

# 2023

# Corporate Social Responsibility Report

(Environmental, Social and Governance Report)



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# About This Report



## Reporting Scope

**Organizational scope:** The report takes Dongguan Rural Commercial Bank Co., Ltd. as the main entity, covering the head office, branches, and subsidiaries. For ease of presentation, the terms “Dongguan Rural Commercial Bank”, “the Company”, “the Parent Bank”, or “the Bank” are used to refer to Dongguan Rural Commercial Bank Co., Ltd., and the terms “our Group”, “the Group”, “we” or “us” are used to refer to the Bank and its subsidiaries. The above expressions and references are consistent with the Bank's Annual Report 2023.

**Time range:** January 1, 2023, to December 31, 2023, with portions of the report exceeding the above timeframe to enhance consistency and comparability.

**Reporting cycle:** This report is disclosed on an annual basis.



## Preparation Basis and Reference

This report has been prepared in compliance with the *Appendix C2: Environmental, Social and Governance Reporting Guide of Hong Kong Exchanges and Clearing Limited Main Board Listing Rules*. It also refers to GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), and the related requirements of the *Opinions on Strengthening the Social Responsibility of Banking and Financial Institutions* issued by the China Banking Regulatory Commission (formerly named) which has been renamed as National Financial Regulatory Administration and *Guidelines on Corporate Social Responsibility for Financial Institutions in the Banking Sector in China* issued by China Banking Association.

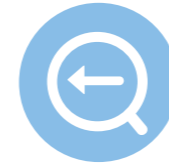


## Data Description

The financial data in this report is primarily derived from the Bank's *Annual Report 2023*; other data is primarily derived from the Bank's *Environmental Disclosure Report*, internal files, and relevant statistical data.

The data in this report may be inconsistent with the data in the Bank's *Annual Report 2023* due to statistical scope factors (e.g., scope of the consolidated statements and scope of the parent company's statements). In those circumstances, data in the Bank's Annual Report 2023 shall be the standard data.

Unless otherwise stated, the currency units referred to in this report are RMB. To ensure consistency in reporting, some data should be backdated to previous years.



## Reporting Principles

This report has been prepared in accordance with the principles of materiality, quantification, balance, and consistency.

**Principle of materiality:** This report identifies Material ESG issues affecting the Bank's sustainable development, considering the characteristics of the industry, the expectations of stakeholders and the Bank's own development plans, as detailed in P14;

**Quantitative principles:** The Bank's ESG quantitative key performance has been disclosed in this report and is detailed in the Performance section of the Appendix.

**Principle of consistency:** This report is as consistent as possible in its use of metrics from one reporting period to the next, and if there are changes in key performance indicators, an explanation of those changes is provided.

**Principle of Balance:** The contents of this report reflect objective facts and disclose both indicators that reflects positive and negative influence.



## Guarantees of This Report

To ensure the authenticity and reliability of the report, this report is submitted to CECEP Environmental Consulting Co., Ltd. for third-party report verification, and provide independent verification report, please refer to the section of *Independent Assurance Report* for details.



## Reporting Language

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



## Published Platforms

The report is published in electronic form and can be downloaded via the following website:

The Stock Exchange of Hong Kong website:

The Bank's official website: [www.drcbank.com](http://www.drcbank.com)



## Contacts

Dongguan Rural Commercial Bank Co., Ltd.

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

Zip Code: 523123

Tel: (86)0769-961122

# Chairman's Statement

2023 was the opening year for the full implementation of the spirit of 20th National Congress of the Communist Party of China, as well as the milestone of *14th Five-Year Plan's* fully implementation. During this year, we have combated the storms and rains and hardened our efforts to move forward, and we have made solid progress and achieved bumper harvests. As the corporation with the largest assets, also the most branches and the strongest support for small and medium-sized enterprises in banking sector in Dongguan, Dongguan Rural Commercial Bank has carried out the general requirements of the state to promote Chinese modernization, rooted in the local area, returned to its roots, and continued to help industrial upgrading, provided financial services to the entities. Meanwhile, we deepened the efforts in green finance, promoted the revitalization of the countryside, and fulfilled our social responsibility, took the initiative to serve Dongguan in the modernization of the “Double 10,000 (雙萬)”<sup>1</sup> and injected a continuous stream of financial vitality into the “High-Quality Development Project”<sup>2</sup>.

**Management optimization made corporate governance more effective.** We have consistently implemented the concept of sustainable development throughout the entire process of corporate governance, strengthened responsible governance, continuously enhanced the effectiveness of corporate governance. Besides, we also deepened comprehensive risk management, improved the internal control and compliance system, and promoted transparency in procurement process. These effects helped us achieve sound and compliant business operations, and the sustainable development of the company.

**Integration of the main industries made the economy and people's livelihoods more energetic.** We have always been rooted in the local area, with the goal of high-quality development of the local economy through financial services, actively integrating into the overall development of the country, supporting the development of the Guangdong-Hong Kong-Macao Greater Bay Area, relying on our own financial brand positioning, combining the characteristics of our products and services, assisting in the restructuring and upgrading of key industries, actively supporting agriculture and micro enterprises, accurately irrigating small and micro enterprises, and responding to the demand for livelihood-related financial services, and endeavouring to enhance the universality and inclusiveness of our financial services.

<sup>1</sup> “Double 10,000 (雙萬)” refers to a GDP of trillions and a population of 10 million in Dongguan.

<sup>2</sup> The strategic deployment of Guangdong Provincial Party Committee on promoting the coordinated development of urban and rural areas in Guangdong Province, that is, taking the 122 counties (cities and districts), 1,609 towns (sub-districts), and 26,500 administrative villages (communities) in the province as the main body to comprehensively promote the high-quality development of counties, towns and villages in the province.

**Financial inclusion gave more impetus to rural revitalization.** As the report of the 20th National Congress of the Communist Party of China pointed out “Improve the agricultural support and protection system, and improve the rural financial service system”. We have continuously strengthened our determination and self-consciousness in implementing the rural revitalization strategy, fully launched “High-Quality Development Project”, integrated our business characteristics, and coordinated our advantageous resources to further promote modern *Sannong* financial services to a higher level and higher quality. Effectively support the revitalization of villages.

**Low-carbon transformation offered more potential in green finance.** We have always stood on the strategic base of harmonious coexistence between mankind and nature, deeply practiced the concept of sustainable development, focused on sustainable operation, continuously improved the green financial management mechanism, enriched the multi-level green financial product system such as green credits and green bonds, increased the market share of green finance, fully supported the transformation and upgrading of sustainable and low-carbon industries, and promoted to achieve the country's 3060 Carbon Peaking and Carbon Neutrality goal, and paint a beautiful picture of sustainable China with the brush of finance.

**Digital empowerment made financial services more attractive.** In order to meet the new needs of clients in the digital economy, we have accelerated the transformation of the digital intelligence engine, leveraged the multiplier effect of data elements in the all-around financial scene, constructed the “1+2+X” digital operation system, extended the service coverage, and enhanced the efficiency of services, so as to fully develop into a “Finance + Scene” fusion intelligent bank and provide customers with more technological, futuristic and warm sense of financial services.

**The legacy of the Volunteer Spirit has made our dedication to the society more affable.** With the mission and goal of continuing to support the common prosperity, we will vigorously promote the spirit of volunteerism, continuously enhance the coverage of financial services, help people who are in needs, support public welfare and charity works, strive to improve the quality of life of the public, so that the fruits of financial development can benefit more people, and take practical actions to give back to the society, and build a civilized home that is inclusive, harmonious, and beautiful.

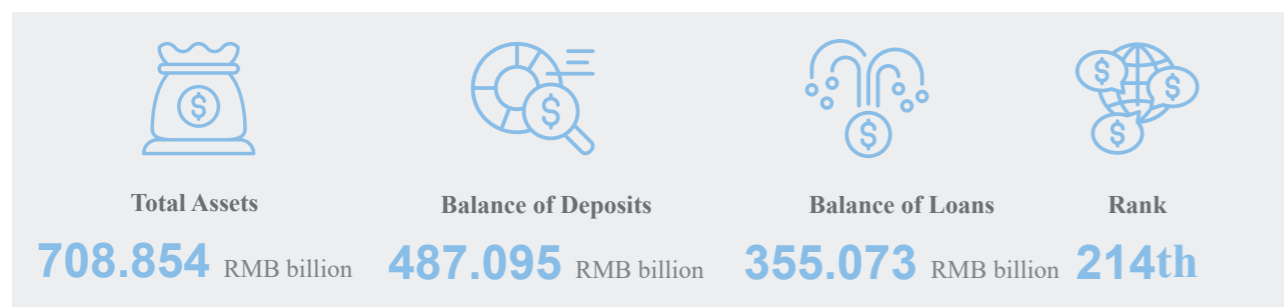
The year 2024 will mark the 75th anniversary of the founding of China and is a critical year for achieving the objectives and tasks of the 14th Five-Year Plan, and it was also the first year of our new strategy for the Group. We will, as always, adhere to the general principle of seeking progress amidst stability, carry out the requirements of promoting stability through progress and establishing before breaking through, and aim at “Building a Regional Modern Rural Commercial Bank Group”. We will improve corporate governance, empower the economy and people's livelihoods, upgrade digital financial services, protect the “Lucid Waters and Lush Mountains”, achieve employee's development, and create a better life in a variety of areas, with a determination to forge ahead, make real efforts, and join hands with all stakeholders to achieve sustainable development and a new chapter of high-quality economic and social development!

Dongguan Rural Commercial Bank Co., Ltd.

Chairman: Lu Guofeng

# About Us

## Company Profile



Dongguan Rural Commercial Bank, as an independent legal entity, is a headquarter-level local joint stock commercial bank. The Bank was established in 1952 and its predecessor is Dongguan Rural Credit Cooperatives 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 on 29 September 2021 (stock code: 9889.HK), making it the 13th listed rural commercial bank and the 4th H-share listed rural commercial Bank in PRC, and the first listed local legal financial institution in Dongguan.

As of the end of 2023, the Group's total assets amounted to RMB708.854 billion, representing a year-on-year increase of 7.78%; the Group's balance of deposits was RMB487.095 billion, representing a year-on-year increase of 6.08%; and the balance of loans was RMB355.073 billion, representing a year-on-year increase of 6.95%. The Group's non-performing loan ratio was 1.23%, the provision coverage ratio was 308.30%, the capital adequacy ratio was 15.85%, the tier-one capital adequacy ratio was 13.65%, and the net profit was RMB5.346 billion, with ROA (return on assets) and ROE (return on equity) of 0.78% and 9.61%, respectively.

According to the latest statistics of British "The Banker", in terms of tier-one capital as of the end of 2022, the Bank ranked 214th in the global banking industry, among the top 300 in the global banking industry. The Bank ranked 38th in the "Top

100 Banks in China of 2023" released by China Banking Association in terms of net core tier-one capital and other statistical indicators as of the end of 2022, and 5th among rural commercial banks in the PRC. As the only Dongguan-based entity listed in the "2023 Global 2000" by Forbes, the Bank ranked 1208th. In the "Hurun China 500 Most Valuable Private Companies 2022" list released by Hurun Research Institute, the Bank ranked 292nd with a valuation of RMB44.5 billion.

