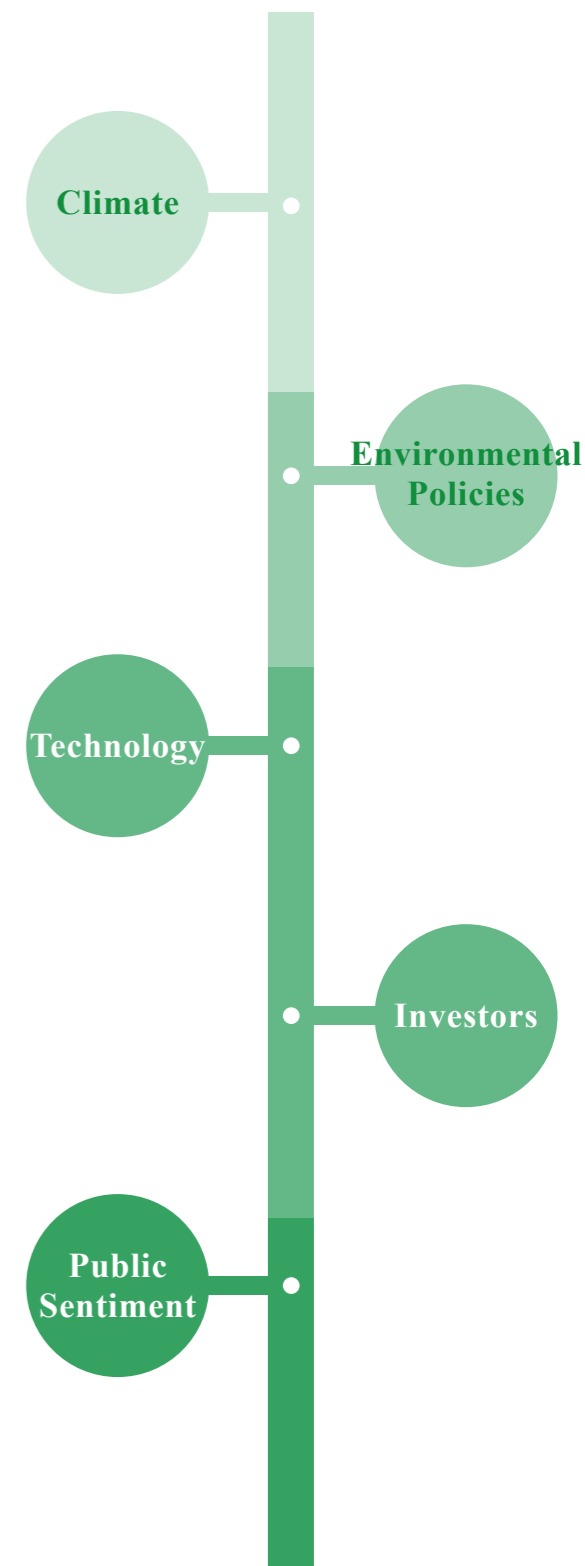
With reference to the framework of green finance of PBOC, and the framework of Taskforce on Climate related Financial Disclosure (TCFD), the Bank has fully identified and assessed environmental related risks and opportunities, including qualitative and quantitative analysis, stress scenario testing, and proposed solutions to address climate change according to relevant policy guidance and external market demand.

Qualitative Analysis

The climate and environmental risks identified by the Bank are mainly physical risks and transitional risks. Physical risk refers to disasters arising from climate which will further increase the vulnerability of human beings and natural systems, including the economic losses caused by the increasingly frequent and serious extreme weather events (such as storms, floods and heat waves), as well as the impact of long-term changes in climate patterns (such as ocean acidification, sea level rise, etc.), and other natural risks. The transitional risk refers to the financial risk caused by the uncertainty that may be brought about by the rapid low-carbon transformation, including the risk caused by changes in climate and environmental policies, technology, investors preferences and public sentiment.

The impact of physical risks on financial institutions can be reflected in asset losses and business stability. Physical risks, mainly in the form of natural disasters, can damage the infrastructure projects supported by financial institutions, causing interruptions to operation, thus indirectly reducing profits and generating certain operating costs. Any interruption caused by the disaster will affect the continuity of financial institutions’ services and bring uncertainty to short-term financing. At this time, if the timely liquidity support cannot be provided, liquidity risk may rise.

In terms of transitional risks, carbon costs will lead to revaluation of “carbon intensive” industry, and even deterioration of profits, solvency and valuation, thus causing non-performing loans or investment losses of financial institutions. However, enterprises or projects under credit supports may suffer direct or indirect losses due to environmental damage. For example, enterprises or projects with potential environmental protection risks are likely to stop production or put projects on hold due to violation of relevant national environmental protection policies, thus causing market risk and credit risk for investors and financial institutions extending the credits.



In order to deal with environmental risks, in terms of administrative management, the Bank consciously improves the management plan on emergency measures, strengthens system and capacity in that respect, attaches importance to emergency prevention, and carries out training for employees on daily basis for emergency prevention to ensure information security. In terms of environmental risk management, a third-party professional team is engaged to participate in environmental risk stress testing and other management processes to better identify, assess, simulate and respond to risks. In terms of financial business, customers are advised to consider environmental risks when granting credit, so as to minimize unnecessary losses that both parties may face.

Quantitative Analysis

China's carbon trading market currently covers eight carbon intensive industries including power generation, petrochemical, chemical, building materials, steel, non-ferrous metals, paper making and domestic civil aviation. In that respect, the Bank studies the impact of climate risk on business development, actively carries out environmental risk stress tests, quantifies the impact of environmental factors on its operation and investments, and guides life cycle credit management, which has practical significance for risk control. During the reporting period, the Bank selected two paper enterprises and one chemical enterprise from its corporate credit customers for environmental stress tests based on carbon emissions of the Bank's investment and financing activities, and conducted test to review the default risks under different carbon price scenarios, and analyzed the environmental and climate risks the Bank may face.

Stress Scenario Setting:

It is assumed that the proportion of free quota in the industries involved in national carbon market will linearly decrease from 100% in 2021 to 85% in 2030;

It is assumed that the industry involved will not reduce production from 2022 to 2030;

It is assumed that the industries involved do not have bargaining power for both upstream and downstream. When the carbon price rises and the carbon quota decreases year by year, the degree of impact on the financial performance and the change in default risk.

Stress Test Results:

The three tested enterprises were at the normal credit level before testing. During the tests, the additional carbon emission costs make the operating expenses of those enterprises increase year by year, while the total profit and net profit decrease year by year, with the relevant solvency indicators deteriorate accordingly. From industry perspective, the chemical industry is more affected by the rising carbon emission costs, while the paper industry is less affected. In general, the risk of carbon price related factors or loan portfolio covered by this stress test is within the controllable range.

Environmental Risk Review for Credit Approval

In response to changes in climate risk regulation, the Bank keeps track on environmental risk information such as national key industry policies, corporate environmental information credit, violations of environmental and safety production, and carries out credit review against the latest environmental risk information to clarify credit requirements.

The *Guidelines for Credit Allocation of Dongguan Rural Commercial Bank Co., Ltd. (2022)* stipulates that the Bank regularly follows up the national key environmental risk information, strictly implements the entry prohibition and restriction policies, and implements differentiated credit measures in line with different industrial policies. On operational level, the Bank classifies customers into three categories as A, B and C according to the environmental and social risks customers may face, carries out strict life-cycle management on the credit with due diligence conducted on environmental and social risks, and comes up with differentiated risk management and control measures. All these management information will be used as criteria for rating, credit review, management and exit.

Credit Requirements of the Bank:

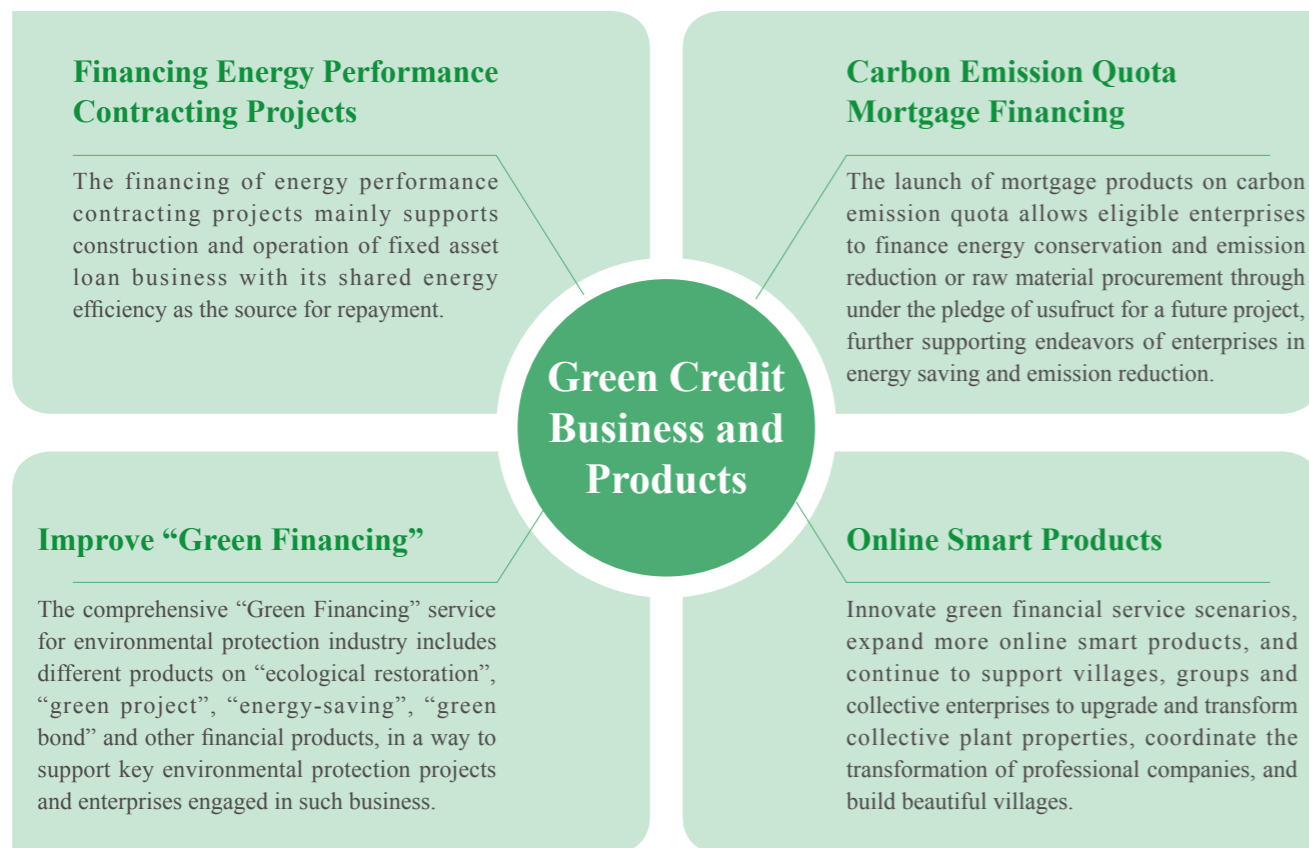
- It is strictly prohibited to grant credit to enterprises from industries that are banned, enterprises that are warned or fined for environmental protection, and enterprises with violations in environmental safety production;
- For enterprises from industries with national restrictions or control, credit risk exposure of such enterprises shall be strictly controlled in combination with industrial policies on differentiated credit.
- Enterprises with poor environmental protection (red card enterprises), enterprises warned for environmental protection (yellow card enterprises), and enterprises on the blacklists by industry authorities and commerce, tax, quality inspection and other supervision departments or enterprises with pending administrative penalties will be granted risk in granting credit.
- Established a "one vote veto system for environmental protection" for 29 industries and fields such as "high pollution, high energy consumption, and overcapacity". It is strictly prohibited to grant new credits before such environmental issues are settled with proper rectification plan; meanwhile, corresponding disposal plans will be developed to gradually reduce the credit line until withdrawing credits support.