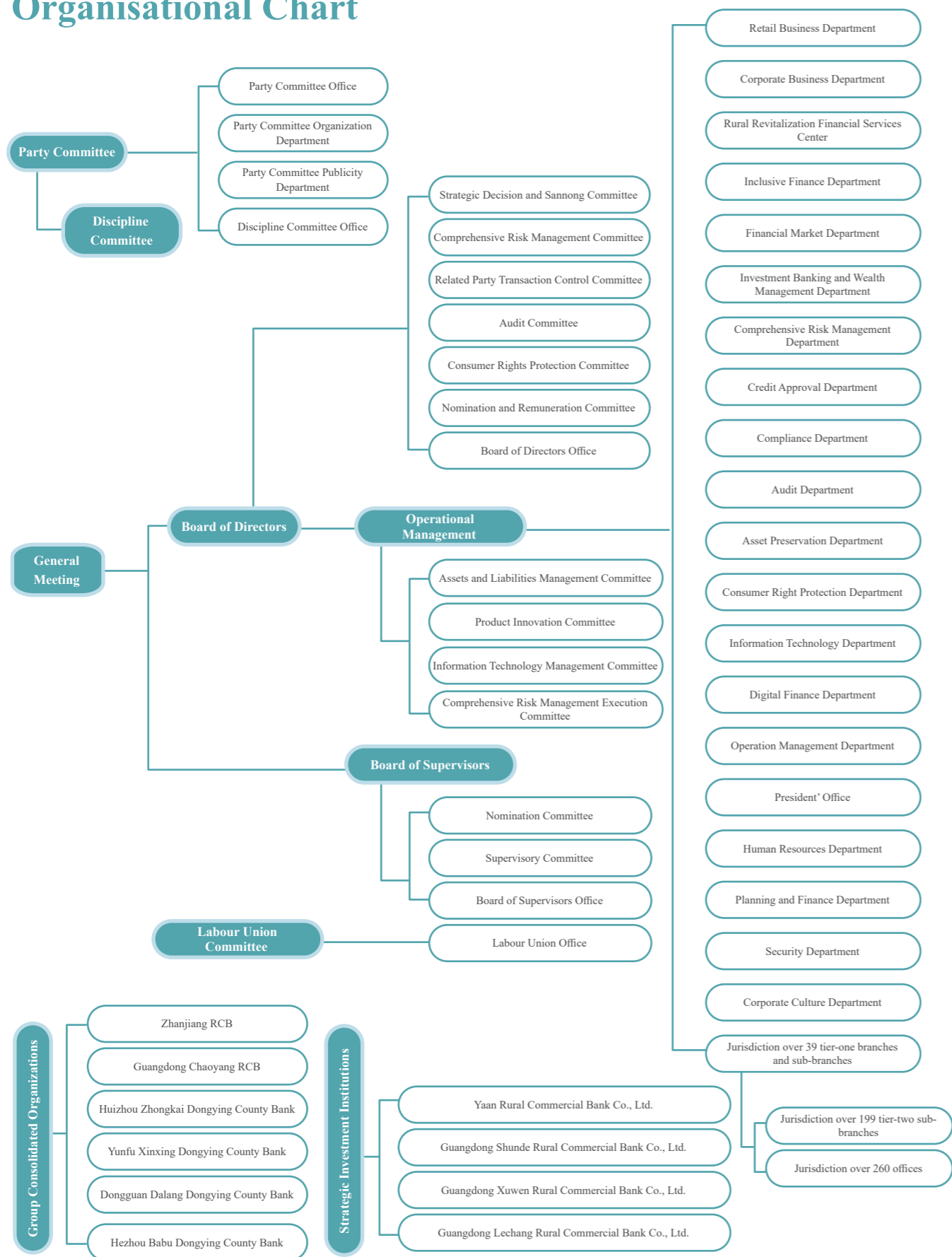
As of the end of December 2023, the Bank has established a total of 499 business outlets (including the headquarter), including 39 tier-one branches and sub-branches, 199 tier-two sub-branches and 260 offices, a total of 498 business outlets. At the same time, the Bank has further developed into a regional group, 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, Huizhou Zhongkai Dongying County Bank, Yunfu Xinxing Dongying County Bank, Dongguan Dalang Dongying County Bank, Hezhou Babu Dongying County Bank, managed Zhanjiang RCB and Chaoyang RCB, assisted Dongguan Municipal Government in managing Puning 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 development pattern with Dongguan

as center, and Guangdong-Hong Kong-Macao Greater Bay Area as the core, fully contributing to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development of Guangdong, Hong Kong and Macao.

Over the past year, the Bank has deepened its corporate governance under the guidance of an excellent corporate culture, continued to unleash its innovative energies, achieved remarkable results in ESG management and practices, and further strengthened its ability to achieve sustainable development. Looking to the future, the Bank will continue adhering to the business philosophy of "customer centric, market-oriented and efficiency-oriented", serve the real economy, continue to enhance the professional level in financial services, and comprehensively support the high-quality development of local economy.



# Organisational Chart



Note: The above is the organizational structure as of the end of December 2023.

# Honors and Adwards

### January 2023

2022 Word-of-mouth List of China's Listed Companies—The Most Growing Overseas Listed Company  
*National Business Daily*

2022 Rural Revitalization Bank  
*21st Century Business Herald, 21st Century Finance Academy*

2022 Interbank Market Charity Day Caring Organizations Office of Designated Rural Revitalization Leading Group of the PBOC China Foundation for Development of Financial Education, China Foreign Exchange Trade System & National Interbank Funding Center

### March 2023

2023 Excellent Case of "Government-Bank Interaction" of Public Data Operations in China  
*Smart City Working Committee of the China Law Association on Science and Technology (CLAST), China Smart City Forum*

2023 Financial Industry High-Quality Development Conference and the 9th Financial Corporate Social Responsibility Forum Green Finance Excellent Cases  
*Xinhua Shanghai Finance and Development Laboratory*

### April 2023

Outstanding Strategic Cooperation Unit of Financial Development Forum in the Guangdong-Hong Kong-Macao Greater Bay Area  
*Institute of Finance and Banking, Development Research Center of the State Council Guangdong Administration of Financial Regulation*

### June 2023

Excellent Performance Award for Aiding Enterprises in 2022  
*Guangdong SME Financing Platform*

Bronze Cup for Guangdong Poverty Alleviation Red Cotton Cup in 2022  
*Leading Group of Rural Work of Guangdong Provincial Committee of the Communist Party of China (CPC)*

Ranking 1208th of the Top 2,000 Global Enterprises in 2023  
*Forbes, USA*

### July 2023

Ranking 214th of the Top 1,000 World Banks in 2023  
*The Banker, UK*

Tianji Award for ESG Practices in China's Banking Industry in 2023  
*Securities Times, Securities Trader China*

### August 2023

Ranking 38th on the list of Top 100 Banks in China in 2023  
*China Banking Association*

### September 2023

Ranking 38th the Top50 Private Enterprises in Guangdong Province's Service Sector  
*Guangdong Federation of Industry and Commerce*

### October 2023

Ranking 13th the Top100 Dongguan Municipal Enterprises 2023  
*Organizing Committee of the Dongguan Private Entrepreneurs' Day*

ESG Achievement Programme 2023  
*Hong Kong Economic Journal*

### November 2023

Annual Market Impact Award for Interbank Local Currency Market in 2023  
*National Interbank Funding Center*

2023 ESG Times Pioneer Listed Company Award  
*Time-weekly*

### December 2023

2023 Pearl River Delta Financial Sector Watch List - Dongguan Social Responsibility Benchmarking Bank of the Year  
*Information Times*

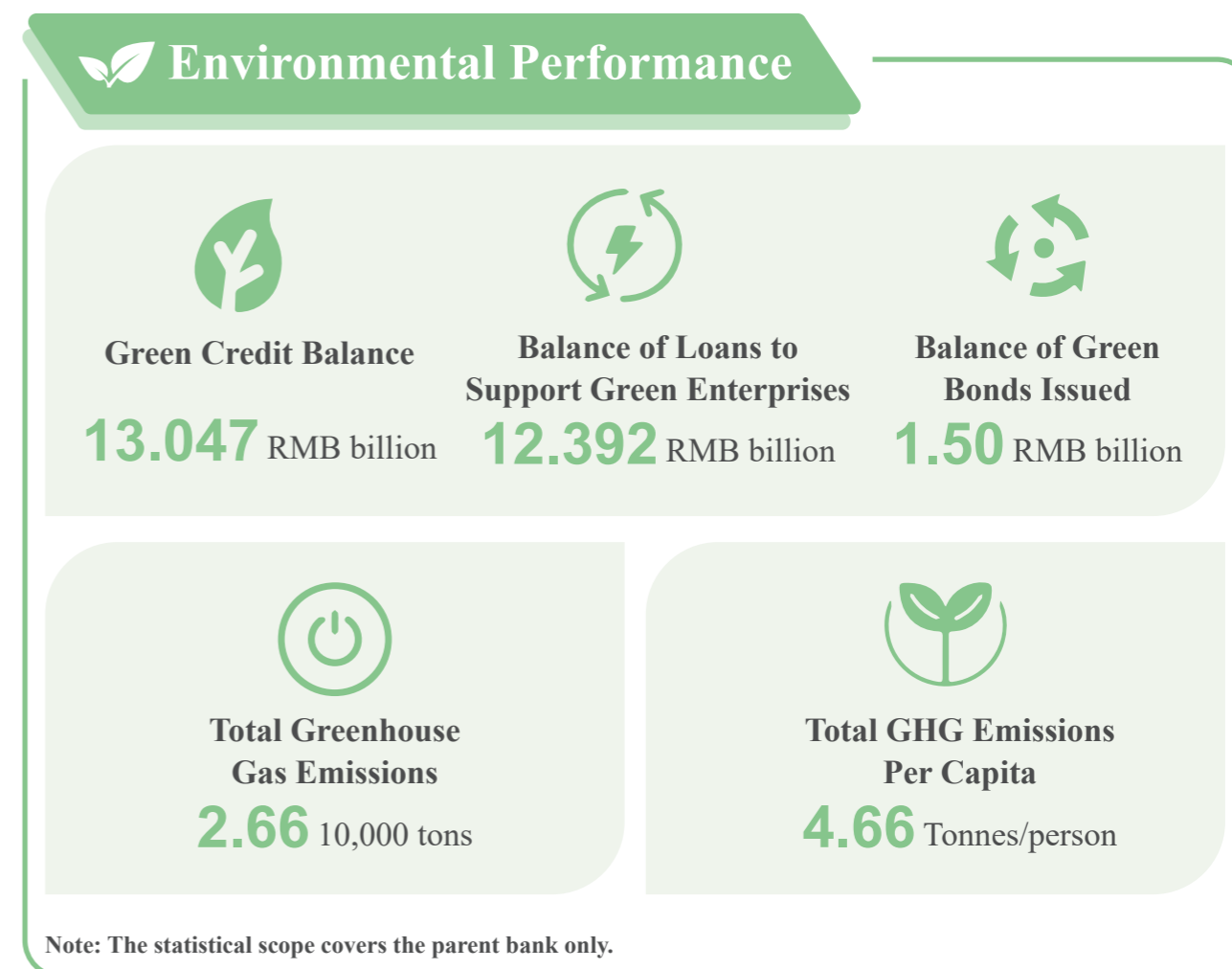
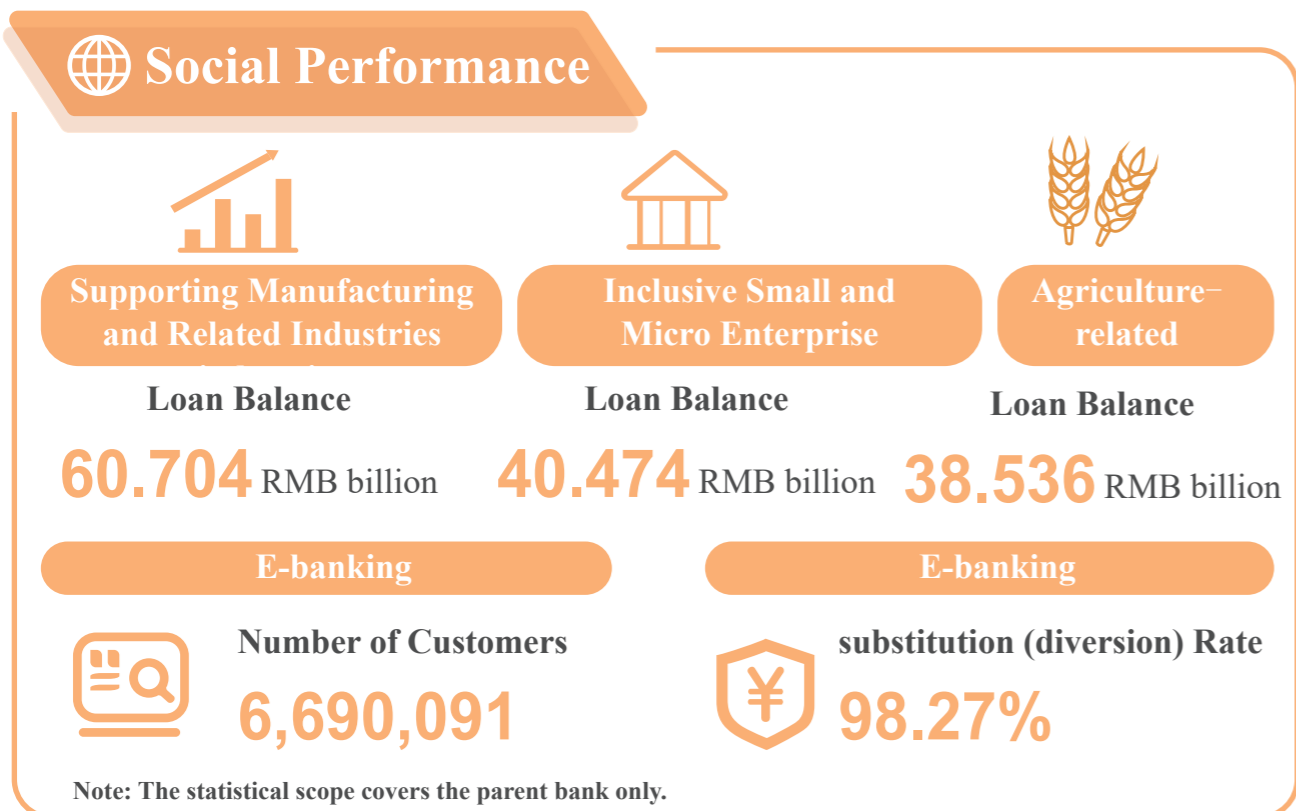
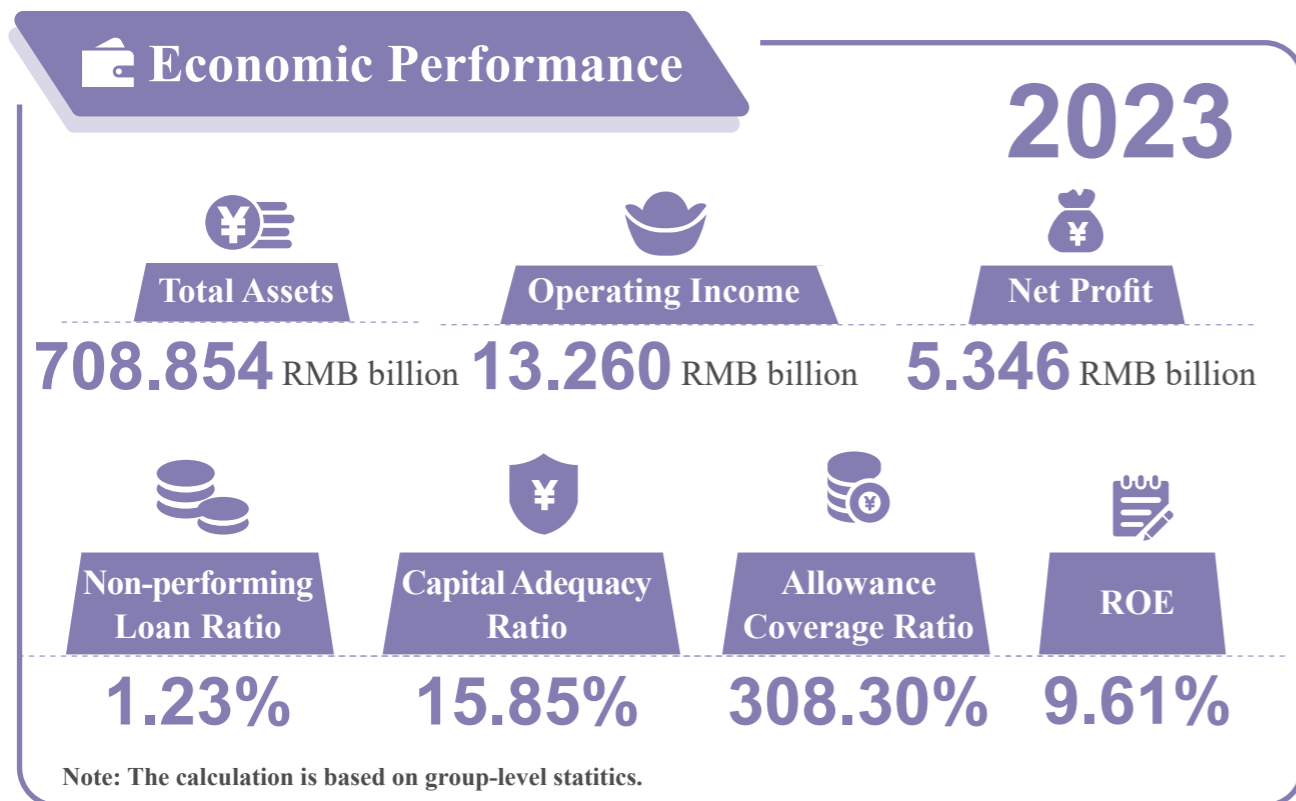
### February 2024