Promote Green Finance

Financing is essential to promote green development. With the vision of building a modern "green bank", the Bank steadily implements strategic plan for green finance development with specific medium - and long-term goals, enriches green finance product systems at different level such as green credit and green bonds, improves the market share of green finance, in a way to contribute to the goals of carbon peak and carbon neutrality.

Promote Green Financial Products

The Bank continuously improves its green credit policy, increases inputs in green credit and enriches its green credit products. By the end of 2022, the Bank's green credit balance was RMB 9.923 billion, a net increase of RMB 2.589 billion over the beginning of the year, with a growth rate of 35.3%. At the same time, the Bank also innovates green financial services and increase its inputs in green bonds through issuance and investment. By the end of 2022, the Bank had allocated RMB 6.49 billion in green bonds and its year-end balance reached RMB 6.956 billion, an increase of over 160% compared to the end of last year; the book balance of the green bonds was RMB 1 billion, with the use of proceeds all allocated to green project certified by third-party institutions. The green projects cover pollution prevention, resource conservation, and recycling categories.



Case Green Bonds Investment

The Bank increased investment in green bond and innovatively supported green projects in subway operation in Guangzhou and Shenzhen. By the end of 2022, the Bank had invested RMB 470 million in green bonds issued by Shenzhen Metro Group Co., Ltd. and Guangzhou Metro Group Co., Ltd. Taking "21 Shenzhen Metro MTN007 (carbon neutral bond)" as an example, all the collected funds will be used for the construction of Shenzhen Metro Line 14. According to the report on the use of the collected funds released by the issuer, as of June 2022, the allocated use of the collected funds under "21 Shenzhen Metro MTN007 (carbon neutral bonds)" could generate an annual collaborative reduction of 52,500 tons of carbon dioxide emissions and an annual energy savings of about 25,100 tons of standard coal.

Support Green and Low-Carbon Industries

In order to implement the national strategy on "carbon peak and neutrality", the Bank lists green environmental protection industry as a top priority for financing, vigorously supports the development of environment-friendly enterprises, and stops new credit to enterprises in the "industries with high energy consumption, high pollution or overcapacity" that have high risks in waste of resources, causing environmental pollution and operations under safe production conditions; meanwhile, the Bank strictly restricts investment in enterprises and projects that do not meet environmental standards with backward production capacity. Building on featured finance service, the Bank "cultivates" lucid waters and lush mountains, and support low-carbon emission development. By the end of 2022, the Bank's loan balance for energy conservation and environmental protection enterprises reaches RMB **9.146** billion, up **24.7%** year on year.



Case Credit Support for the Construction of an Environmental Protection Industrial Park

In order to promote the economic development of Dongguan Industrial Park, and the coordinated development of urban construction and environmental construction in Town M, as well as to protect the ecological environment of the town and improve the quality of life of local people, the Bank provides credit support to a company engaged in environmental protection investment in Dongguan in 2022, aiming to support construction of the environmental protection industrial park in Town M, Dongguan. The industrial park is the first designated environmental protection base in our city and the only electroplating, printing and dyeing base in Town M. When the base is completed, it can effectively treat wastewater and waste material, solve many environmental problems generated from production and operation in the industrial park, prevent and mitigate environmental pollution, and ensure compliance in the environmental quality and pollutant discharge with the total emission and discharge control of Dongguan City. After the completion of the electroplating base, it is estimated that about 100000 tons of etching solution, 80000 tons of electroplating sludge and 5000 tons of circuit board scrap can be disposed annually.



Case Credit Support for the Construction of "Integrated Franchise of Drainage and Sewage Treatment" Project

In 2022, the Bank granted a credit of RMB 342 million to a water investment company for the construction, operation and maintenance of the "integrated franchise of drainage and sewage treatment project". The project will build two sewage treatment plants (with a daily sewage treatment capacity of 30000 cubic meters), operate and maintain seven rainwater and sewage pump stations (including drainage gates), build 112.05 kilometers of drainage pipe network and related facilities (including one sewage pump station, etc.), transform and maintain 1104.62 kilometers of existing drainage pipe network and related facilities (including 242 drainage inspection wells, 7 rainwater and sewage pump stations, etc.). The planned operation period of the project is 29 years. During the operation period, it is expected to reduce about 94,016.7 tons of COD, 9,923.98 tons of ammonia nitrogen, 6,964.2 tons of total nitrogen and 1,114.27 tons of total phosphorus.

Committed to Green Operation

Abiding by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Water Pollution Prevention Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the People's Republic of China on the Prevention and Control of Air Pollution* and other applicable laws and regulations, the Bank is committed to integrating green development and environmental protection into the operation, promote intelligent services, reduce energy use and waste gas emissions, strengthen pollutant management, create a low-carbon working and operating environment, and achieve green and sustainable development. In accordance with the requirements of the Environmental, Social and Governance Guidelines of the HK Stock Exchange, the Bank will develop greenhouse gas emission reduction plan. In the future, the Bank will develop corresponding environmental and related emission targets with reference to the national "carbon peak and neutrality" goals, and establish a tracking and monitoring mechanism to ensure the achievement of the goals.

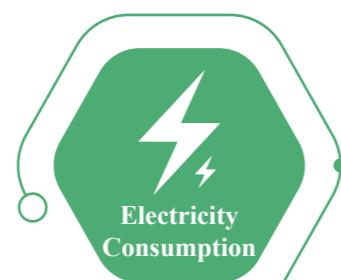
Promote Smart Services

The Bank continues to practice the concept of "green service", builds 5G smart outlets with smart service ecosystem, and promote smart counters and cloud banking to improve the popularity of smart services. At the same time, the Bank also enable the smart handling of onsite counter business through digital approach to make business operation more convenient and contribute to emission reduction.

Resource Conservation and Utilization

The Bank advocates energy conservation and resource conservation, and strengthens the management of electricity, water and paper use to reduce energy use and resource waste, practicing the concept of low-carbon and environmental protection with concrete actions. The impact of the Bank's business activities on the environment mainly comes from the use of resources, energy consumption and greenhouse gas emissions in the office, business premises operations, and the use of vehicles. Considering the feature of business operation, the banking industry, it does not directly cause significant negative impacts on the environment and natural resources. By the end of 2022, the Bank's total comprehensive energy consumption including diesel and gasoline was **381715.18 kWh¹**, and the per capita comprehensive energy consumption is **66.10 kWh/per capita**

¹ The scope of total comprehensive energy consumption includes consumptions the head office and branches within the jurisdiction. The calculation method and the correlation value of gasoline and diesel fuels are based on the "Guidelines for Reporting Environmental Key Performance Indicators" of the Hong Kong Stock Exchange



Advanced green energy-saving design is preferred. New technologies such as smart power management system and building information model (BIM) are used to build a modern infrastructure system that is complete, efficient, practical, intelligent, green, safe and reliable.



Strengthens daily water usage management, implements inspection of water equipment, and timely checks and eliminates water dripping and leakage of water pipes. At the same time, the Bank also posts signs of water conservation in the office area to enhance employees' awareness of water conservation. The Bank meet no difficulty in sourcing water.



The paperless business system was introduced, the paperless business management mode was continuously promoted, electronic signatures were advocated, electronic bills were provided, and electronic vouchers were supported, which effectively reduced the waste of paper.



Smart Power Management System Pilot of Business Building in Xiegang Sub-Branch

Business building of Xiegang Sub branch piloted the smart power management system, based on "Internet" and advanced technologies such as Internet of Things, dynamic monitoring, smart control, etc., to achieve real-time perception, online monitoring, early warning, smart diagnosis and centralized management of power equipment, where real-time detection data will feed into platform system, and reflect real power consumption, which helps to ensure the safe, standardized, intelligent and economical use of electricity.



Smart Services to Promote Paperless Operation

The Bank practices "green services", launched smart counters and cloud banking consecutively, embeded electronic vouchers, electronic seals, OCR license recognition, image acquisition and other functions in relevant business processes, transferred some parts of the counter business to the smart device, and realized low-carbon business management and paperless business processes.



Waste Management

The Bank's hazardous and harmless wastes mainly come from the waste office supplies, waste computers and electrical appliances, as well as batteries and other daily wastes generated in the office building. Among them, the recyclable waste is handed over to the qualified enterprises for resource recycling; hazardous wastes is recycled and treated by a qualified third party, and other household waste is cleared and disposed of by municipal utilities..