Top 20 Enterprises in Dongguan by Principle Operating Income in 2023  
*Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government*

Dongguan City Benefit Contribution Award in 2023  
*Chinese Communist Party Dongguan Committee, Dongguan Municipal People's Government*

Excellent Green Financial Business Innovation Institution in 2023  
*Shanghai Clearing House*

## Key Performance



# Social Responsibility Management

## Board Statement

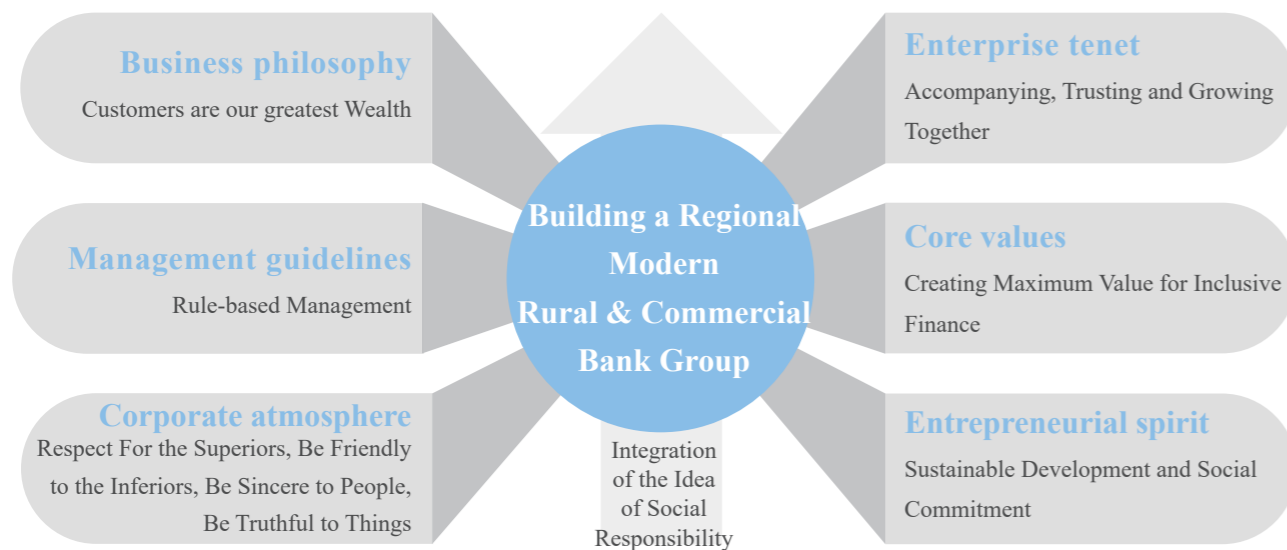
The Bank's Board of Directors deliberates, decides, supervises, and directs Environmental, Social and Governance (ESG) efforts, regularly considers ESG risks, oversees ESG-related objectives and achievements, directs ESG information disclosure, and assumes responsibility for ESG strategy and reporting. Senior management cooperates with and assists the Board of Directors in supervising and managing ESG-related work.

The Bank has formulated an ESG strategy, identified and assessed important ESG issues through daily communication and survey questionnaires and screened out 21 material ESG issues. The Board's process of assessing, prioritizing, and managing material ESG-related issues can also be found in the "Stakeholder Communication and Analysis of Materiality Issues" sections of this chapter.

## Integration of Responsibility

The Bank has always been committed to integrating the concept of social responsibility into its development strategy and culture and has constructed the "One Core with Six Wings model with Building a Regional Modern Rural and Commercial Bank Group" as the core, and "Business philosophy, Enterprise tenet, Management guidelines, Core values, Corporate atmosphere and Entrepreneurial spirit" as the six wings of the business philosophy. It is applied to guide the Bank operation and management practices, and to achieve high-quality and high-efficiency development together with our stakeholders.

### One Core with Six Wings Model of Social Responsibility Concept



# Responsible Management System

## ESG Governance Structure

### Decision Level

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 Level

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.

### Executive level

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

The Bank continues to integrate the concept of social responsibility management with its own development strategy, corporate culture, and operating activities, further optimize its ESG governance structure, improve its social responsibility management system. Meanwhile, it continuously enhances its social responsibility management standards to ensure that ESG practices are efficiently promoted and create greater value for the environment and society

During the reporting period, the Board of Directors of the Bank fulfilled its relevant duties in environmental, social and governance such as "Sannong"<sup>1</sup> financial services, green finance, customer rights protection and social responsibility, to provide protection for the promotion of the establishment of a long-term mechanism for ESG management.

## Stakeholder Engagement

Smooth stakeholder engagement is an important aspect of the Bank's work. In all aspects of its daily operations, the Bank actively engages in stakeholder engagement through a variety of channels, including online and offline, to understand the needs and expectations of stakeholders and respond in a timely manner to enhance mutual understanding and trust.

<sup>1</sup> the Chinese acronym of, collectively, nongye (agriculture), nongcun (rural areas) and nongmin (farmers)



Stakeholders	Expectations and Demands	Communication Channel
 <b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Serving the National Strategy</li> <li>Compliance and Stability</li> <li>Enhancing Corporate Governance</li> <li>Development of financial inclusion</li> <li>Support Green Finance</li> <li>Adapting to Climate Change</li> <li>Contributing to the “Carbon Peaking and Carbon Neutrality Goal”</li> </ul>	<ul style="list-style-type: none"> <li>Organize online and offline workshop to understand and implement national and regulatory policy requirements.</li> <li>Commencement of special meetings and regular meetings to discuss the issue.</li> <li>Release of Annual ESG Report</li> </ul>
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Protection of Shareholders’ and Investors’ Interests</li> <li>Enhancing Corporate Governance</li> <li>Enhancing Risk Management</li> <li>Continuing Sound Business Operations</li> </ul>	<ul style="list-style-type: none"> <li>Periodic Reports</li> <li>Publish annual ESG report and update information disclosure on a timely basis</li> <li>Setting up various channels for investor communication such as investor hotlines and mailboxes</li> </ul>
 <b>Customer</b>	<ul style="list-style-type: none"> <li>Enhancement of Products and Services</li> <li>Information and Privacy Protection</li> <li>Financial Education</li> <li>Protecting the Interests of Clients</li> </ul>	<ul style="list-style-type: none"> <li>Client Satisfaction Survey</li> <li>Improvement of client communication channels such as telephone hotlines, official websites, WeChat official account, and mobile banking App</li> <li>Investigate client needs and complaints</li> <li>Launching investor education programs</li> </ul>
 <b>Employee</b>	<ul style="list-style-type: none"> <li>Protection of Employee’s Rights and Benefits</li> <li>Reasonable Remuneration and Benefits System</li> <li>Development of Professional Training</li> <li>Promoting Career Development</li> <li>Enhancement of Work Environment</li> <li>Enriching Employees’ Life</li> <li>Enhancing Employees’ Caring Activities</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction survey</li> <li>Employees council</li> <li>Enrichment of employees’ cultural and health related activities</li> <li>Developing employees training programs</li> <li>Developing employee caring programs</li> </ul>
 <b>Supplier</b>	<ul style="list-style-type: none"> <li>Equitable Cooperation</li> <li>Compliance</li> <li>Win-Win Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Tendering activities</li> <li>Daily communication</li> <li>Business communication</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>Promoting Community Development</li> <li>Participation in Social Welfare and Charity</li> </ul>	<ul style="list-style-type: none"> <li>Community benefits</li> <li>Volunteer activities</li> <li>Specialized poverty alleviation</li> </ul>

## Materiality Analysis

In accordance with the requirements of *Environmental, Social and Governance Reporting Guide of Hong Kong Exchanges and Clearing Limited Main Board Listing Rules* and other international social responsibility standards, and taking into account the characteristics of the financial industry and the Bank’s ESG practice experience, the Bank has identified 21 ESG material issues as the priority areas for the Bank’s social responsibility management and practice through the distribution of stakeholder surveys and other means, and has made major disclosures in this report. To enhance the consistency of the contents of this report, the Bank has slightly adjusted the presentation of some material issues in the ESG report of 2023. In particular, the two original topics of “Developing and Nurturing Talents and Smoothing Career Paths” have been merged into “Caring for Employee Development”.

### 01 Recognition

Based on the results of the Company’s 2023 stakeholder survey and considering the policies and hotspots of the banking sector, the Bank’s major strategies, and international standards and guidelines related to sustainable development, the Company’s 21 ESG issues were identified and revised.

### 02 Assessment

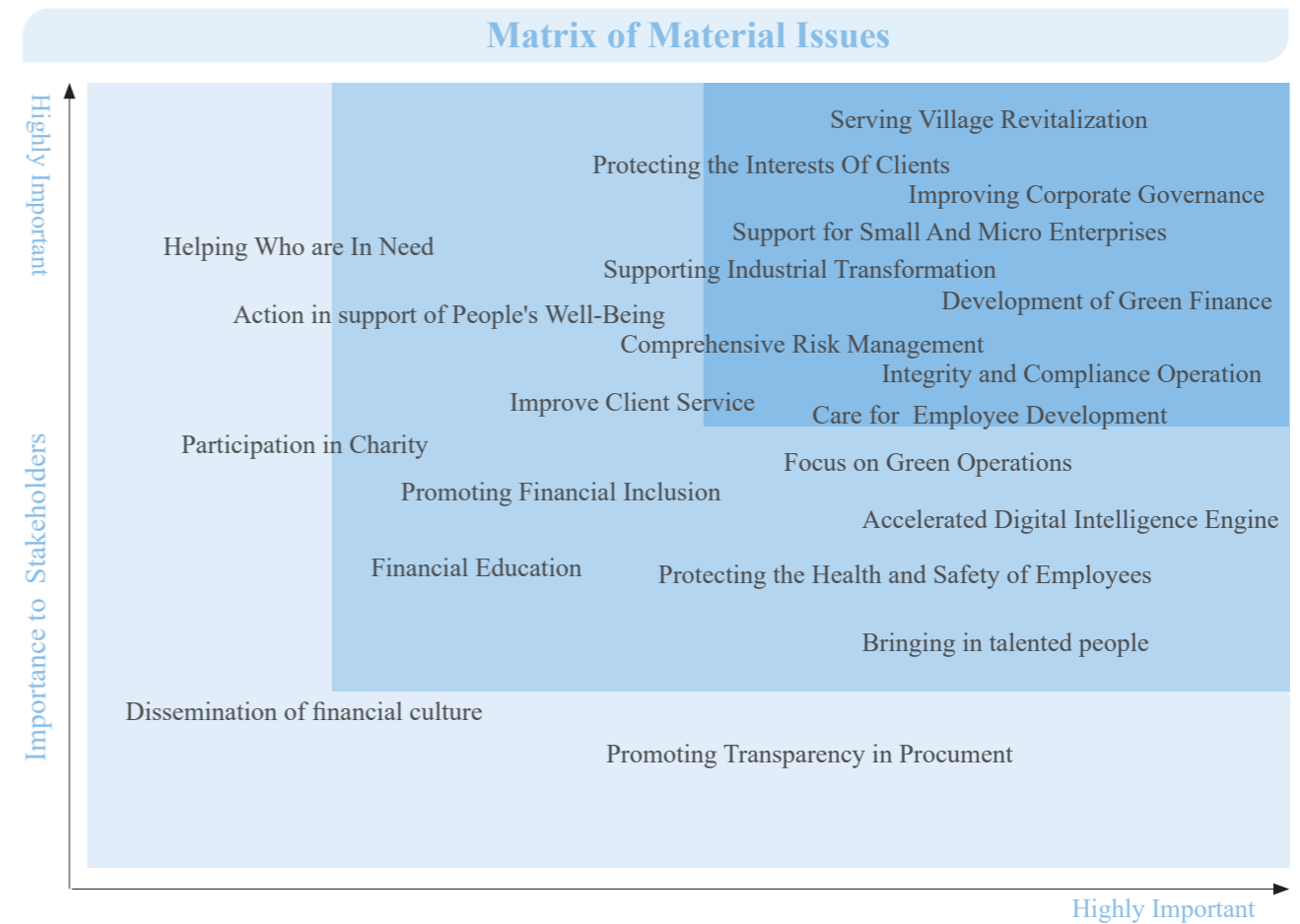
In order to understand the key issues of concern to stakeholders, at the end of the reporting period, the Bank conducted questionnaire surveys with various stakeholder groups, including shareholders, regulators, senior management, employees, clients, communities, and industry associations, to assess the level of importance of various ESG issues, such as corporate governance, risk compliance management, economy and people’s livelihoods, green development, client financial services, employee responsibilities, and public welfare and charity.

### 03 Filter

Based on the results of the ESG issues’ importance to stakeholders and the Bank’s own importance, we have developed a matrix for analyzing materiality issues, and then screened out key issues that have a significant impact on the Bank’s operation and development.

### 04 Management

Based on the issue matrix, the level of stakeholder’s interest in each issue in 2023 is presented with reference to the GRI markers. The GRI Standards provide a complete description of the corresponding management strategy, management mechanism, and continuous disclosure of various issues.



Importance to the Sustainable Development of Dongguan Rural Commercial Bank (DRCB)



# 01

## GOVERNANCE

### **Efficient Governance, Adherence to Compliance**



- Improve Corporate Governance
- Comprehensive Risk Management
- Integrity and Compliance Business Operation
- Promote Transparency in Procurement

## Improve Corporate Governance

The Bank earnestly implements the decisions and deployments of the Central Committee of the Communist Party of China, strictly follows the requirements of *Corporate Governance Code* of the Hong Kong Stock Exchange and the *Code of Corporate Governance for Banks and Insurance Institutions* of the National Financial Regulatory Administration (formerly named as the China Banking and Insurance Regulatory Commission), effectively promotes the in-depth integration of the Party's leadership and corporate governance, and continues to improve the structure, management system and culture of modern corporate governance, and enhances the efficiency of its internal operations through standardization, professionalization and scientific management. We will continue to improve the modern corporate governance structure, mechanism, and culture, enhance the efficiency of our internal operation through standardized, professional and scientific management, safeguard the rights and interests of our stakeholders, and continue to create value for them.

### Optimize Governance Structure

The Bank adheres to the core leadership of the Party Committee and fulfills its statutory duties in accordance with the principles of "Each having its own duties and responsibilities, coordination and operation, and effective checks and balances" of the General Meeting of Shareholders, the Board of Directors, the Board of supervisors and the senior management, and continuously improves the quality of performance of the "three committees and one senior management" in accordance with the laws. The quality of the performance of the "three committees and one senior management" has been continuously enhanced, and the standard of corporate governance has been continuously improved.

Governance Institutions	Duty
Party Committee	<ul style="list-style-type: none"> <li>The Party Committee of the Bank is determined to implement the Party's ideology, policies and guidelines, and to play the role of a centralized and coordinating leader, exercising overall leadership over the Bank's reform and development. The Bank adheres to the principle of "Internal party affairs before submission" and makes the discussion by the Party Committee a prerequisite for the consideration of important matters by the General Meeting of Shareholders and the Board of Directors.</li> </ul>
General Meeting of Shareholders	<ul style="list-style-type: none"> <li>The General Meeting of Shareholders is the highest authority of the Bank. Its rights and duties include, but are not limited to, determining the Bank's business objectives and investment plans, reviewing the reports of the Board of Directors and the Board of supervisors, approving the Bank's budgets and accounts, and electing directors and external supervisors. During the reporting period, one general meeting was held, and 10 proposals were considered.</li> </ul>
Board of Directors	<ul style="list-style-type: none"> <li>It reports to the General Meeting of Shareholders and assumes ultimate responsibility for the operation and management of the Bank. The Board of Directors consists of the Strategic Decision-making and Sannong Committees, the Comprehensive Risk Management Committee, the Nomination and Remuneration Committee, the Affiliate Transaction Control Committee, the Auditing Committee and the Client Protection Committee.</li> <li>The Board of Directors executes resolutions of general meetings of shareholders, determines the Group's business and development strategies, formulates the Bank's budget, appoints the President and other senior management of the Bank, considers matters that have a significant impact on the Bank's day-to-day management and operations, and supervises the senior management of the Bank. During the reporting period, the Board of Directors held a total of 17 meetings and considered 191 proposals.</li> </ul>
Board of Supervisors	<ul style="list-style-type: none"> <li>It is responsible for overseeing the performance of the Board of Directors and the senior management of the Bank and its members in terms of their duties, financial performance, internal control, and risk management, etc. It has established a Nomination Committee and a Board of supervisors. The Nomination Committee and the Board of supervisors have been established under the Board of supervisors, which exercise their powers and functions in accordance with the law and in an independent and effective manner. During the reporting period, the Board of supervisors held a total of 9 Board of supervisors meetings and considered 161 proposals.</li> </ul>
Senior Management	<ul style="list-style-type: none"> <li>The Senior Management is fully responsible for the day-to-day management of the Bank. The Bank has set up the Asset and Liability Management Committee, the Product Innovation Committee, the Information Technology Management Committee, and the Comprehensive Risk Management Committee, each of which has its own responsibilities and operates independently. The Bank has a one-tier legal entity management system. Branches do not have legal entity status but conduct business within the scope of authorization by the head office and their civil liabilities are borne by the head office.</li> </ul>

## Improve Governance Mechanism

The Bank continues to improve the corporate governance mechanism of "leadership by the Party Committee, strategic decision-making by the Board of Directors, implementation by the senior management, and supervision by the Board of Supervisors", and optimizes the mechanisms of pre-communication for decision-making by the Board of Directors, meetings between the Chairman of the Board of Directors and the independent directors, and communication between the specialized committees and the senior management, and further establishes the mechanism of legal advisor for corporate governance and the mechanism of tracking resolutions to enhance development effectiveness. The Company has further established a specialized legal advisor mechanism for corporate governance and a resolution tracking mechanism to consolidate the operational system of corporate governance and enhance the development effectiveness.

### Pre-communication mechanism for decision-making of the Board of Directors

Before the meeting of the Board of Directors, pre-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.

### Mechanism for Specialized Legal Advisors on Corporate Governance

We conduct legal review of the contents and procedures of board deliberations and daily corporate governance requirements to ensure the legality and compliance of board decisions and enhance the effectiveness of the Bank's corporate governance.

### Resolution Tracking System

According to the requirements of General Meeting of Shareholders and the Board of Directors' decisions and resolutions, the Board of Directors will systematically sort out the supervisory matters and send them to the operation and management for implementation, and report the implementation status to the Board of Directors on a quarterly basis in report written form, so as to ensure that the Board of Directors can grasp the progress of implementation in a timely manner, strengthen the control of the implementation of the resolutions, and achieve closed-loop management in the implementation of the decisions.

## Rational Selection of Directors

The Bank attaches great importance to the construction of the Board of Directors and has continuously enhanced the professionalism, independence, and diversity of the Board of Directors. In accordance with the standards of an outstanding listed bank, the Bank has scientifically built up a diversified professional team familiar with the fields of economics, finance, management, law, and accounting, etc. As at the end of the reporting period, the Bank had a total of 17 directors on the Board, including 3 executive directors, 8 non-executive directors and 6 independent non-executive directors, with the number of independent non-executive directors accounting for more than one-third of the Board members, which is in line with the requirement of independence of the Board.

## Protection of Shareholders' Rights and Interests

The Bank attaches great importance to the protection of the legitimate rights and interests of shareholders, and the transmission of values, and has constructed a multi-channel, multi-platform and multi-level mechanism for the exchange of investor information through systematic advancement, implementation follow-up, regular exchanges and communication, so as to ensure shareholders in obtaining valuable corporate information in a timely, accurate and effective manner. In this way, the bank ensures shareholders' right to participate in corporate affairs and decision-making, and to safeguard the legitimate rights and interests of shareholders.

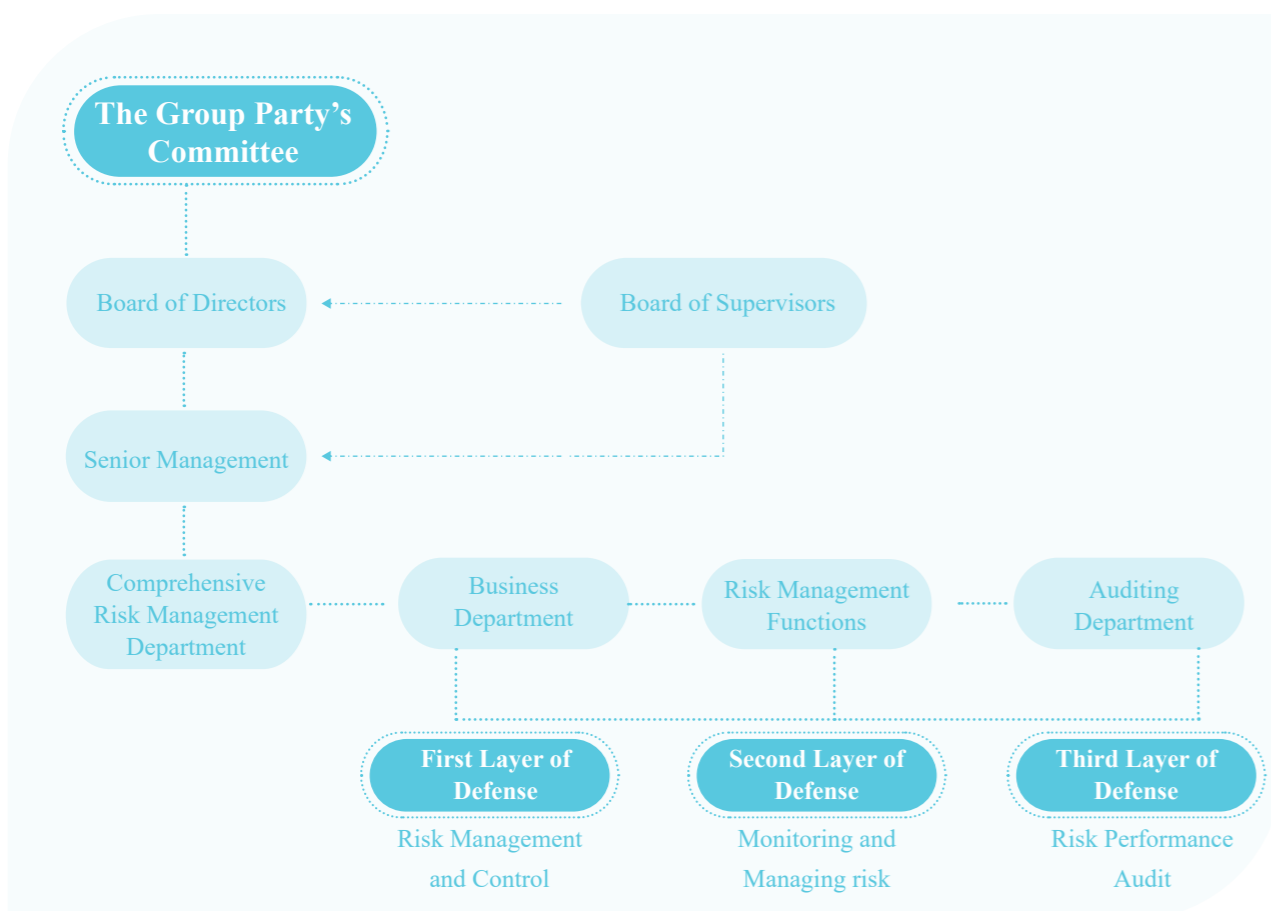
## Comprehensive Risk Management

The Bank places a prominent position in proactively preventing and resolving financial risks, establishes a sound risk management structure, optimizes risk management policies and procedures, builds up the “Three Layers of Defence” for comprehensive risk management, strengthens risk prevention and control in key areas, promotes the construction of risk teams and talents, and comprehensively improves the risk management system to achieve safe and sound operations at a reasonable risk level.