High Quality Service with Focus on Customer Experience

-  Protect the Rights and Interests of Consumers
-  Digital Enabling Service Quality
-  Care for Special Groups
-  Popularize Financial Knowledge

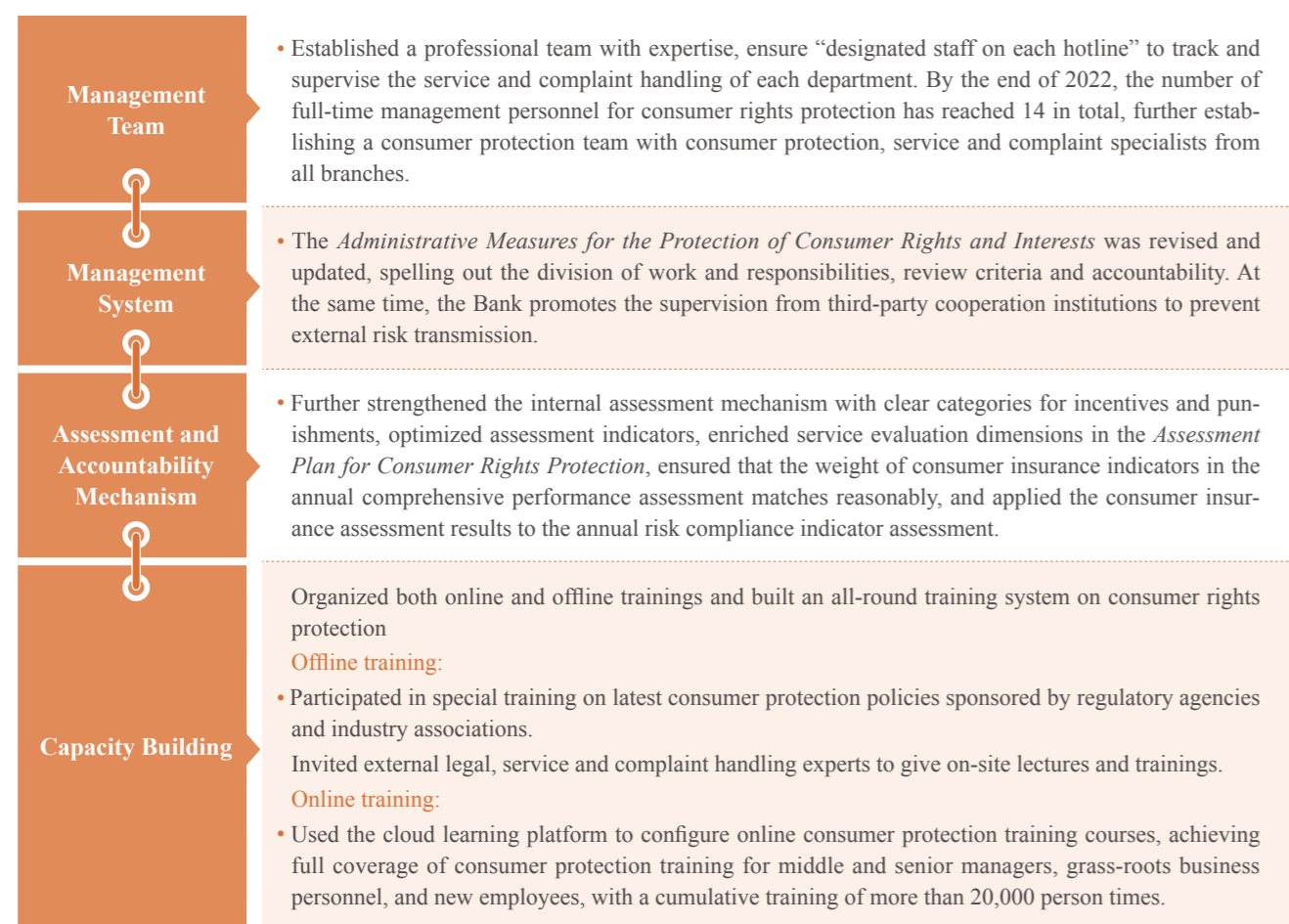


Protect the Rights and Interests of Consumers

Abiding by the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* and other applicable laws and regulations, the Bank adheres to the idea of “overall approach to consumer protection”, attaches great importance to the protection of consumers' rights and interests, and takes measures such as optimizing consumer protection management team, improving management system, strengthening assessment and accountability, organizing diversified training, and deepening customer complaint management, aiming to build a consumer protection system that is “well-organized with comprehensive coverage”, and safeguard the legitimate rights and interests of consumers in accordance with the law.

In 2022, the Bank resolved **111** financial consumption disputes through third-party mediation organizations, with a mediated amount of RMB **24.475** million. During the reporting period, the Bank won the gold award of “the Most Beautiful Financial Consumer” in Guangdong Banking and Insurance sector, obtained the letter of appreciation for the “2022 Voice of the Day of Guangdong” from the Guangdong Federation of Financial Consumer Rights Protection, and was awarded as the “Advanced Unit of Financial Consumer Protection in Dongguan” and the “Advanced Unit of Deposit Insurance Promotion”.

Consumer Protection Management System

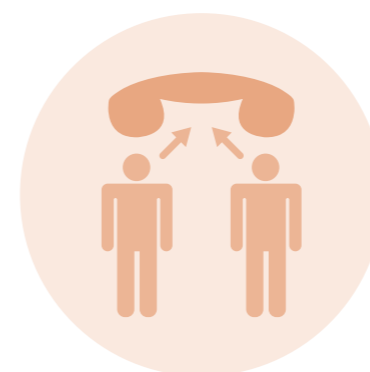


Customer Complaint Management

Management

Adhering to the business philosophy of “customers are our greatest wealth”, the Bank has formulated the *Implementation Plan for Consumer Complaints Reduction*, fully implemented consumer complaints management mechanisms where there is joint compliant management among head office and sub-branches, immediate response to complaints, and handling at different working level, effectively managed customer complaints and improved customer satisfaction. In 2022, the Bank accepted 1,087 consumer complaints, with an average annual complaint volume of 2.16 per outlet and an average complaint volume of 0.54 per 10,000 customers. The complaint settlement rate was 100%, and there was significant drop in monthly average increase of consumer complaints and number of complaints to be handled.

To make sure that “every compliant is well responded and settled”, the Bank improved the response and handling efficiency of customer complaints through measures such as easy and quick complaint channels, channels for priority handling, channels for supervision feedback. In 2022, **39** tier-one branches of the Bank carried out **434** open day activities to accommodate and accept complaints on a monthly basis.



Consumer Complaint Management Mechanism

Joint complaint management mechanism of the head office and sub-branch

- The Consumer Protection Committee under the Board of Directors shall coordinate the work plan and objectives of consumer protection;
- The Consumer Protection Center takes the lead in establishing a cross department and cross branch coordination mechanism;
- All branches and departments set up complaint commissioners to form a professional complaint team of nearly 100 people under the joint management of head office and sub-branches to ensure quick response and localized resolution.

Quick response mechanism upon receiving complaints

- Established a quick response mechanism at outlet level that respond to complaints immediately, and weekly reporting, monthly analysis and quarterly reporting are in place with focus on problems that need to be solved urgently in consumer financial services, in a way to enhance customers' sense of fulfillment, happiness and security.

Coordination mechanism for complaint handling at different level

- The Bank made the process of compliant management at different level, and the circumstances to quicken complaint handling at higher management level; it also included the acceptance and settlement of complaints into the assessment, aiming to promote the institutionalization and standardization of complaint coordination mechanism with clear responsibility.

“Three Major” Channels For Lodging, Handling and Feedback Regarding Customer Complaint

Easy and quick complaint channels

- Set up channels for letters, calls and complaints.
- Set up complaint guidelines and channels on the official website and WeChat official account.
- The head of the tier-one branch is responsible for receiving complaints from the public directly.

Priority handling channels

- Priority should be given to issues with strong public response.
- Strengthen the capacity in addressing complex and difficult complaints.

Supervision feedback channel

- The Bank sets up a mechanism where the staff who accepts a specific consumer compliant will be held responsible.
- Feedback is required at the acceptance, handling and settlement of consumer complaints.
- All complaints are recorded case by case, while a complaint analysis report system and an account to track and rectify the complaints are also established.

Protect Customer Information Security

In line with the requirements of laws, regulations and policies such as the *Cyber Security Law of the People's Republic of China*, the Bank established a well-organized framework on information security management, with the *Measures for the Implementation of the Network Security Responsibility System*, the *Information Security Management System*, the *Data Security Management Measures*, and the *Data Classification and Graded Management Measures*, as well as *Emergency Plan for Network Security Incidents* been formulated. With these regulations in place, the Bank defined the organizational structure, division of work and responsibility, and emergency management mechanism on network and data security management, and standardizes the network and data security management process and customer privacy protection strategies, further ensures that customers could get access to financial services without privacy concerns.

In addition, the Bank built a multi-level security technology protection system to ensure the security of transaction information and customer privacy. The Bank has passed the certification of ISO 20000 Information Technology Service Management System and ISO 27001 Information Security Management System. As of the end of 2022, the Bank had no information security breach.

Multilevel Security Technology Protection System

Established a Network Security Protection System

Deployed multiple security protection systems and equipment such as IPS, IDS, firewall, WAF, anti DDOS equipment, honeypot and anti-tamper system, and signed anti DDOS attack agreement with operators to effectively ensure the safe operation of our network.

Established Network Monitoring System

Realized real-time network monitoring for 7 * 24 hours to ensure timely detection of network abnormalities.

Deployed Awareness Platform on Network

Built a comprehensive security prevention and control system with “prior monitoring, in-process control, and post-stage handling” functions to better protect IT assets and information systems by perceiving the network security situation from all perspective.

Established a Data Security Protection System

Built systems such as terminal access, data backup, data query, data desensitization, and data leakage prevention, and implemented full process data security protection measures to effectively ensure data security.

Other Safety Precautions

Carries out the evaluation on information security, penetration test, phishing monitoring, vulnerability repair in a down-to-earth manner to prevent system security risks.



Case

Special Training on Personal Information Protection

In order to strengthen employees' awareness of information security and protect their personal information, the Bank organized both onsite and virtual trainings on personal information protection, focusing on laws, regulations, policies and systems related to personal information protection, as well as the regulatory requirements on personal information protection management measures within the Bank. A total of over 150 business backbones and 6600 personnel across the Bank participated in the training.



Digital Enabling Service Quality

Adhering to the business philosophy of “customers are our greatest wealth”, the Bank is committed to providing high-quality customer service and strengthening bonds with customers. By diversifying the variety of financial products, the Bank makes continuous efforts to promote the smart service system, improves the quality and accessibility of financial services, and provides customers with more efficient, safer and more comfortable experience with better services. The Bank received over **6.22** million times of customer service evaluations at its business outlets, with a customer satisfaction rate of over **99%**.

Build “Outlet Plus” Smart Service Ecosystem

With the help of new technologies such as artificial intelligence, VR/AR and big data, the Bank promoted the digital transformation of operations at its outlets, created 5G intelligent outlets, built an “Outlet plus” smart service ecosystem, and made operations at outlet more convenient, and made financial services more professional and efficient to win customer recognition. In 2022, the Bank built Donglian Sub branch Business Department and Nancheng Jinyu Huafu Banking Office into the first batch of 5G smart outlets in Dongguan.

By the end of 2022, the Bank had launched **391** smart service terminals in outlets and handled **3.48** million transactions on these terminals, with an increase of **105%** over the same period last year; and over **66%** of these kinds of business were handled through smart service terminal, which effectively diverted onsite business flows and significantly improved service efficiency.

Smart Counter Self-Service Business

With the advantage of simple, efficient, safe and convenient handling, the smart service terminal enables self-service and paperless processing. And also supports nearly 60 kinds of business such as personal card activation, electronic banking, account management, transfer and remittance, credit card, etc.