### Optimize the Risk Management Framework

The Bank adheres to risk awareness and bottom-line thinking and continues to implement prudent and cautious risk management strategies. The Bank has established a modernized comprehensive risk governance structure with the Group's Party Committee as the core leader, the Board of Directors, the Board of supervisors, and the senior management assuming the ultimate responsibility for comprehensive risk management, supervisory responsibility, and implementation responsibility. The Comprehensive Risk Management Department coordinate the management, and the business departments, the risk management functions and the Internal Audit Department acting as the “Three Layers of Defence” in risk management, to continuously improve the standard of comprehensive risk management.

#### Comprehensive Risk Governance Framework



## Improve Risk Management System

The Bank has continued to improve its risk preference and risk limit management mechanism, perfected its risk stress testing management system, optimized its internal capital adequacy assessment procedures, and established an information security risk prevention and control system to effectively promote the digital transformation of its risk control system, enhance its ability to cope with various types of risks, and improve the level of systemic risk management.



### Strengthen Risk Prevention and Control in Decisive Areas

The Bank adheres to the risk and problem-oriented approach, adheres to the principle of full coverage in multiple areas and prominent control in decisive areas, adopts the “Systematic + Manual” approach, utilizes on-site and off-site inspection modes, establishes a rigorous risk supervision and inspection system, and continuously improves the level of risk identification, monitoring and control, and continues to strengthen systematic risks in decisive areas such as credit risk, market risk, liquidity risk, operational risk, reputation risk, information technology risk, legal risk, compliance risk, money laundering risk, and strategic risk. During the reporting period, the risk inspection items included, but were not limited to, product sales, seal management, counter services, credit services, etc., with a view to enhancing the effectiveness of systemic risk prevention and control in decisive areas.

The Bank has continued to strengthen its risk prevention and control management in the ESG area by incorporating ESG risk management into the entire process of pre-credit investigation, credit approval, fund allocation and disbursement, and post-credit management, and has implemented categorized management based on the results of risk assessment and adopted differentiated risk management measures. At the same time, the coverage and effectiveness of environmental, social and governance risk information in the credit risk warning system will be enhanced, supplemented by modernized technological means, to impose financing restrictions on clients with significant environmental, social and governance risks.

## Strengthen the Risk Management Culture

The Bank actively puts the risk management culture into practice by improving the risk prevention system, launching culture building activities and risk management training to strengthen the risk awareness of all employees and enhance the risk management and control capability.

### Case: Launching Cybersecurity Awareness Week

In 2023, the Bank solidly launched the Cybersecurity Publicity Week activities, launched cybersecurity knowledge thematic training and skills competitions covering all employees through a variety of ways such as offline training, online academy-issued courses and examinations, strengthened the coordination of the headquarters to form a multi-level, wide-coverage, diversified and figurative learning environment, popularized the knowledge of financial cybersecurity, and raised the awareness of cybersecurity and basic skills of all employees. This will further popularize financial network security knowledge, improve the network security awareness and basic skills of all employees, and reduce network security risks caused by personnel factors.



## Integrity and Compliance Business Operation

The Bank adheres to the leadership of the Party, continuously improves the long-term mechanism of risk and compliance management, promotes the deep integration of anti-corruption and anti-money laundering compliance management with the development of the Company's business, promotes the protection of intellectual property rights in accordance with the laws, and strictly abides by the bottom line of compliance, conducts business in an honest and standardized manner, and lays a solid foundation for achieving sustainable and high-quality development.

## Leadership of the Party

The year 2023 is the opening year for the full implementation of the "spirit of 20th National Congress of the Party". In accordance with the deployment of the work of the Guangdong Provincial Party Committee and Dongguan Municipal Party Committee, the Bank gave full efforts to its distinctive advantages in financial culture publicity and promotion, continued to optimize the construction of publicity camps for the Party's development, strengthened the management of the communication campaigns, made full use of the "online+offline" approach, organized diversified promotional activities, initiated patriotic education, and actively shaped the image of the Group's red financial brand. The Group's red financial brand image has been actively shaped to give full play to the leading role of the Party's development and to empower the Group's high-quality development.

## The Party Building Publicity Learning Initiatives

**Online Publicity**

- We continue to optimize the online publicity channels such as WeChat official account, video channels, TikTok and official website to create a strong atmosphere for learning the spirit of the 20th National Congress of the Communist Party of China.
- The Group makes full use of the Group's publicity channels to regularly broadcast publicity videos, slogans and posters on the theme of party development, so as to strengthen the publicity of the main theme of passion for the Party and the country.

**Offline Publicity**

- Further strengthen in-depth cooperation with the Party and government media such as Nanfang Daily, Dongguan Daily, Guangzhou Daily, Dongguan TV, etc., to sublimate the theme of publicity and expand the impact of publicity.
- It has continued to promote the horizontal expansion of Party publicity venues, improved the construction of publicity venues such as the Red Financial Party History Exhibition, the Sunshine Party Development Zone and the Party Development Corridor, and deepened the red financial resources, the history and spirit of the bank and the achievements of the party building work, and organized a series of branding publicity and education activities.

### Case: launching diversified the Party's development publicity activities

The Bank insisted on making the learning, publicity, and implementation of the "Spirit of 20th National Congress of the Party" as our primary political task and the focus of all our work for the current and future periods and promoting "Spirit of 20th National Congress of the Party" into the ordinary individuals, networks, communities, and websites. In 2023, The Publicity Department of the Party Committee of the Bank planned and launched a series of diversified party building publicity activities:

The "Spirit of 20th National Congress of the Party" Learning and Exchange Area was set up, containing books on Party's development, such as a guidebook on the report of the "20th National Congress of the Party" and classic literature.

Displaying the Exhibition of "Outstanding Works of the Spirit of the 20th National Congress of the Party Calligraphy Competition: Writing the First Dream and Striving for a New Journey".

Organized an online quiz on the "20th National Congress" and organized and launched learning and reading activity in topic of "Heart to the Party, Building the Dream of Double Millions".

Utilizing platforms such as the *XueXiQiangGuo* (學習強國) and the Dongguan Rural Commercial Bank Online System to enrich the long-term learning mechanism, we continue to promote the Party's innovative theories into the minds of ordinary individuals.

We have actively participated in the lectures of experts appointed by the Lecturers' Group of Dongguan Municipal Party Committee, develop the Civilized Common Seeds Lecturers of the Bank, and made full use of the cultural advantages of the Coin Museum to develop the *Civilized Sharing* public welfare courses to support the city's spiritual civilization creation work.

### Case: The opening of the study and implementation of the spirit of the important instructions of General Secretary Xi Jinping's visit to Guangdong publicity meeting

On July 11, 2023, Dongguan Rural Commercial Bank organized all the Party's members and cadres to launch a special lecture on learning and implementing the spirit of the important instructions of General Secretary Xi Jinping's inspection of the important speeches of Guangdong, and invited Professor Huang Qi, deputy director of Dongguan Academy of Social Sciences, to conduct on-site teaching, which provided theoretical guidance for all the members and cadres to accurately understand and comprehensively grasp the new vision, new mission and new requirements of Guangdong putting forward by General Secretary Xi Jinping.

### Case: “Visiting the Footsteps of the General Secretary of Guangdong” Learning Activity

From July to September 2023, Dongguan Rural Commercial Bank organized all the branches and sub-branches of the Party to actively carry out the “Visiting the General Secretary's Footsteps in Guangdong” learning activity, and went to the Lotus Hill Park in Shenzhen and the Yongqing Square in Guangzhou to visit and learn from the General Secretary XI Jinping's visits to Guangdong and deepen their understanding and grasping of the spirit of the important speeches and important instructions given by General Secretary XI Jinping during his visits. We will deepen our understanding of the important speeches and instructions given by General Secretary Xi Jinping during his visit to Guangdong and strive to transform the learning effect into the executive power to promote the high-quality development of the Bank.

## Compliance in Internal Control

The Bank strictly complies with national laws and regulations and compliance requirements of the regulatory authorities. Focusing on decisive business areas, the Bank continuously improves the long-term mechanism for internal control risk management and compliance, strengthens the compliance culture, and continuously raises the awareness of its employees in operating in accordance with the law, to enhance the Group's compliance management standard.

### Long-term Mechanism for Internal Control Compliance Management

#### Institutional Building

Improve the system of professional conduct and code of conduct for practitioners, and further standardize the behavioral requirements for practitioners. Through the promotion of the compliance culture Five Strongest guidance, case warning, quarterly compliance case prevention education and other mechanisms, to enhance the ability of all employees to understand and abide by the compliance.

#### Warning Education

The compilation of the Compendium of Case Prevention and Warning Education Cases, the in-depth promotion of warning education at all levels and in batches, and the analysis of nine types of cases of high incidence and easy to occur non-compliance with regulations, the head office of the bank to organize the middle learning, the middle level of the organization of the employees to learn, and the organization of the entire staff quarterly in-depth learning in three stages, to promote the mastery of the requirements of the norms of employees conducts, and strengthen the awareness of self-restraint.

#### Accountability Mechanism

A mechanism for rectification and accountability covering all business and management activities has been established, which can effectively implement the requirements for rectification of problems identified during internal inspections and supervision, and the Regulations for the Administration of Demerit Points for General Non-compliance by Employees and the Implementation Details for Handling of Non-compliance by Employees have been formulated to clearly define the procedures for handling non-compliance of different natures and levels of risk as well as the strength of the accountability, thus achieving a full coverage of non-compliance in all aspects of the business.

### Case: Building the “TouYanXuanGuan” exchange platform

In 2023, the Bank will organize representatives of four advanced branches to launch the “TouYanXuanGuan” activities in batches to give full efforts to the exemplary effect, strengthen the sharing and exchange of advanced experience in the form of “online + offline”, encourage branches to learn from the bench marking experience, and enhance their compatibility with it, so as to improve the professional competence of compliance personnel and raise the Group's compliance management standard by leading the way.



### Case: Launching the “Declaration of Compliance” campaign

The Bank launched the “Declaration of Compliance” activity for all employees, fully integrating the idea and concept of compliance with it, encouraging employees to implement the requirement of “One minute on duty, 60 seconds of compliance” into their work, and practically enhancing their motivation and self-consciousness to fulfill their duties in a compliant manner. At the same time, the Group called on its subsidiaries and management organizations to carry out the *Declaration of Compliance* activities in light of their own practices, so as to promote the cultivation of the Group's awareness of compliance, enrich the connotation of the Group's culture of compliance, and work together to build a brand of culture of compliance, thereby enhancing the influence and dissemination of the Bank's brand.

### Case : Launching Compliance Training for New Employees

In 2023, the Bank focused on decisive areas and the key groups of people, and organized compliance education and training for new employees. Combined with the Bank's self-produced and filmed compliance micro video, the Bank vividly explained what employees should know about compliance, typical cases of non-compliance, common operational risks in various business lines, prohibited acts of employees, prevention and control of cases, and handling of non-compliance, etc., and emphasized that new employees should always learn, be respectful and abide by the compliance rules, so as to assist new employees to form an awareness of the compliance rules and regulations.

## Anti-corruption

The Party's integrity building is not only a key part of promoting comprehensive and strict governance of the Party, but also an important guarantee for the efficient operation of various tasks. The Bank strictly implements the requirements of the *Amendment (XI) to the Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Provisional Provisions on Prohibition of Commercial Bribery*, etc., adheres to the political leadership in business development, conducts daily supervision in a practical and detailed manner, and carries out in-depth investigation and remediation in decisive areas such as selection and employment of personnel, credit business, and supplier relations, etc., as well as continues to push forward the work of punishment, prevention, and education. further implemented the “Three Not Principle: Not dare to corrupt, not able to corrupt” and not wanting to corrupt and promoted the formation of a favorable cultural atmosphere of learning, respecting, and abiding by the principles of honesty and integrity. As at the end of 2023, 5,716 Person-times of the Bank had participated in anti-corruption training. Meanwhile, the Bank attached great importance to the continuous training of Directors, organized Directors to participate in the 2023 anti-money laundering and anti-terrorist financing training. During the reporting period, there were no confirmed cases of corruption.

### Case: Launching Discipline Education and Learning Month Activities

In September 2023, Dongguan Rural Commercial Bank organized and launched a disciplinary education and learning month with the theme of “Learning and Implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for the New Era”, and Dongcheng Sub-branch, Houjie Sub-branch, Dalang Sub-branch, and other branches actively responded to the activity and



participated in it. Through learning sessions, watching films, and visiting anti-corruption and integrity education bases, all employees were able to raise their awareness of compliance with the laws, and to be aware of the need to be respectful, vigilant, and keep the bottom line.

Case: Launching the “Month of Building an Integrity Financial Culture”

In October-November 2023, the Bank launched the “Five Ones” activities for the “Month of Building an Integrity Financial Culture” and carried out publicity in various forms such as organizing thematic lectures, convening warning and education meetings, building a clean financial culture corridor, watching courses on the cloud learning platform, sending integrity corporate culture advocacy letters through corporate WeChat official account, and broadcasting the related themed computer screensavers to further strengthen the awareness of all employees and their families of self-discipline, enhance the ability to prevent corruption and resist changes, plant the soil of Not wanting to corrupt and create an honesty and integrity corporate culture.