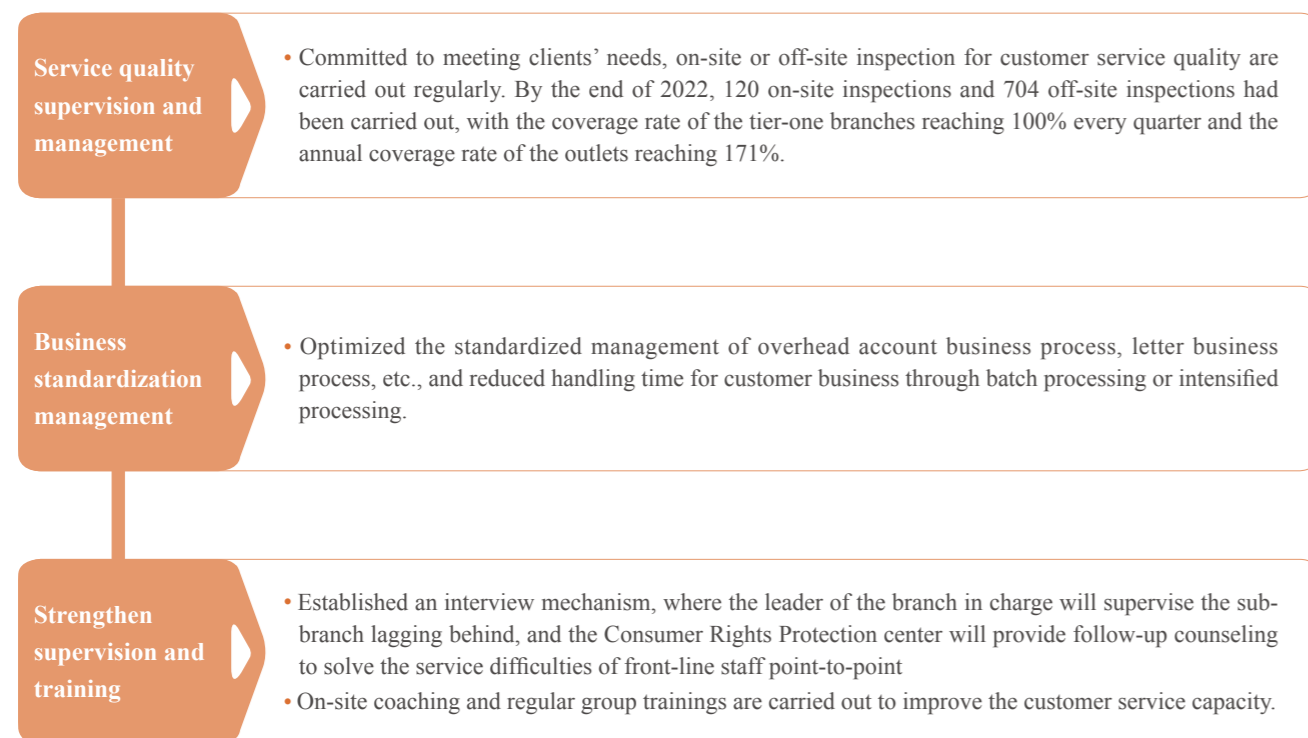
Remote Business of Cloud Banking

The cloud banking business breaks restrictions of physical outlets and enables “remote service with onsite experience”, where working personnel can provide customers with non-contact comprehensive financial services including consultation and specific business handling “face to face” through remote video. The remote business synchronization of cloud bank can support more than 70 kinds of businesses such as personal card activation, electronic banking, account management, transfer and remittance, credit card, etc., providing professional and secured service experiences

In order to strengthen the integration with the internal system of merchants, the Bank has built an open banking system, modular construction of standard business interfaces, and improved the efficiency and quality of the connection between our business and external scenarios. As of the end of 2022, **139** merchants with acquiring business have been accessed through the open banking system, covering many industries such as transportation, department stores, property payment, etc.

Upgrade Service Capability

The Bank makes continuous efforts to shorten business processing, improve service efficiency at outlets and upgrade customer service quality by strengthening service supervision, optimizing business processes and systems, enhancing service supervision and training, and promoting service transparency.



Innovative E-Banking Services

Building on smart technology approaches, the Bank continued to innovate the e-banking service model, construct online platform scenarios, expand service areas and broadens service channels, improve the accessibility of financial services, and ensure transaction security.

By the end of 2022, the number of personal mobile banking users of the Bank had reached **4.0182** million, an increase of **19.43%** over the beginning of the reporting period, and the average monthly active users (MAU) had increased by **13.77%** year-on-year; while **1.1236** million users of bank card through WeChat, an increase of **23.31%** over the beginning of the reporting period; and overall, **97.70%** comprehensive service handled over counter are replaced by electronic channels.



Mobile Banking

Explored innovative scenarios that fit mobile banking application, improved customer satisfaction and financial service efficiency with featured experience.

- A series of scenario-based operational tools were launched on mobile banking, namely, monthly login lottery, card vouchers transfer, mini-D farm and gifts card use through WeChat, with rich benefits such as WeChat cash reduction, electronic card vouchers, and updated the skin of mobile banking according to the 24 solar terms and major holidays to improve the satisfaction of young customers.
- Transaction flow through mobile banking operations could be printed as needed by the customers. At the same time, customers can filter the transaction flows by date, revenue and expenditure, currency, and counterparty information; meanwhile they could also use the transaction flow tracing source code to check the authenticity on official website of the Bank.



Telephone Banking

Promoted smart outbound call system, promoted standardized services, and improved service execution.

- With the operation mode integrating “robot+ physical handling”, the Bank promoted the construction of smart outbound call system, and realized automatic and smart service of outbound call and responded for diversified business scenarios such as product marketing, early warning of risks, and overdue collection.



Online Banking

Optimized the basic service functions of personal online banking, improved customer experience, and strengthened security.

- The compatibility of personal online banking browser was updated to further accommodate edge, chrome, 360 and other browsers; meanwhile, the display interface was optimized with improved customer experience.
- The Bank also promoted the national secret agreement USBKEY to provide a more solid guarantee for the protection of customer transaction security.



Care for Special Groups

The Bank continuously optimized various business processing channels, strengthened the universality of intelligent services, and improved the level of financial services for special consumer groups.

Improve Counter Services

- Sets up seats and counters service for people needed, provides green channel to quicken the handling of priority business, and provides a good counter service experience for special consumer groups.
- Popularized financial knowledge to elderly customers by holding small lectures on financial risk knowledge, so as to enhance the awareness of special consumer groups on safe use of bank accounts.
- Opens a door-to-door service channel for special consumers, and provides the service where “bank personnel may endorse legal authorization of a specific account, and authorized agents to handle password reset and other businesses at the counter”, so as to provide comprehensive and direct services for special customers.

Strengthen Intelligent Services

- Convenient functions such as handwriting input and voice prompt are enabled to facilitate the business operation for special groups.
- Promoted cloud banking business, provides “one-on-one” and “face-to-face” video services for customer groups unable to handle business by themselves, and brings “real person” intelligent service experience.



E-Channel Service for Aging Groups

- Upgraded function of telephone banking to adapt to the aging groups, and provides help for the elderly in difficulties by setting up exclusive customer service seats for the elderly, providing one button transfer, manual call or exclusive menus for the elderly, so that the elderly can benefit from achievements of informatization development in financial industry, and practice the social responsibility of inclusive finance.
- To meet the demands of aging group on mobile banking, priority is given to the in-depth optimization of the “Account Overview”, “Transfer and Remittance” and “Investment and Wealth Management” modules, with key business segments reshaped from several dimensions, such as “simplification of interface layout”, “large font, large icon, and high contrast of text”, as well as “reduction of process operation steps and difficulties”, so as to facilitate the use and handling of the elderly.

Popularize Financial Knowledge

As a leading regional financial institution, the Bank, building on its region coverage and influence, efficiently mobilizes resources from regulatory agencies, associations, village groups and media, and carried out activities to popularize financial knowledges and improve the financial understanding of local people, especially targeted group like elder people and young people as well as new citizens. The Bank requires local responsible person to take lead in organizing these thematic activities in diversified forms.

By the end of 2022, the Bank had carried out **1,513** activities to popularize financial knowledge, covering **2.1788** million consumers in total.

Case

Focusing on New Citizens and Holding Red Finance Exhibition Activities

1

On September 20, under the guidance of the People’s Bank of China Dongguan Central Sub-branch and the Bank of China Insurance Regulatory Commission Dongguan Branch, the Bank jointly held the education activity of “Remembering the Emergent Years and Inheriting the Red Spirit” with Dongguan Financial Consumer Rights Protection Association and Dongguan Banking Association. As representatives of new citizens, 30 fresh graduates visited and learned the special exhibition of “Red Finance, Emergent Years”, which inspired young people in the new era to remain true to the original aspiration of red finance and continue to carry on such visions.

Case

Focusing on New Citizens, Bringing Financial Knowledge to the Factory

2

On September 16, the Bank paid a visit to Dongguan Yiqing Furniture Co., Ltd. and held the event themed on “bringing financial knowledge into the factory” which was jointly guided by the central branch of the People’s Bank of China in Dongguan and the Dongguan regulatory branch of the China Banking and Insurance Regulatory Commission, and jointly organized by Dongguan Financial Consumer Rights Protection Association, Dongguan Banking Association and Dongguan Rural Commercial Bank. The event helps employees in the factory understand financial security and improve their awareness of risk prevention by participating in interactive games of questions and answers about financial knowledge, and reading the brochures and leaflets. The whole event lasted for nearly three hours. More than 2,000 copies of financial knowledge brochures and leaflets were distributed, and more than 1,000 copies of souvenirs were distributed, which not only narrowed the distance between finance and the masses, banks and enterprises, but also effectively improved the new citizens’ awareness of fraud prevention and their capacity to safeguard their rights according to law.

Case

Caring for Young People, Financial Knowledge on Campus

3

On May 28, in cooperation with Dongguan Institute of Technology, the Bank launched live steaming of “Class begins - financial knowledge on campus, check how much you know about finance”. This activity targeted teachers and students in school, covering financial security knowledge such as mobile payment security, personal credit investigation, deposit insurance, campus loans, and prevention of telecommunications fraud, which attracted 4,975 people watching, with attention of 53,670 and interactions of 34,000 people times



Case

Caring for Children with Featured Classes for "Little Bankers"

4

In order to help children to shape a healthy view of money and wealth, and open an important new chapter for their financial enlightenment, and cultivate a dream of "little bankers", on June 18, the Bank, together with the Dongguan Coin Museum and the Community Women's Federation, launched a publicity and education activity themed "Special class for 'little bankers'". At the activity, the staff led parents and children to visit the museum, introduced the history of coins, guided children to experience the rubbing of ancient coins and make hand-made shell works, so that every participants could have a more intuitive experience of coin knowledge.