## Anti-Money Laundering

The Bank firmly implements the requirements of the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Money Laundering Provisions for Financial Institutions* and other relevant laws and regulations, adheres to the guidance of a “Fully compliant bank”, deeply implements the “Risk-based” anti-money laundering principle, and promotes the integration of anti-money laundering compliance management and business development. It also promotes the in-depth integration of anti-money laundering compliance and business development, continuously improves the anti-money laundering management mechanism, effectively prevents money laundering activities, and builds up a solid barrier of safety and compliance.

Anti-Money Laundering Management Mechanism	
<b>Organizational Safeguards</b>	<ul style="list-style-type: none"> <li>We have established a clearly defined organizational and management structure for anti-money laundering that has clear responsibilities levels and operates smoothly and have continued to strengthen the anti-money laundering functions of the Board of Directors, the Board of supervisors, the senior management, and the various departments, to form a synergy in the performance of these functions.</li> </ul>
<b>Policy Regime</b>	<ul style="list-style-type: none"> <li>In accordance with the principle of “Comprehensive compliance and enhanced operability,” we have sorted out the internal control system for anti-money laundering and guided the management departments of each business line to break down the anti-money laundering requirements into business management methods or operational procedures, to achieve the full process and coverage of anti-money laundering compliance management.</li> </ul>
<b>Full Implementation</b>	<ul style="list-style-type: none"> <li>Continuously promote the implementation of the requirements for continuous identification of clients by business departments at three layers: system specifications, system functions and operational processes.</li> <li>Upgraded the list monitoring system to achieve list screening and refined management of client risk control.</li> <li>Strengthening research and analysis of money laundering types and optimizing the monitoring model and achieving significant results in the performance of suspicious transaction reports.</li> <li>Enhancement of business money laundering risk alert management and risk screening.</li> <li>Enhance compliance checking and on-site inspections to promote improvement and ensure effective implementation of the anti-money laundering internal control system.</li> </ul>
<b>Publicity and Training</b>	<ul style="list-style-type: none"> <li>A variety of publicity activities with different characteristics were launched. During the reporting period, four major thematic publicity campaigns were launched, with more than 80,000 copies of publicity materials distributed, covering more than 4,000,000 person-time, and the publicity effect was remarkable.</li> <li>Targeted training has been provided to management employees at all levels, anti-money laundering specialists and new employees, and the effectiveness of the training has been well received by all employees. During the reporting period, a total of 16 training sessions were conducted, with a total of 23,938 person-time.</li> </ul>

Case: Be alert to money laundering traps and stay away from money laundering crimes

On June 30, 2023, Dongguan Rural Commercial Bank Zhongtang Sub-branch associated anti-money laundering publicity with the activities of the “Dragon Boat Cultural Festival of Zhongtang Town” in 2023, and launched an anti-money laundering publicity activity with the theme of “Be alert to money laundering traps and stay away from money laundering crimes”, with the aim of enhancing the public's awareness of financial security, making the public realize the high damage of money laundering, the urgency and necessity of anti-money laundering, and creating a good social environment against money laundering and promote the healthy and orderly development of financial services.



## Protect Intellectual Property Rights

The Bank initiated patent application and copyright registration work in strict compliance with the requirements of the existing 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*, and the *Advertising Law of the People's Republic of China*. As at the end of 2023, the Bank had a total of 2 patents, 22 copyrights and 308 trademarks (including 13 Hong Kong trademarks). During the reporting period, there were no major intellectual property rights violations.

The Bank has continued to optimize the intellectual property rights compliance of its external marketing information, regularly updating and organizing the Bank's library of commercially available copyrighted fonts, images and music materials to ensure that the Group's promotional materials meet the requirements of intellectual property rights compliance. In addition, the Bank also organized and launched the clean-up of outdated promotional and marketing information for social media accounts to minimize the risk of infringement of the company's historical promotional information.

## Promote Transparency in Procurement

The Bank advocates a mutually beneficial and win-win partnership with suppliers, strictly enforcing the requirements of the *Rules of Governing Purchases and Tenders of Dongguan Rural Commercial Bank Limited*, continuously optimizing the management process of “Selection, Employment, Education and Retention” of suppliers, strengthening hierarchical management, improving the mechanism for assessing suppliers' social and environmental risks, and urging suppliers to fulfill their social responsibilities.

### Promoting suppliers' fulfillment of social responsibilities

- In the procurement requirements, add safety management requirements for suppliers and require suppliers to provide proof of payment of social insurance for key personnel, so as to urge suppliers to strengthen labor management and protect labor health and safety.

### Promoting suppliers' fulfillment of environmental responsibilities

- Prioritize the selection of energy-saving and environmentally friendly products, provided that the procurement requirements are met and the quality and service standards are the same.
- In the procurement program for environmentally friendly requirements, in the procurement scoring process, suppliers with relevant qualifications such as ISO environmental management system certification and China Environmental Labeling Product Certification are given points for the qualification certificates they provide.



# 02

## ECONOMY

### **Deep Ploughing into the Key Business to Empower Economic Growth**



- Support the Development of the Greater Bay Area
- Accumulation on Key Industries Upgrade
- Support Small and Micro Enterprises
- Support Individual Innovation and Entrepreneurship
- Service for Village Revitalization
- Accelerate Digital Intelligence Engine
- Action in support of People's Well-Being



## Support the Development of the Greater Bay Area

The Bank has actively implemented the Outline of the *Plan for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area*, *Opinions on Financial Support for the Construction of Guangdong-Hong Kong-Macao Greater Bay Area*, and other major national and regional development policies, and has continued to optimize the *WanRongTong* (灣融通) integrated financial service solutions, striving to provide comprehensive financial services for the construction of infrastructures in the Greater Bay Area, the upgrading and restructuring of industries, and improvement of the people's livelihood. As at the end of 2023, the balance of the Bank's loans in support of various industries in the Greater Bay Area amounted to RMB 214.966 billion.

### Case: Financial protection for the construction of a project in Binhai Bay New District

The project in Binhai Bay New District is one of the key construction projects in the 14th Five-Year Plan of Dongguan Binhai Bay New District, located in Dongguan Jiaochu Bay Plate. Through the combination of ecological restoration, integration and upgrading works and water conservancy works, the project is committed to developing the site into a demonstration section of ecological restoration of the coastal zone in the new area of Marina Bay, integrating vegetation restoration, ecological restructuring, wildlife experience, science education, sports and recreation, leisure and tourism, and other functions of the public open space. To support the construction of the project, Dongguan Rural Commercial Bank has provided credit support of RMB430 million to the investor of the project to ensure the smooth construction operation of the project.

## Accumulation on Key Industries Upgrade

The Bank is determined to implement the strategic deployment of national and regional key industry development, and has established the credit business orientation of “Quality-Oriented, Entity-Based, Market-Oriented, and Efficiency-First”, and has taken the new generation of information technology industry, bio-industry, energy-saving and environmental protection industry, new energy industry, high-end manufacturing industry, 5G and smart phone industry, new energy automobile industry, digital creative industry, etc. as key industries to be supported and has provided comprehensive support for the transformation and upgrading of the key industries. As of the end of 2023, the balance of the Bank's loans in support of the key industries amounted to RMB128.929 billion, representing an increase of RMB3.316 billion from the beginning of the year.



Serving Advanced Manufacturing Industries and Strategic Emerging Industries

· Focusing on Guangdong's “Leading Manufacturing Industry and Dongguan's Technological Innovation + Advanced Manufacturing” city positioning, we have created an integrated financial service dedicated to the manufacturing industry, providing Dongguan's manufacturing industry with more comprehensive financial support through joint efforts in financial products, interest rate pricing, fee reductions and concessions, and the credit process. Provide more comprehensive financial support to Dongguan's manufacturing industry. As at the end of 2023, the balance of loans supporting the manufacturing industry and related industries amounted to RMB 60.704 billion, representing an increase of RMB12.23 billion or 25.49% over the beginning of the year.



Support for Technological Innovation and Specialized Enterprises

· In support of Dongguan's strategy of “Strengthening the City with Science and Technology”, the Company has strengthened its credit investment in technological innovation and specialized enterprises, and has comprehensively utilized products such as the Science and Technology Insurance Loan, the Songshan Lake Government-Bank Guarantee, Loan for talents, and the Venture Capital Loan, to meet the financing needs of enterprises engaged in the new generation of electronics and information technology, high-end equipment manufacturing, artificial intelligence and other emerging industries, as well as those engaged in technological innovation and specialized enterprises. As of the end of 2023, the Bank had utilized various product service packages to support technology loans amounting to RMB13.616 billion, representing an increase of 25.54% over the beginning of the year. A total of 196 national and provincial technological innovation and specialized enterprises were supported, with a loan balance of RMB6.478 billion, an increase of 21.15% comparing to the beginning of the year.



Investment Banking Business to Support Urban Modernization and other Industries

· It provides various types of credit facilities, asset income rights, bond underwriting and investment, asset securitization and other investment and financing services to meet the financing needs of key industrial clients for daily operating capital supplementation and project construction financing, and to promote the comprehensive development of Dongguan's industries in the areas of people's livelihood, urban modernization and science and innovation. As at the end of 2023, the balance of investment banking business amounted to RMB4.85 billion.

### Case : Solving capital difficulties for high-tech enterprises

A photoelectric technology limited company in Dongguan City is one of the technological innovation and specialized enterprises with a collection of research and development design, production, and manufacturing, sales, and service. Their main products include electronic connector, new energy vehicles connectors, wiring shells, terminals, rows of pins, rows of busbar, needle holders, all kinds of hardware and plastic products and non-ferrous metal products, etc., the products are widely used in electric power, power output, new energy vehicles, mobile phones, industrial control, and other fields. To meet their needs of business expansion, the Company plans to purchase plastic shells, copper and other raw materials, but its own funds are insufficient. Knowing the situation, Dongguan Rural Commercial Bank granted a liquidity loan of RMB20 million to meet the needs of the enterprise's business operation and development after a full investigation.

### Case: Helping an environmental protection new material company in Guangdong with financial support

The environmental protection new material company is a technological innovation and specialized enterprises focusing on the research and development, production and sales of nanofiber materials. Due to the need for cash flow, the company applied to the Bank for a credit line, and the Bank, together with a financial guarantee company in Dongguan successfully financed the company with RMB10 million of liquidity, thus solving the problem of cash flow of the enterprise. The loan is an innovative example of the Bank Guarantee Cooperation model, which is operated by a joint guarantee company and features a low guarantee fee rate and high approval efficiency.

### Case: Relieving the hardship of technological innovation and specialized enterprises

A hardware manufacturing company is listed as high-tech enterprise in Dongguan City and technological innovation and specialized small giant enterprise in Guangdong Province, specializing in hardware products and hardware accessories, telecommunication and digital products and peripheral accessories, household electrical appliances and peripheral accessories, hardware and electronic products, etc. Due to the expansion of production scale and urgent need for capital, the Bank granted the company a credit line of RMB10 million corporate liquidity loan after having on-site due diligence and risk screening, thus to help the company having a smooth transition and orderly development.

## Support Small and Micro Enterprises

The Bank has been practicing the tenet of serving small, medium and micro enterprises, innovating financial products and services, enhancing credit support for small and micro enterprises, and alleviating the problems of *Financing difficulties and high cost* for small and micro enterprises, thus providing strong financial support for the local economic growth.

### Increase financial investment in micro and small enterprises

Focusing on the urgent needs, financing difficulties and expectations of medium-sized, small, and micro enterprises, the Bank reasonably guides credit resources to the key areas and industries and weak parts in people's livelihoods, and continuously strengthens credit support for local quality private enterprises, including small and micro enterprises, individually owned stores and other important business entities, fully supporting small and micro enterprises to tide over the difficult times and stabilize their development. As at the end of 2023, the balance of the Bank's small and micro enterprise loans amounted to RMB163.657 billion, representing an increase of RMB16.006 billion as compared with the beginning of the year.

#### Financial Support for Small And Micro enterprises



- Actively contact the People's Bank of China to give full play to the role of low-cost refinancing funds, and increase the tilting of refinancing in support of agriculture and small businesses.
- We have increased our business dealings with the Export-Import Development Bank to obtain more low-cost funds for refinancing and to further reduce the cost of credit allocation.
- As of the end of 2023, the Bank had refinanced RMB11.876 billion and refinanced RMB3.2 billion.



- Issued special financial bonds for small and micro enterprise loans to promote the rapid and healthy development of small and micro enterprise loan business to ensure the stability and sustainability of small and micro enterprise credit.



- Offer remittance, settlement, annual fee and management fee concessions or waivers to effectively reduce corporate settlement costs.
- The Bank launched a number of interest rate promotional activities to provide "Relief and benefits to the public", and lowered the pricing of various types of small and micro loan products, which led to a reduction in the interest rates of medium- and long-term loans and eased the financing difficulties on small and micro clients. As at the end of 2023, the Bank's interest rate for newly issued loans to inclusive small and micro enterprises was 4.23%, a decrease of 0.52 percentage points compared with the interest rate for newly issued loans for the year of 2022.
- Reducing fees and concessions for enterprises and individuals by means of fee waivers and reductions in payment procedures.

#### Case: Solving the capital flow problem of small and micro enterprises

A Textile Company in Dongguan is engaged in the production and sale of textiles, textile fabrics, garments, and daily necessities. Due to the expansion of production, the company needs to buy a batch of cotton yarn but having liquidity issue. The Bank support the company to apply for "Renewal of Non-Capital Repayment Loan" after understanding the situation, thus, solving the problem of enterprise capital turnover and supporting the growth and development of small and micro enterprises. As of the end of 2023, two loans were issued to the company, with a balance of 3.68 million dollars.

#### Case: Solving capital flow problems for an education investment company in Guangdong

An education investment company in Guangdong is primarily engaged in education investment, education software development, educational consulting services, education and cultural activities planning, wholesale and retail of sports and cultural goods and other related businesses. Due to the expansion of business, the company encountered short-term cash flow difficulties. In the "into the neighbourhood" activities carried out by the Bank, the company met the Bank's product promotions, and after understanding the difficulties encountered in its development, the Bank successfully issued a small business start-up loan of RMB 200,000 for a period of three years, which effectively solved the company's short-term cash flow problems.

### Improvement of Products for Small and Micro Enterprises

The Bank actively promotes product innovation and development, integrated the Internet industry, big data technology and the Bank's geographical advantages to create a standardized and online financial products system. The Bank has successively launched a number of special inclusive products, including the "Industry Support Loans" for high-tech enterprises, the "Excellent Enterprise Loan" for small-amount settlement clients, the Overpayment Quick Loan and the Stable Business Card for high-quality mortgage clients, and the "Small Business Loan" for clients who are start-up and innovate businesses etc. We insist on providing multi-level and one-stop integrated financial services covering the entire life cycle for different types of Small and Micro Enterprises in the industrial and supply chains. As at the end of December 2023, the balance of the Bank's "Industry Support Loans" amounted to RMB691 million, supporting 129 small and micro enterprises. The remaining balance of "Small Entrepreneurship Loans" amounted to RMB667 million, Supporting 2,293 entrepreneurs in Dongguan. .

#### Inclusive Finance Products



The Bank's online service standard for small and micro enterprises has been further enhanced. With the help of the pre-credit investigation system, the standard credit process has been set online, and some of the products can be completed independently online from client's acquisition, risk control, lending to repayment.

## Support Individual Innovation and Entrepreneurship

The Bank attaches importance to encouraging women to participate in the practice of innovation and entrepreneurship in Dongguan's high-quality development. The Bank and the All-China Women's Federation in Dongguan have jointly launched open ceremony for the “2023 Women's Specialized Financial Services Program of Dongguan: Orchid Verticals for Your Growth”. Opening the financial support channels and injecting “Finance Dynamics” into the Elaine Action for Innovation and Entrepreneurship, to assist female entrepreneurs in innovation and entrepreneurship. By the end of 2023, a total of 111 female entrepreneurs specialized financial service activities had been launched, covering 34 towns and districts in Dongguan, and a total of 299,128 female clients had been provided with the “Orchid Verticals for Your Growth” financial service.

### Case: Supporting Women's Innovation and Entrepreneurial Practice

On March 2, 2023, the Bank and the All-China Women's Federation in Dongguan have jointly launched open ceremony for the “2023 Women's Specialized Financial Services Program of Dongguan: Orchid Verticals for Your Growth”. The Chairman of the All-China Women's Federation in Dongguan, the Vice President of Dongguan Rural Commercial Bank, representatives of the Municipal Women Entrepreneurs' Association, and representatives of the Women's Federations of various towns attended the open ceremony and signed the “Letter of Intent on the Cooperation Agreement on 2023 Women's Specialized Financial Services Program of Dongguan: Orchid Verticals for Your Growth”, joining hands to support women to join in the high-quality development of Dongguan's innovation and entrepreneurial practice.



## Service for Village Revitalization

The Report of the 20th National Congress of the Communist Party of China pointed out that the agricultural support and protection system should be improved, and the rural financial service system should be perfected. The Bank has been working closely with the National Rural Revitalization Strategy, launching “High-Quality Development Project”, integrating its own business characteristics, and coordinating its advantageous resources to further promote modern Sannong financial services to a higher level and higher quality.

### Optimization of the Financial Service Mechanism for Rural Revitalization

The Party's Committee of the Bank has been planning at a high level to implement “High-Quality Development Project” as the main line of action, and has continued to optimize the mechanism for promoting the revitalization of villages, adhering to the strategic leadership, strengthening the organizational safeguards and facilitating the implementations to promote the development of the revitalization of villages in an innovative manner and to enhance the coverage rate of the financial services in the villages. As of the end of 2023, 556 first-tier villages and 2,195 village groups had established business partnerships with the Bank, with the service coverage of villages (including village groups) reaching 98.96%. 1.29 million villagers in the city had opened financial accounts with the Bank, representing a coverage rate of 89.58%, and 349,500 villagers' households had been registered with the Bank, representing a coverage rate of 96.52%.

## Innovative Measures to Promote Rural Revitalization

### Strategic Leadership

The Bank has formulated and implemented the *Dongguan Rural Commercial Bank Financial Support for the Hundred Counties, Thousand Towns and Ten Thousand Villages High-quality Development Project Action Plan*, which aims to support the high-quality development of the economy as the mainstay, lead by the strategy of revitalization of the countryside, the strategy of coordinated regional development, and strengthen financial services as a key to promote the development of a new pattern of high degree of integration between the urban and rural regions. The new pattern of highly integrated development of urban and rural areas will be promoted by strengthening the financial service supply.

### Organizational Safeguards

The Bank highlights the leadership of party building and innovatively establishes sub-division Empowerment Team. The team go to the government, villages and communities, enterprises and villagers together with the sub-branches to find out the difficulties in a timely manner and provide effective financial support for the revitalization of villages.

### Action on the Ground

The Bank has further refined the network of villages (communities) served by the *Three major stationing systems* of village revitalization financial instructors, party building liaison officers and inclusive financial service officers, and has continued to carry out the work of Into the villages and streets by launching party building activities with villages (communities) and villagers in various towns of Dongguan and promoting the national rural revitalization strategy and the Bank's latest rural financial services. Through party developing activities with villages (communities) and villagers in Dongguan towns and districts, the Bank publicizes the national rural revitalization strategy and the Bank's latest financial services for rural revitalization to villagers, and promotes the realization of full coverage of rural financial services.

### Effectiveness Assessment

Focusing on the implementation of business indicators in the key towns and villages, the Bank formulated a special assessment program for financial services to support business development in towns and villages, and conducted assessment and evaluation of the implementation and effectiveness of the “High-Quality Development Project” inclusive financial services operation.

## Innovative Financial Products to Enable Rural Industries

With the goal of meeting the financing needs of various industries in the villages, the Bank makes use of digital technology to continuously enrich the types of agriculture-related financial products, improve the quality of agriculture-related financial products and services, and strengthen the support of financial strength in the decisive areas and weak parts of the Sannong financial services, so as to let the financial living water bring energy to the revitalization of the villages.

## Supporting the Rural Economy

Grasping the development opportunity of “High-Quality Development Project”, the Bank has strengthened the service concept of “One Policy for Each Industrial Park”, tailored to provide professional and efficient integrated financial services for modern industrial parks, and deepened the mechanism of linking the interests of “Finance + Park + Enterprise” to stimulate the development vitality of the industrial parks and help the *Sannong Economy* running smoothly and efficiently. As at the end of 2023, the Bank had cooperated with 197 modern industrial parks in Dongguan, with a credit amount of RMB48.363 billion and a loan balance of RMB24.501 billion.

In accordance with the requirements of “High-Quality Development Project” inclusive financial service, the Bank has proactively promoted the granting of credit for the liquidity of villages and communities under the jurisdiction. At the same time, the Bank optimized the process of granting credit for fixed asset investment loans to villages and collective enterprises for factory property upgrading and renovation, *Industrial transformation renovation projects*, and *the beautiful countryside* construction, thus accelerating the financing needs of villages and communities. By the end of 2023, the Bank had achieved 100% coverage of liquidity credit to villages and communities and had granted credit of more than RMB 34.355 billion to villages (communities) and village collective enterprises in Dongguan.

### Case: Promoting the quality and upgrading of the agricultural industry

Leading enterprises in agricultural industrialization are the driving force behind the comprehensive revitalization of villages and the modernization of agriculture and rural areas. A grain company is a municipal leading enterprise of agricultural industrialization in Dongguan, mainly engaged in the processing of high-quality rice, and has obtained the “National Industrial Products Production License, Certificate of Recognition for Guangdong Science and Technology Private Enterprises”, and “Certificate of Qualification for Dongguan Private Science and Technology Enterprise”, with hardware facilities leading the industry. To promote the overall revitalization of villages and the healthy and prosperous development of the agricultural industry chain, as at the end of 2023, Dongguan Rural Commercial Bank had granted loans of RMB20 million to the Company, to support the Company's business development.

### Case: Attracting new capital investment to support the expansion of industry

Liao Bu, an industrial area adjacent to Dongguan city, with great geographic location, but is currently unable to meet the production demand. In order to promote Liao Bu, “Expanding space and Re-creation of activity”, Dongguan Agricultural and Commercial Bank granted a credit of RMB800 million to support the industrial area of the “Industrial to Industrial project”, will be transformed into a modern industrial park, the construction area is expected to increase by nearly two times, the completion of the project can be doubled the income of the village group.

## Enrich Agriculture-Related Financial Products

The Bank has continuously enriched its agriculture-related financial products, utilizing a wide range of financial products such as the Lychee Loan, the “Stabilizing Loan, the Super Mortgage Express Loan, the Start-up Business Loan, the Agricultural Leader Loan”, the “Agricultural Refinancing Loan, the Small-Scale Refinancing Loan, and the Sannong Specialized Financial Bonds”, to meet the financing needs of different agriculture-related markets, and to promote the steady development of the countryside industries.

<b>Lychee Loan</b> 荔枝貸	Regarding Dongguan's specialty fruit, lychee, we have created the "Lychee Loan", a specialized loan product for the lychee industry, to meet needs of loan market in all segments of the lychee industry.
<b>Village Revitalization Loan</b> 鄉村振興村民貸	The Bank has taken the “Village Revitalization Loan” as an important tool to solve the difficulties of loaning, high cost of financing and cumbersome loan procedures for the villagers, to satisfy the diversified and personalized financing needs of modern farmers for housing construction, renovation, and consumption, and to enhance the quality of life of villagers in a practical manner.
<b>Stabilizing Loan</b> 穩業貸	Launched the “Stabilizing Loan” medium- and long-term loans to provide sustainable and stable capital assistance to agricultural enterprises. As of the end of 2023, more than 130 farmers were supported.

<b>Super Mortgage Express Loan</b> 超抵快貸	Through the online mortgage product “Super Mortgage Express Loan”, it serves the high-value mortgage segment of the clients in villages. As of the end of 2023, of which 700 farmers were supported.
<b>Start-up Business Loan</b> 創業貸	In 2023, the Bank was once again qualified to provide “Start-Up Business Loan and continued to provide the most affordable financial services to Sannong entrepreneurs. As of the end of 2023, the Bank had disbursed a “Start-Up Business Loan”, to support 2,300 entrepreneurs in Dongguan.
<b>Agricultural Leading Loan</b> 農業龍頭貸	The Bank continued to cooperate with the Dongguan Municipal Bureau of Agriculture and Rural Development and continued to optimize the Agricultural Leader Loan to support leading provincial and municipal agricultural enterprises and their upstream and downstream small and medium-sized enterprises or individuals, thereby promoting the healthy and prosperous development of the agricultural industry chain. As of the end of 2023, the Bank had supported 20 Agricultural Enterprise Leaders at the provincial and municipal levels, an increase of 7 enterprises over the previous year.
<b>Agricultural Refinancing</b> 支農再貸款	The Bank actively contacted the People's Bank of China Dongguan Downtown Sub-branch to make use of monetary policy tools and “Agricultural Refinancing” funds to promote the tilting of low-cost financial resources towards the Sannong area.
<b>Sannong Specialized Financial Bonds</b> “三農”專項金融債券	The Bank has continued to deepen the quality of its <i>Sannong Specialized Financial Bonds</i> service, and in 2023, it issued RMB One billion of <i>Sannong Specialized Financial Bonds</i> to accurately irrigate the villages and revitalize them.

## Enhance the Quality of Agriculture-Related Financial Services

The Bank insisted on exploring the new business mode of “Internet+” accelerating the implementation of the dual strategies of “Digital Transformation and Network Transformation and Upgrading”, enhancing the quality of rural financial services, and allowing the fruits of innovation and technological finance to benefit people's livelihoods.

The Bank has continued to optimize and promote the “Haoyi Rent” (好易租) smart platform and mobile banking online marketing platform and has innovated the online settlement business system for rural finance, aiming to continue to provide high-quality and convenient digital financial services for the revitalization of villages in a sustainable and efficient manner.