Case

Caring for the Elderly, Bringing Financial Knowledge into the Community

5

On September 16, under the joint guidance of Dongguan Central Sub-ranch of the People's Bank of China and Dongguan Supervision Branch of the Bank of China Insurance Regulatory Commission, the Bank, Dongguan Financial Consumer Rights Protection Association and Dongguan Banking Association jointly held the financial knowledge dissemination activity at Dongguan Xingtang Community. Through the publicity and education of typical fraud cases under different disguises such as "housing-based pension", bank card "interest rebate" and "telecommunications" fraud, the elderly was guided to deepen aware of these risks and protecting their assets. During the month for financial knowledge popularization, the Bank launched a series of financial knowledge activities for the elderly, totaling 14 activities, covering 1,960 people.



Case

Caring for the Disabled, Initiating the Live Streaming on "Oral and Sign Language"

6

On June 23, the Bank, together with the disabled people's federations in Dongguan City and Houjie Town, launched the public welfare live streaming on "oral and sign language" themed "Caring for the Disabled - Understanding Financial Knowledge, Guarding Your Assets", with priorities on promoting "rational investment, warning against risks from illegal fund-raising", and "prevention of telecommunication fraud". The activity attracted 106,000 people in total and was praised by 24,000 people.



Case

Focusing on Farmers, Bringing Financial Knowledge into the Farm Produce Market

7

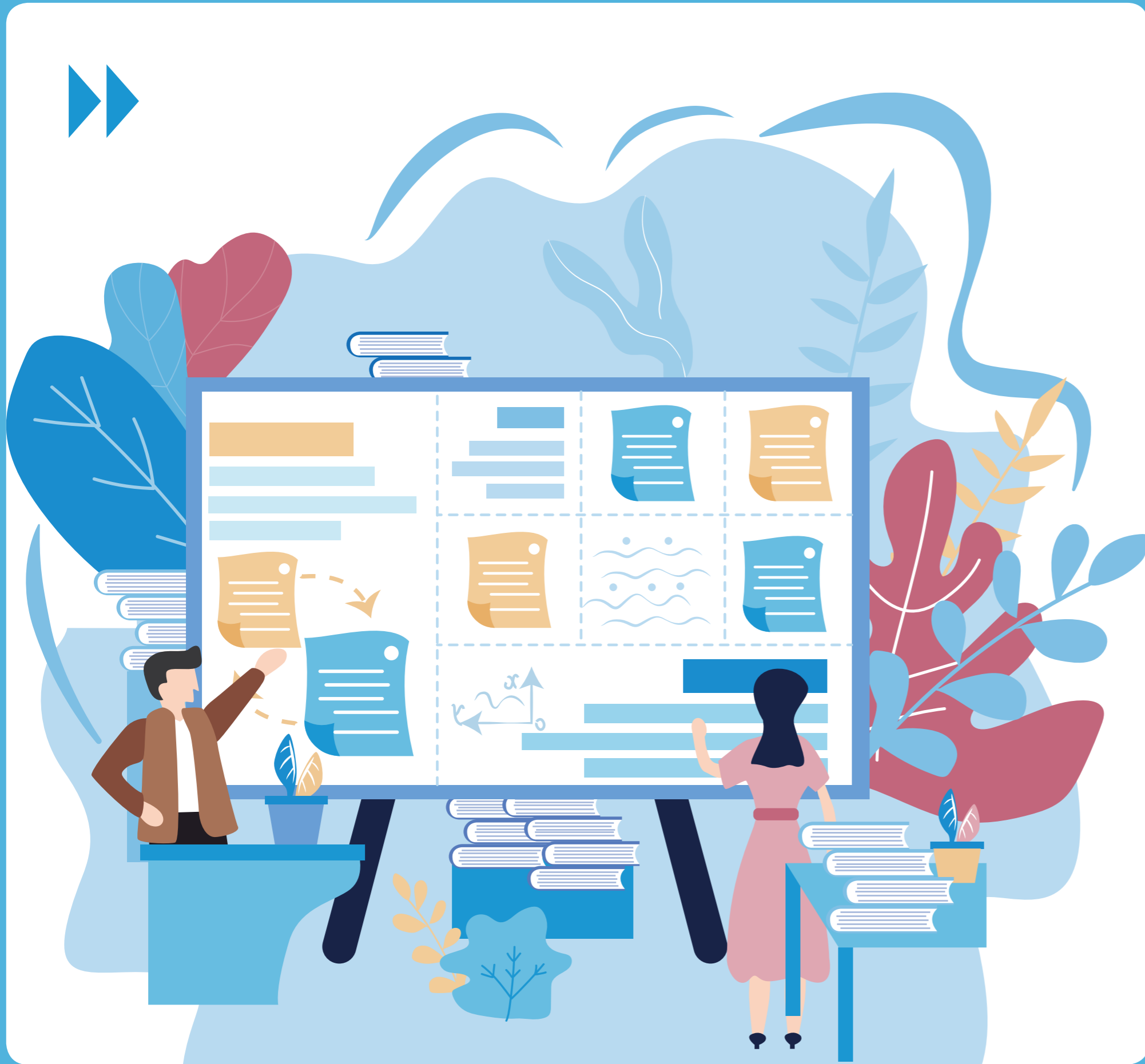
In order to improve the risk prevention awareness of farmers, housewives, the elderly people, on June 16, an activity bringing "financial knowledge into Sangyuan Community" was launched, which used diversified interactions forms such as on-site lecture, case-based insurance, financial knowledge cartoon exhibition, distribution of small fans for consumer protection education, and combined with "taking photos and post a moment on WeChat" to get more people know about the activity. At the same time, a series of vivid, interesting and catchy billboards consumer protection were specially designed, such as "Manicure Crab, Sea Clam, Protect Your Money Bag", "Pork, Chicken, Beef and Lamb, Keep Your Personal Information Secret", "Winter Melon, Pumpkin, Gourd and Melon, Don't Be a Fool", so as to make the publicity effect deeply rooted in the hearts of people.

Case

"Video-Clipping Combining with Live Streaming" to Disseminate Financial Knowledge

8

The Bank's new media team widely disseminated financial knowledge through short videos, live streaming. To be more specific, anti-fraud, investor education, welfare sharing, financial consumer rights and interests' protection were delivered to the public in the form of short videos through channels such as the Bank's media account on TikTok and Tencent Video. As of the end of 2022, 352 short videos have been released, covering more than 22.06 million people. Meanwhile, based on self-operated live streaming account of the Bank, we cooperated with Dongguan traffic police, hospitals, colleges and universities and other external institutions to carry out six publicity activities in the form of online live broadcast, involving financial knowledge publicity, college students' protection of assets, attracting more than 40000 viewers, with a flow of more than 340000, which had left deep impressions to people.



Join Hands to Achieve Employee Development

- Equal and Diversified Employment
- Support Talent Development
- Pay Attention to Employee Health and Safety
- Protecting the Rights and Interests of Employees

5

Equal and Diversified Employment

Abiding by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other applicable laws and regulations, adhering to the principle of equal employment, the Bank is committed to recruiting high-quality talents to underpin high-quality development by building a competitive remuneration and welfare system.

Equal Employment

The Bank clearly stipulate requirements and measures regarding anti-discrimination, anti-child labor and anti-forced labor in the recruitment process, and is committed to eliminating discrimination in terms of gender, age, ethnicity, and family status, The Bank stipulates that discriminatory descriptions are strictly prohibited in recruitment announcements, and at the same time, discriminatory practices are eliminated in the actual recruitment process, striving to create a fair and equal employment environment. As of the end of 2022, no circumstance regarding use of child labor in this bank, nor any forced or compulsory labor are found in the Bank.



The Bank earnestly protects the legitimate rights and interests of employees, reasonably arranges working hours, cares for employees' health, strengthens democratic communication, and makes it compulsory to sign labor contracts with each employee and pay social insurance for them. By the end of 2022, labor contract signing rate and social insurance coverage rate had reached 100%.

By the end of 2022, the Bank had won the "Top 10 Best Employers in Dongguan in 2022" jointly sponsored by Zhaopin Recruitment, Peking University Social Research Center, Peking University National Development Research Institute and other institutions.

Talent Diversification

To better support overall development of the Bank especially priorities on collectivization and digitalization, it has formulated staff recruitment management measures covering campus recruitment, social recruitment, and intern recruitment to identify talents more proactively and promote talent recruitment to meet the development needs of the Group. During the reporting period, more than 300 new employees were recruited, with an increase of 115% over 2021, and the talent attraction and aggregation effect were further enhanced.

In order to meet the needs of long-term strategic development, the Bank deepens the strategy of "talent development" with the goal of developing a well-structured talent team. So far, the Bank has established a senior management reserve talent team, and optimized the leadership and its reserve talent team structure in terms of age, gender, expertise and knowledge structure to form a balanced team in age and gender.

Compensation and Benefits

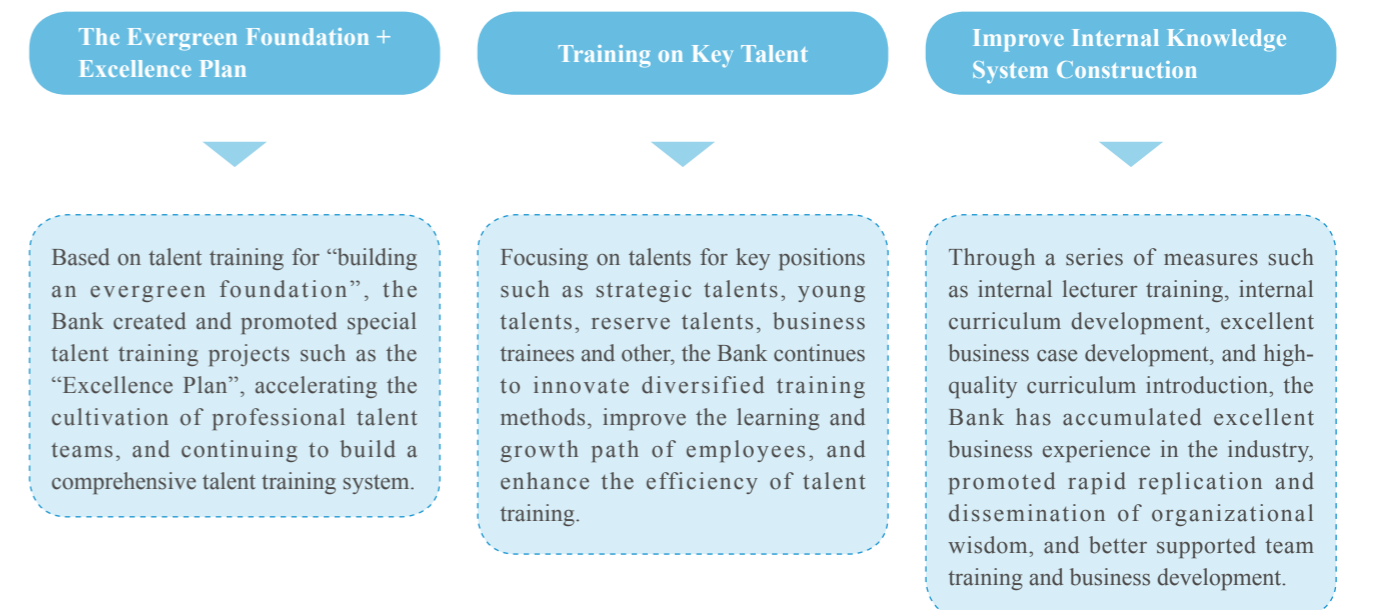
Adhering to the people-oriented concept, the Bank has developed a competitive salary management system. At the same time, it continues to improve and optimize the welfare security of employees. In addition to the national statutory basic welfare program of "five insurances and one fund", the Bank also establishes supplementary welfare systems such as enterprise annuity and supplementary medical insurance, and insure employees with group personal accident insurance every year to provide employees with a diversified and comprehensive welfare security system.

Support Talent Development

Improve Training System

The Bank establishes a notion that talent training of the whole bank should "respond to strategic planning, focus on business gaps, and consolidate the training system", therefore, it continues to iterate and innovate talent training methods, deepen the construction of learning organizations, and drive its high-quality development with expertise from high-quality talents. By the end of 2022, the Bank had organized and implemented more than **180** talent training projects, covering more than **13000** employees of the Group. To be specific, the average training time for employees reached **67.15** hours. By employee type, the average training time for senior management are **25.61** hours, **53.29** hours for middle level managers, and **69.94** hours for grassroots employees. The training percentage for all types of employees is around **100%**. By gender, the average training time for male employees are **64.49** hours, while **71.09** hours for female employees.

At the same time, the Bank has also made efforts to build online learning platform to improve the quality and capability of staffs.



Case

“New Momentum” Training Camp for New Employee

In 2022, following the concept of “building a talent forest”, the Bank designed training programs around the differentiated needs of “P100” trainees, newly recruited graduates and employees with social expertise, conducted systematic curriculum arrangement, innovated project operation and brand packaging publicity. In terms of culture, the Bank also introduced corporate culture creation activities and rural revitalization practice learning, carried out various themed activities to stimulate employees’ innovation awareness, and establishes a three-dimensional understanding of corporate culture; from professional and expertise perspective, the Bank designed the curriculum that were more suitable for business scenarios and needs, covering all business lines to consolidate learning through practical exercises. Building on these internal and external training, the Bank injected “new momentum” of cultural identity, professionalism and creativity into our high-quality development.



Smooth Promotion Channel

Following the selection principle of “absolute loyalty, promising responsibility and efficient implementation”, the Bank promotes innovation in talent development mechanism and system, continues to optimize staff growth path and smooth career promotion channels.

Smooth the Career Path

- Established and made clear promotion path for different positions in “title” and “professional expertise”, and strived to build an employee career growth mechanism that matches individual capabilities and performance contributions, stimulated the endogenous development momentum of employees, and create a thriving agricultural and commercial talent structure.
- With a focus on building a multi-level internal talent market, the Bank promoted the horizontal flow of outstanding young talents in all professional directions, cultivated inter-disciplinary talents, and accelerates the growth of potential talents.
- Established a training mechanism where young staffs are delegated to regions and grass-roots front-line organizations in strategic transformation with difficult conditions, complex environment, and arduous tasks to hold a temporary position, in a way to strengthen the training of young staffs and help them grow rapidly.

Pay Attention to Employee Health and Safety

The Bank has been concerned about the occupational health and safety of its employees, and strives to provide them with a safe and comfortable working environment so that they can contribute to the sustainable development of the Bank with full enthusiasm.

Occupational Safety

The Bank actively implements the work deployment of the local Party committee and the government on work safety, adheres to the management policy of “safety as rule of thumb, prevention in advance, and comprehensive management in place”, and takes a number of actions to ensure the safety of the workplace environment.

Case

Multiple Measures in Place to Ensure Workplace Safety

The Bank customized the “1+2+3+4” security management to vigorously promote fire and security with “no blind area”; meanwhile, a 100-day review and rectification activities on safe production were carried out, with on-site inspection including files check, investigation, and “look into” hidden dangers. To ensure the safety of the workplace, quantitative scoring for all branches and outlets against 108 specific indicators in seven aspects involving safe production, civil air defense, fire protection, physical defense, technical defense, fixed assets, and rental property were carried out.

Occupational Health

In line with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Prevention Law of the People's Republic of China* and other applicable laws and regulations, the Bank attaches great importance to the safety and health of employees, formulates the *Administrative Measures for Supplementary Medical Insurance* within the Bank, and builds a multi-level medical security system for employees; meanwhile, regular health examination for employees are provided every year to help them understand their own health status in depth and pertinently; and a health consultation room has been set up where professional doctors are hired to provide advice for employees every week to meet the daily health management needs of employees. In addition, fire evacuation and firefighting drills are also organized to improve employees' awareness of fire safety and ensure the health and safety of the workplace.

Case

Organize Health Care Activities For Diabetes Screening



Case

Activities to Care For Physical and Mental Health



Protecting the Rights and Interests of Employees

The Bank has formulated the *Rules of Procedure for the Staff and Workers' Congress of Dongguan Rural Commercial Bank Co., Ltd.*, established and improved the staff and workers' congress system, and effectively guaranteed the right to know, participate, express and supervise for all staff and workers. Major matters involving the vital interests of staff and workers have been reviewed by the staff and workers' congress to safeguard the legitimate rights and interests of staff and workers. The staff representatives of the Bank are democratically elected by all staffs.

Case

Safeguarding the Rights and Interests of Female Employees


The Bank established the Executive Committee Studio of the Women's Federation of Dongguan Rural Commercial Bank to widely pool the wisdom and strength of female employees, safeguard their rights and interests, and give full play to the exemplary role of female model workers and their expertise. At the same time, a series of projects to care for the health of female employees were carried out such as the "Dongguan Charity·Magnolia Care". The Bank also set up a mother and baby room, providing a convenient and comfortable environment for female employees, and fully protects the rights and interests of female employees.





Remain True to the Original Aspiration and Share a Better Life



-  Consolidate Efforts in Poverty Alleviation
-  Engage in Public Welfare Activities
-  Spread Financial Culture

6



Consolidate Efforts in Poverty Alleviation

To fulfil its social responsibility, the Bank actively carried out a number of initiatives such as financial supports, poverty alleviation and charity donation, living up to its mission and vision on finance for the people and contribute to poverty alleviation.

In 2022, the Bank actively participated in the “Guangdong Day for Poverty Alleviation and Relief and Dongguan Charity Day”, and donated RMB 2 million to the villages, groups and communities in Dongguan City, mainly for upgrading old rural housing environment, and the constructing public service infrastructure, and providing condolences and care to the poor in kind.

Engage in Public Welfare Activities

The Bank, relying on the Education Public Welfare Foundation, carries out various public welfare and charity activities to support education. By building an external communication platform and using modern publicity measures, the Bank has made achievements in spreading excellent traditional culture.

Support Education Development

A strong youth makes a strong country. The Bank supports the development of education, carries out educational charity activities through the platform of the Education Public Welfare Foundation, and makes contributions to promoting education equality.

Case

Support Dongguan Middle School (Junior Middle School Campus) Project

The Dongguan Rural Commercial Bank Education Public Welfare Foundation, initiated by the Bank, made donation to Dongguan Middle School for building the junior middle school campus. The completion of the new campus has greatly improved the education capabilities, further expanded the high-quality education resources, and alleviated the shortage in capacity. Dongguan Middle School has a high reputation in the provinces and cities, and is a century old school with a large group of alumni. The completion of the new campus will strongly support Dongguan Middle School to consolidate its leading role in education, and continues to improve its initiatives in innovation.



Promote Excellent Culture

The Bank attaches great importance to the dissemination of traditional culture, cooperates with relevant cultural departments and organizations, and uses digital technology to carry out traditional culture dissemination activities, so that the charisma and style of China's long-standing culture could be further disseminated.

Case

2022 Dongguan Chinese Poetry Conference

In 2022, the Bank, together with Dongguan Education Bureau and Dongguan Radio and Television Station, organized for the second time the 2022 Dongguan Chinese Poetry Conference, using modern scientific and technological means to innovatively reproduce on historical culture, promoted the integration of culture and technology, and strengthened the inheritance and education of excellent traditional Chinese culture. Since its launch in September 2022, the event has attracted 680,000 people to participate in the competition and interaction, and together with the majority of young people in Dongguan, who can enjoy the Chinese culture and feel the permanent charisma of Chinese culture and the style of the times.



Spread Financial Culture

Building on the advantages of Dongguan Numismatic Museum, the Bank continues to play a positive role in promoting financial culture and popularizing financial knowledge, and promotes integration of financial knowledge and culture by carrying out a series of exhibition and exchange activities to connect the Bank and the public.

At the same time, in 2022, the Bank invested in the construction of the second phase of The Dongguan Numismatic Museum. The second phase of the Museum hall will present the historical moments and connections between the coin culture of the major countries along the “Silk Road” and the Chinese nation, and talk about the interconnection and common development of China's economy and the world's economy through currency. The second phase of the Museum will greatly enhance the cultural experience of citizens and contribute to the construction of urban culture.

Case

Built a Financial Culture Base For Grass-Roots Financial Institutions In Multiple Ways

In 2022, the Bank further expanded series of original featured exhibitions of the Numismatic Museum, including the *Centennial Pouch* exhibition, the *General History of Chinese Currency*, the *Red Finance, Emergent Years*, and the *Lucky God of Wealth*, to grass-roots financial institutions such as Changping, Xiegang, Dalang, Chaoyang to build cultural-base for grass-roots financial institutions. Through the combination of finance and culture, the Bank improved the quality of its corporate culture and brand image, and developed a bridge between the bank and the public.



Case

With Idea From “Shell Exhibition -Carrying a House to Travel”, a Series of Parent-Child Activities Are Planned

During the summer vacation in 2022, the Numismatic Museum of the Bank cooperated with Guangdong Provincial Museum, under the idea from “The World of Shellfish - Carrying a House to Travel”, integrated the shell exhibition with the museum’s “historical currency exhibition”, and planned a series of parent-child activities, and provided an interesting summer cultural activity for the public. More than 200 families signed up to participate in this activity, which are warmly received by the public.



ESG Performance Overview

Economic Performance

Financial Performance

Indicators	Unit	2022	2021	2020
Total assets	billion	657.690	593.361	548.402
Business income	billion	13.236	12.996	12.047
Net profit	billion	6.083	5.703	5.055
Non-performing loan ratio	%	0.90	0.84	0.82
Capital adequacy ratio	%	15.98	16.29	14.00
Provision coverage	%	373.83	375.34	375.13
ROE	%	11.72	12.87	13.64

Note: The statistical scope is the Group.

Social Performance

Service Coverage

Indicator	Unit	2022	2021	2020
Number of customers of personal e-banking	No.	5,670,705	4,804,735	4,172,603
Total number of transactions	10000	58,205	57,257	44,844
Total number of transactions through e-banking	10000	56,867	55,641	43,068
Total number of transactions through personal online banking	10000	364	443	499
Total number of transactions through personal mobile app	10000	2,000	2,047	1,709
Number of personal online banking customers	Persons	528,964	529,122	527,485
Number of personal banking customers through mobile app	Persons	4,018,190	3,364,419	3,030,394
Number of WeChat bank customers	Persons	1,123,551	911,194	614,724
Substitution (diversion) rate of e-banking	%	97.70	97.18	96.04
Number of POS machines put into use	No.	15,164	14,634	13,765

Note: The statistical scope is the Bank.

Anti-Corruption

Indicator	Unit	2022	2021	2020
Confirmed corruption incidents	Cases	0	0	0
Number of corruption cases concluded	Cases	0	0	0
Number of anti-corruption training	Trainings	1	1	1
Number of person-time participated in anti-corruption training	Person-time	5,775	5,670	5,670
Number of corruption prosecutions	Cases	0	0	0

Note: The statistical scope is the Bank.

Number of Suppliers

Indicator	Unit	2022	2021	2020
Total number of suppliers	No.	663	615	498
Number of Suppliers by region	Within the Province	No.	472	412
	Out Guangdong Province	No.	143	86

Note: The statistical scope is the Bank.

Helping Rural Revitalization

Contents	Unit	2022	2021	2020
Agriculture-related loan balance	billion	33.999	32.277	28.830
Increase in agricultural loan balance compared with the last reporting period	billion	1.722	3.447	4.029

Note: The statistical scope is the Bank.

Serve Small and Micro Enterprises

Indicator	Unit	2022	2021	2020
Inclusive Small and Micro Enterprise Loan Balance (excluding discounted bills)	billion	32.973	26.600	19.869
Number of customers of SMEs	No.	23,608	23,132	20,231
Proportion of loan balance provided to medium and micro enterprises in total loan balance of the Bank	%	62.84	58.37	54.04

Indicator	Unit	2022	2021	2020
Balance of individual business loans	billion	0.421	0.533	0.684
Increased amount of individual loan for talk	%	2.09	1.09	1.15
Number of recipients from individual loan for talk	Persons	1,473	2,414	3,343

Note: The statistical scope is the Bank.

Responsibility for Customers

Indicator	Unit	2022	2021	2020	
Number of customer complaints accepted	No.	1,087	782	625	
Proportion of complaint by business categories	Debit card business	%	36.80	29.28	18.56
	Loan business	%	27.41	26.85	25.44
	Credit card business	%	16.83	13.30	21.76
	RMB savings business	%	9.94	17.27	12.96
	Wealth management, payment settlement, intermediate business, others	%	9.02	13.30	21.28
Proportion of complaints by region	Dongguan	%	98.53	99.48	97.60
	Huizhou	%	0.92	0.13	2.08
	Guangzhou	%	0.28	0	0.16
	Qingyuan	%	0.18	0.26	0.16
	Zhuhai	%	0.09	0.13	0
Settlement rate of customer complaints	%	100	100	100	

Note: The statistical scope is the Bank.

Employment

Indicator	Unit	2022	2021	2020
Total employees of the Group	Persons	8,009	7,962	8,049
Number of male employees	Persons	4,716	4,732	4,773
Number of female employees	Persons	3,293	3,230	3,276
Proportion of male employees	%	58.88	59.43	59.30

Indicator	Unit	2022	2021	2020
Proportion of female employees	%	41.12	40.57	40.70
Number of part-time employees	Persons	0	0	0
Number of full-time employees	Persons	8,009	7,962	8,049
Proportion of part-time employees	%	0	0	0
Proportion of full-time employees	%	100	100	100
Number of employees under 30	Persons	1,680	1,668	1,927
Number of employees aged 30-50	Persons	5,455	5,491	5,352
Number of employees over 50	Persons	874	803	770
Proportion of employees under 30	%	20.98	20.95	23.94
Proportion of employees aged 30-50	%	68.11	68.97	66.49
Proportion of employees over 50 years old	%	10.91	10.09	9.57
Number of employees in Dongguan where the head office is located	Persons	5,725	5,624	5,629
Number of employees in other regions in the province	Persons	2,225	2,274	2,350
Number of employees outside the province	Persons	59	64	70
Proportion of employees in Dongguan where the head office is located	%	71.48	70.64	69.93
Proportion of employees in other regions in the province	%	27.78	28.56	29.20
Proportion of employees outside the province	%	0.74	0.80	0.87
Male employee turnover rate	%	1.99	1.73	1.52
Female employee turnover rate	%	1.59	2.24	1.75
The number of employees under 30 years that left compared with the previous year	Persons	55	71	60
Number of employees under 30-50 years that left compared with the previous year	Persons	87	79	65
Number of employees over 50 years that left compared with the previous year	Persons	4	5	4
Turnover rate of employees under 30	%	3.29	3.95	2.91
Turnover rate of employees under 30-50 years old	%	1.59	1.46	1.24
Turnover rate of employees over 50	%	0.48	0.64	0.56
Turnover rate of employees in Dongguan where the head office is located	%	1.41	1.42	1.22
Turnover rate of employee in other regions of the province	%	2.62	2.98	2.41
Turnover rate of employees outside the province	%	11.38	8.96	5.67
Number of work-related fatalities	Persons	1	0	0

Indicator	Unit	2022	2021	2020
Ratio of work-related fatalities	%	0.01	0	0
Number of working days lost due to work injury	Days	630	376	357

Note:

- Note: The statistical scope is the Group.
- The work-related fatality happened in a subsidiary of the Group and the cause of death was the sudden illness. The subsidiary has paid pensions and condolences to their families and assisted them in completing the compensation process for insurance.
- The male staff turnover rate in 2022 is equal to the number of male staff turnover in 2022 divided by the number of male staff in 2021 and the average number of male staff in 2022.
- The female staff turnover rate in 2022 is equal to the number of female staff turnover in 2022 divided by the number of female staff in 2021 and the average number of female staff in 2022.

Labor Standards

Indicator	Unit	2022	2021	2020
Confirmed discrimination incidents	Cases	0	0	0
Confirmed incidents of forced labor	Cases	0	0	0
Confirmed child labor	Cases	0	0	0

Note: The statistical scope is the Group.

Environmental Performance

Indicator	Unit	2022	2021	2020
Balance of loans to support green and environmental protection enterprises	billion	9.146	7.334	6.094
The number of green environmental protection enterprises supported	Number of enterprises	79	65	62
Year-on-year growth in the number of green environmental protection enterprises supported	Number of enterprises	14	3	12
Year-on-year growth rate of loans to support green and environmental protection enterprises	%	24.70	20.35	26.75

Note: The statistical scope is the Bank.

Indicator	Unit	2022	2021	2020
Direct greenhouse gas emissions and resource consumption				
Self-owned transportation vehicles				
Gasoline consumption of bus	Liter	24,720	23,777	34,900
Diesel consumption of automobiles	Liter	10,163.9	7,660.8	--
Use of water resources				
Water consumption in office	ton	285,895	232,078	261,900
Per capita office water consumption	ton/person	49.51	36.84	--
Direct greenhouse gas emissions	10000 tons of carbon dioxide	0.008	0.007	0.007
Direct greenhouse gas emissions per capita	tons of carbon dioxide/per capita	0.01	0.01	0.01
Indirect greenhouse gas emissions and resource consumption				
Purchased power	Kilowatt hour	40,894,858	48,922,741	32,145,410
Consumption of paper at office	10000 pieces	149.5	149	142.36
Per capita consumption of paper at office	pieces/person	258.87	237	258
Indirect greenhouse gas emissions	10000 tons of carbon dioxide	2.39	2.86	2.59
Indirect greenhouse gas emissions per capita	tons of carbon dioxide/per capita	4.13	4.53	4.38
Total greenhouse gas emissions	10000 tons of carbon dioxide	2.40	2.87	2.60
Greenhouse gas emissions per capita	tons of carbon dioxide/per capita	4.14	4.54	4.39

Note:

- The greenhouse gas emissions generated from business activities in 2022 include emissions the head office and branches within its jurisdiction;
- The scope of gasoline/diesel consumption statistics is the total amount of gasoline/diesel consumed by vehicles of the Head Office and branches within the jurisdiction;
- Direct greenhouse gas emissions (scope 1) include the consumption of oil and gas resources of the head office and self-owned transportation vehicles;
- Indirect greenhouse gas emissions (scope 2) include the consumption of purchased power used by the head office and its branches for business and office activities;
- The calculation of emission density is based on the total emissions, that is, the emissions of head office building and the branches within the jurisdiction;
- The accounting method of greenhouse gases in 2022 and the selection of emission factors of various energy sources (including gasoline, diesel and purchased electricity) are in line with *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions by Enterprises (Revised in 2021)* issued by the Ministry of Ecology and Environment of the People's Republic of China, *China Energy Statistical Yearbook 2020*, and *Guidelines for Preparing Provincial Greenhouse Gas Inventories (Trial)*.
- The Bank was listed on the Hong Kong Stock Exchange in September 2021, therefore, no data was collected on office water consumption per capita in 2020.
- The Bank is gradually establishing a statistics mechanism for collection of waste gas and wastes, and plans to disclose it in the future.
- Considering features of the banking industry, the financial products and services provided by the Bank do not involve a large amount of packaging materials, so the total amount of packaging materials used is not included.

Independent Assurance Report



ASSURANCE STATEMENT

SGS- CSTC'S REPORT ON ESG ACTIVITIES IN THE DONGGUAN RURAL COMMERCIAL BANK CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT (ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT) FOR 2022

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by DONGGUAN RURAL COMMERCIAL BANK CO., LTD. (hereinafter referred to as DRC Bank) to conduct an independent assurance of the Chinese version of DRC Bank's CSR REPORT (ESG REPORT) for 2022 (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all DRC Bank' Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of DRC Bank. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all DRC Bank' stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative ESG Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organisational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manage each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)

Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

- HKEX Environmental, Social and Governance Reporting Guide.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at DRC Bank' Headquarters located No.2, Hongfu East Road, Dongcheng Street, Dongguan City, Guangdong Province, P. R. China. Documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

Data tracing on headquarters level, not including original data of all subsidiaries.

The assurance process only involved interviews with the heads of relevant departments and certain employees of headquarters and consultation with relevant documents. No external stakeholder involved.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and ESG report assurance. SGS affirm our independence from DRC Bank, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate, reliable, and provides a fair and balanced representation of DRC Bank's sustainability activities in 2022.

The assurance team is of the opinion that the Report has referred the KPIs disclosures of the HKEX listing rules appendix 27 'Environmental, Social and Governance Reporting Guide'.

Reporting Rules

Materiality

DRC Bank presented the methodology for factors' materiality research and analysis, via materiality analysis, the environmental, social and governance significant issues was reported to stakeholders, which could meet the materiality principle requirement.

Quantitative

DRC Bank conducted the statistics and analysis for KPIs, and reported the disclosures' impacts and purposes. In Report, some datas were compared with historical years, which to better assist stakeholders in evaluating and making decisions about the effectiveness of management systems.

Balance

DRC Bank presented the balance reporting rule in the Report and reported the environmental, social and governance issues truthfully.

Consistency

DRC Bank disclosed the methodologies with consistency for report content and data statistics at all levels in the company, in addition, remarks and interpretations were marked in the Report to assist stakeholders make a clear comparison.

Findings and recommendations

Good practices and recommendations for ESG report and management process were described in the internal management report which has been submitted to the management of DRC Bank for continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Knowledge

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 24, 2023

WWW.SGS.COM

Relevant Content Index

Index of ESG Reporting Guidelines of Hong Kong Stock Exchange

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators	Relevant Chapters
A Environment		
	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Committed to Green Operation Promote Green Finance
	KPI A1.1 The types of emissions and respective emissions data.	Environmental Performance
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Performance
Aspect A1: Emissions	KPI A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	The Group is mainly conducted in banking business, and does not produce a lot of waste. In addition, the Bank has already entrusted all generated waste to third parties for recycling and compliance treatment. Therefore, a complete statistical mechanism has not been established and the Bank plans to disclose it in the future.
	KPI A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	The Group is mainly conducted in banking business, and does not produce a lot of waste. In addition, the Bank has already entrusted all generated waste to third parties for recycling and compliance treatment. Therefore, a complete statistical mechanism has not been established and the Bank plans to disclose it in the future.
	KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	Committed to Green Operation
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management The Group is mainly conducted in banking business, and does not produce a lot of waste. In addition, the Bank has already entrusted all generated waste to third parties for recycling and compliance treatment. Therefore, a complete statistical mechanism has not been established and the Bank plans to disclose it in the future.

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators	Relevant Chapters
Aspect A2: Use of resources	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Committed to Green Operation
	KPI 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).	Committed to Green Operation Environmental Performance
	KPI A2.2 Water consumption in total and intensity (e.g., Per unit of production volume, per facility).	Environmental Performance
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Committed to Green Operation
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Committed to Green Operation
	KPI A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Considering features of the banking industry, the financial products and services provided by the Bank do not involve a large amount of packaging materials, so the total amount of packaging materials used is not included.
Aspect A3: The Environment and Natural Resources	General disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Committed to Green Operation
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Committed to Green Operation
Aspect A4: Climate Change	General disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change Promote Green Finance
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change Promote Green Finance
B. Society		
Aspect B1: Employment	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Equal Employment Support Talent Development
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Performance
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Social Performance

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators	Relevant Chapters
Aspect B2: Health and safety	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pay Attention to Employee Health and Safety
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance
	KPI B2.2 Lost days due to work injury.	Social Performance
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Pay Attention to Employee Health and Safety
Aspect B3: Development and training	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Support Talent Development
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Support Talent Development
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Support Talent Development
Level B4: Labor standards	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Equal Employment
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labor.	Equal Employment
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Equal Employment
Aspect B5: Supply Chain Management	General disclosure: Policies on managing environmental and social risks of the supply chain.	Promote Transparent Procurement
	KPI B5.1 Number of suppliers by geographical region.	Promote Transparent Procurement Social Performance
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Promote Transparent Procurement
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Promote Transparent Procurement
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Promote Transparent Procurement

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators	Relevant Chapters
Aspect B6: Product responsibility	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protect the Rights and Interests of Consumers
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons. The Bank does not directly provide physical products; therefore, it is not included in this report
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with. Customer Complaint Management Social Performance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights. Intellectual Property Right Protection
	KPI B6.4	Description of quality assurance process and recall procedures. The Bank does not directly provide physical products; therefore, it is not included in this report
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored. Protect Customer Information Security
Aspect B7: Anti-corruption	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Money Laundering
	KPI 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. Anti-Money Laundering Social Performance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. Anti-Corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff. Anti-Corruption Social Performance
Aspect B8: Community investment	General disclosure: 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.	Consolidate Efforts In Poverty Alleviation Engage In Public Welfare Activities
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport). Engage In Public Welfare Activities
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area. Chairmen's Address Consolidate Efforts In Poverty Alleviation Engage In Public Welfare Activities

GRI Standards Index

	Indicator Description	Relevant Chapters
GRI2 General Disclosure 2021		
1. Organization and its reporting practices	2-1 Organization details	About Us
	2-2 Entities included in the organization's sustainability reporting	About Us
	2-3 Reporting period, reporting frequency and contact point	About This Report
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	Independent Assurance Report
2. Activities and workers	2-6 Activities, value chains and other business relationships	About Us
	2-7 Employees	Join Hands to Achieve Employee Development Social Performance
	2-8 Workers who are not employees	Join Hands to Achieve Employee Development Social Performance
3. Governance	2-9 Governance structure and composition	Improve Corporate Governance Reference to 2022 Annual Report
	2-10 Nomination and selection of the highest governance body	Improve Corporate Governance Reference to 2022 Annual Report
	2-11 Chair of the highest governance body	Reference to 2022 Annual Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Improve Corporate Governance Deepen Risk Control Strengthen Compliance and Internal Control Reference to 2022 Annual Report
	2-13 Delegation of responsibility for managing impacts	Improve Corporate Governance Deepen Risk Control Reference to 2022 Annual Report
	2-14 The role of the highest governance body in the sustainable development report	Social Responsibility Management
	2-15 Conflict of Interest	Reference to 2022 Annual Report
	2-16 Communication of critical concerns	Improve Corporate Governance Reference to 2022 Annual Report
	2-17 Collective knowledge of the highest governance body	Integration of Responsibility
	2-18 Evaluation of the performance of the highest governance body	Improve Corporate Governance
	2-19 Remuneration policies	Compensation and Benefits Reference to 2022 Annual Report
2-20 Process to determine remuneration	Reference to 2022 Annual Report	
2-21 Annual total compensation ratio	Reference to 2022 Annual Report	

	Indicator Description	Relevant Chapters
4. Strategy, Policy and Practice	2-22 Statement on sustainable development strategy	Board Statement
	2-23 Policy commitments	Chairman's Statement Board Statement Reference to 2022 Annual Report
	2-24 Embedding policy commitments	Chairman's Address Board Statement Reference to 2022 Annual Report
	2-25 Processes to remediate negative impacts	Deepen Risk Control
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement Improve Corporate Governance
	2-27 Compliance with laws and regulations	Related Contents in All Chapters
	2-28 Membership associations	About Us
5. Stakeholder engagement	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	Protecting the Rights and Interests of Employees
GRI3 Substantive Issue 2021		
1. Disclosure of substantive issues	3-1 Process to determine material topics	Materiality Analysis
	3-2 List of material topics	Materiality Analysis
	3-3 Management of material topics	Materiality Analysis
CRITERIA FOR GRI ISSUES		
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	Key Performance Economic Performance Reference to 2022 Annual Report
	Financial implications and other risks and opportunities due to climate change	Response to Climate Change
	Defined benefit plan obligations and other retirement plans	Compensation and Benefits Reference to 2022 Annual Report
203-1	Infrastructure investments and services supported	Further Develop Main Business and Serve the Economy and People's Livelihood
203-2	Significant indirect economic impacts	Further Develop Main Business and Serve the Economy and People's Livelihood
204-1	Proportion of spending on local suppliers	Promote Transparent Procurement
205-1	Operations assessed for risks related to corruption	Anti-Corruption
	Communication and training about anti-corruption policies and procedures	Anti-Corruption
	Confirmed incidents of corruption and actions taken	Anti-Corruption
301-1	Energy consumption within the organization	Environmental Performance
	Energy intensity	Environmental Performance
	Reduction of energy consumption	Environmental Performance
	Reductions in energy requirements of products and services	Environmental Performance

	Indicator Description	Relevant Chapters
303-1	Interactions with water as a shared resource	Committed to Green Operation
	Management of water discharge-related impacts	Committed to Green Operation
	Water consumption	Environmental Performance
305-1	Direct (Scope 1) GHG emissions	Environmental Performance
	Energy indirect (Scope 2) GHG emissions	Environmental Performance
	GHG emissions intensity	Environmental Performance
	Reduction of GHG emissions	Environmental Performance
308-1	New suppliers that were screened using environmental criteria	Promote Transparent Procurement
	Negative environmental impacts in the supply chain and actions taken	Promote Transparent Procurement
401-1	New employee hires and employee turnover	Social Performance
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits
403-1	Occupational health and safety management system	Pay Attention to Employee Health and Safety
	Hazard identification, risk assessment, and incident investigation	Pay Attention to Employee Health and Safety
	Occupational health services	Pay Attention to Employee Health and Safety
	Worker participation, consultation, and communication on occupational health and safety	Pay Attention to Employee Health and Safety
	Work injuries	Social Performance
	Health problems arising from work	Pay Attention to Employee Health and Safety
404-1	Average hours of training per year per employee	Support Talent Development
	Programs for upgrading employee skills and transition assistance programs	Support Talent Development
405-1	Diversity of governance bodies and employees	Improve Corporate Governance Equal and Diversified Employment
406-1	Incidents of discrimination and corrective actions taken	Equal and Diversified Employment
413-1	Operations with local community engagement, impact assessments, and development programs	Further Develop Main Business and Serve the Economy and People's Livelihood Remain True to the Original Aspiration and Share a Better Life
414-1	New suppliers that were screened using social criteria	Promote Transparent Procurement
414-2	Negative social impacts in the supply chain and actions taken	Promote Transparent Procurement
416-1	Assessment of the health and safety impacts of product and service categories	High Quality Service with Focus On Customer Experience

Reader Feedback Form

Thank you for reading the 2022 Corporate Social Responsibility Report of Dongguan Rural Commercial Bank Co., Ltd. In order to improve the Bank's social responsibility governance, we look forward to receiving your valuable comments and suggestions through a questionnaire, and you can give feedback in the following ways.

Address: Dongguan Rural Commercial Bank Building, No. 2, Hongfu East Road, Dongcheng Street, Dongguan

Tel: (86) 0769-961122

Post code: 523123

1. Your overall evaluation of this report:

Bad Average Good Very good

2. Do you think this report fully reflects the Bank's economic performance?

Yes Average No

3. Do you think this report comprehensively reflects the Bank's social performance?

Yes Average No

4. Do you think this report comprehensively reflects the performance of the Bank in terms of environment?

Yes Average No

5. Do you think the information disclosed in this report is complete?

Yes Average No

6. Do you think the content and format of this report are clear and easy to understand?

Yes Average No

7. Any other comments and suggestions on improving the Bank's performance of social responsibilities and this report:



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