<b>Optimization of the “Haoyi Rent” Smart Platform</b>	<ul style="list-style-type: none"> <li>The Bank utilizes the “Haoyi Rent” smart platform to effectively connect the landlord with the potential tenant of villages, creating an ecosystem of <i>Finance + Rural Scene + Service</i>, and providing a new fee-charging tool that is simpler to apply for, more convenient to use, and minimizes the cost for <i>Sannong</i> clients. As at the end of 2023, the “Haoyi Rent” smart platform had served about 14,000 clients .</li> </ul>
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<p><b>Promotion of online marketing platform</b></p>	<p>· The Bank has created a special zone for rural revitalization and assistance to farmers in the mobile banking system. With the entry point of visiting rural specialties and tasting specialties, the Bank puts on the shelves green, ecological, and quality agricultural products supplied directly from the localities and relying on the high exposure of the online channels, the Bank provides a sales platform for the farmers and agribusinesses and assists in the circulation of agricultural supplies and sideline products.</p>
<p><b>Creating an Innovative Online Settlement Business System for Rural Finance</b></p>	<p>· In order to further improve the efficiency of the collection of fees by village groups and the convenience of payment by the public, and effectively bridge the “last mile distance” of financial services into villages, the Bank has fully integrated its resources and set up a three-settlement system, namely, “Social Security Batch Collection”, “D Payment”, and “Village Quick-Payment”. As at the end of 2023, the Bank provided online rent collection services for 536 villages (communities) in Dongguan, with a coverage rate of 96.40%.</p>

To achieve the full coverage of rural financial service outlets and continuously improve the quality of rural financial services, the Bank has taken actions in three aspects, namely, promoting the planning and construction of rural networks, broadening the service channels of rural networks, and enhancing the “Sannong” client service experience to provide basic support for the construction of rural financial services. As of the end of 2023, the Bank had deployed 798 self-service devices and 553 smart devices in all towns and streets in the city, achieving the full coverage of 24-hour financial service networks in the city and effectively meeting the daily financial business needs of clients in rural areas, making the Bank the financial institution with the largest networks and the widest service coverage in Dongguan.

## Empower Villages and Farmers

The Bank actively supports the construction of rural infrastructure. Focusing on key projects and weak parts such as regional road construction, network power supply, water supply safety and waste management, the Bank continues to strengthen its financial service support to promote the improvement of rural infrastructure and the construction of beautiful countryside. As of the end of 2023, Dongguan Rural Commercial Bank had a loan balance of RMB1.663 billion in support of rural infrastructure, an increase of RMB210 million from the beginning of the year.

The Bank adheres to the first dream that is financing for the people, innovates the financial service mode, expands the breadth and depth of financial services from various aspects such as consumption, finance, health and living environment, enhances the villagers' sense of obtainment, satisfaction, and happiness, and assists modern farmers to become affluent and improves the quality of life.

### Satisfying Consumption

The Bank reinvigorated its rural revitalization theme credit card by launching the Rural Revitalization Youth “X” Card and the Rural Revitalization Best Wishes Card, which are accompanied by the policy of difference prices for each village credit card installments. Preferential pricing was implemented for each village client group to provide more comprehensive coverage and better benefits to serve the daily consumption needs of the Sannong client groups. As of the end of 2023, a total of 58 village groups (communities) in the city have been designed with special card, and about 55,800 village revitalization-themed credit cards have been issued, representing an increase of about 9,600 cards as compared with the beginning of the year.

### Financial Management

Deepening the Butler for the People style of financial services, solidly promoting the Into the villages, to provide villagers with door-to-door services and butler style service. It has also made use of its wealth management business to provide villagers with financial management services, continuously optimize villagers family assets, give villagers a hand in upgrading their quality of life, and strive to become a Butler for the People.

### Safeguard Health

In response to the request of the Government of Dongguan, the Bank promoted Guanjiafu, a customized universal commercial health insurance for the Sannong client group, and assisted the Dongguan Healthcare Protection Bureau in promoting the insurance for the benefit of the general public. As at the end of December 2023, the Bank had provided RMB114.225 billion medical protection to 38,075 clients from the Sannong client group, thereby contributing to the well-being of more villagers' families.

### Building a Livable Environment

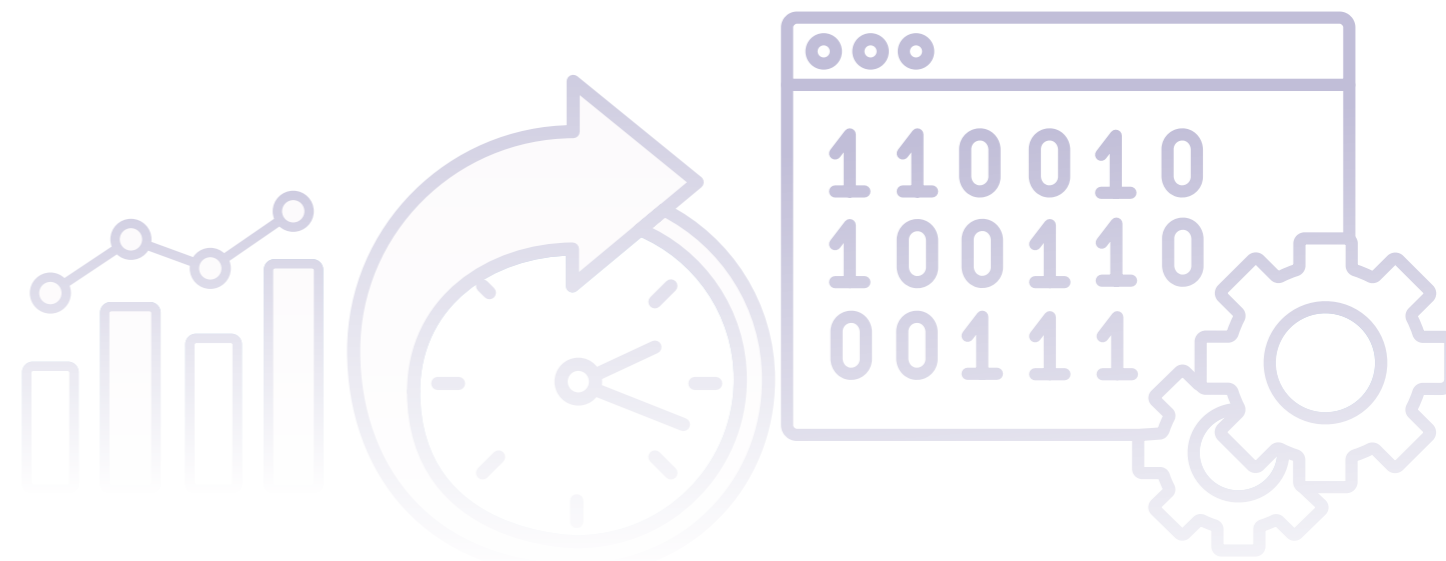
In 2023, the Bank donated an accumulative total of RMB2 million to 20 villages and communities, including Dalang Caibian and Zhongtang Jiaoli, for projects such as upgrading the environment of Humen Jinzhou's old residences, assisting in the road upgrading and reconstruction of Dabu Village in Machong Town, and the construction of the kindergarten in Nancheng Yayuan Community, which further improved the living environment of the villages and communities and effectively enhanced the villagers' sense of obtainment and well-being.

## Accelerate Digital Intelligence Engine

Guided by the national strategy and the overall deployment of the *Development Plan of Fintech (2022-2025)* of the People's Bank of China, the Bank has made Fintech an important part of the Group's business development plan, digital transformation and IT strategic planning, and has accelerated the creation of a “Digital Intelligence Bank” with a digital mindset by serving industrial upgrading, financial inclusion, rural revitalization and people's well-being through the application of Fintech and digital transformation.

## Accelerate Digital Transformation Upgrade

In 2023, the Bank embarked on a digital transformation based on the principle of “Solid Foundation and Breakthrough Opportunities”, explored a “1+2+X Digital Business Operation System” suitable for its own development, and continued to cultivate a new quality of productivity to empower the growth of local economy. During the reporting period, the Bank was selected as one of the province's pilot organizations for digital transformation and data governance and promoted the implementation of 59 pilot projects for digital transformation.



## 1+2+X Digital Business Operation System

1

### Focus on breaking through the *Hundred Counties, Thousand Towns and Ten Thousand Villages* High-quality Development Goal

- A three-phase action plan has been planned around the key client segments of villages, towns and technology enterprises to enhance the flexible response capability of products and services through the External Scene + Self-operated platform linkage model.

2

### Speed Up the Building of the New Digital Infrastructure for Technology and Data

- With the construction of the new core system as the main business line, the scope of implementation and construction milestones of the project group were clearly defined, and the four major directions of business capability enhancement and five major application framework objectives were planned in an orderly manner, so as to provide comprehensive support for clients and scene services in the era of digitalization.
- Enabling business transformation through data capability building, collaborating on project procurement and demand analysis of data center sub-systems, systematizing and improving data governance standards, systems, training and other mechanism design, and iteratively launching big data analysis and modeling applications in marketing, risk control, operation and other fields.

X

### Leverage Data Elements to Unleash the Multiplier Effect in Multi-dimensional Scenarios

- In terms of organizational culture, we have launched training on topics such as data governance, product management, and project management for business and technical lines, and formed cross-functional co-innovation teams to accelerate credit product and business innovation and risk management;
- In terms of client management, the company has launched a new generation of client group management system to analyze the big data of the key urban and rural client groups through iterative computation, designing a tiered and segmented management strategy, and using models to drive precise client marketing to enhance the accessibility and precision of financial services.
- In terms of product upgrading, we have gradually built up a standard operating procedure (SOP) of client List + Supporting Activities + Supporting Dialogues + Marketing Tools to accelerate the innovative research and development of credit products with a focus on clients.
- In terms of risk control and compliance, the Bank has upgraded its systems for credit risk alert, new internal control and supervision, and new generation anti-money laundering list monitoring to enhance the risk alert capability of the platform, and to strengthen the Bank's second and third lines of risk defense.

## Implementation of Information Technology Projects

In accordance with the Group's strategic plan on technology, the Bank has made every effort to promote "Digitization and Corporatization" with technology as the driving force, and has successfully promoted the implementation of eight major projects, including the next-generation core digital infrastructure project, client information governance project, and the comprehensive tax management system digital infrastructure project, to accelerate the third transformation and upgrading with the engine of digital intelligence, adding innovative impetus to the Company's sustainable development and corporatization.

### Next Generation Core Construction Program

- The next-generation core is based on a decentralized microservice architecture, and is built to be client-centric, promoting core system replacement and upgrading, and comprehensively enhancing the core system's ability of productized configuration, scenario support, digital operation, agile delivery and flexible expansion, as well as the level of transaction accounting and segregation.

### Client Information Governance Program

- Through the construction of an enterprise-level client information management system, the Bank has realized unified management of client information, improved the accuracy, completeness and timeliness of client information, and further enhanced the standardization of the Bank's client information management, regulatory compliance, and empowerment of the Bank's business development analysis under the digital transformation.

### Comprehensive Tax Administration System Development Program

- Accelerating the digital transformation of tax management, building a group-level tax management platform that integrates functions such as tax calculation, tax filing, tax file management, tax inspection, tax statistical analysis, and tax risk alerts, and constructing a comprehensive tax risk prevention and control system to achieve a comprehensive enhancement of the overall tax management capability.



### Data Asset Management Program

- Through the provision of relay data, data standards, data quality, data assets and other management tools, the whole life cycle of the data control mechanism to form a complete closed loop of Data Providers-Data Managers-Data Users.
- Through the five steps of checking, using, inspecting, controlling and verifying, data governance is gradually put into practice and the dynamic whole-process management of Prior Standardization, Monitoring, and Post-governance is achieved.
- By taking a comprehensive inventory of data assets and forming a map of the bank's data assets, it achieves effective monitoring and control of data assets and provides agile and fast access to retrieve and consume data assets for the whole bank.

### Unified Management of Audio and Video Platform Program

- We have completed the three major tasks of building audio and video base capacity, creating an all-round dual-recording system, and embedding AI real-time quality inspection capacity, so as to realize the functions of intelligent dual-recording and dual-recording quality inspection on the basis of ensuring the stable development of the Bank's remote video business, and to further empower the Bank's marketing work by utilizing digital technology to fully safeguard the purchasing experience of clients' capital management products.

### WeCom Program

- We have built a WeCom system, which, with the powerful social functions and the client resources, has achieved the promotion of efficient communication between the head office and the branches, and externally empowered the front line, assisting marketing personnel to carry out standardized client management, gradually developing the Bank's private client group operation ecosystem, enhancing client engagement and service satisfaction, and empowering the development of new momentum in the mobile financial services development.

### Cloud Computing Platform

- Providing flexible computing, storage and network services through self-service, it offers agile delivery of minute infrastructure resources and enables rapid and iterative computing of business systems.
- Build a stable and standardized technology middleware to provide stable, highly available, standardized and convenient-to-use intermediary software and database services for the business system to improve the efficiency and quality of R&D;
- Support a complete ecosystem, support most of the domestic operating systems (such as UOS, Kirin, etc.) and CPUs (such as Peng, Longcore, Zhaosi, etc.).

### Automated Operation and Maintenance Program Phase II

- Enables self-service requests and automated delivery of cloud platforms and traditional virtualized resources.
- Promote full automation of application release to enhance the efficiency of update version release;
- Through automated scheduling, the manual operation of the switching rehearsal is reduced, and the large-scale automated disaster preparedness switching rehearsal is achieved, which significantly shortens the duration of the switching rehearsal and improves the overall efficiency of switching on and off.

## Enhance FinTech Talent Team Building

The Bank has continued to strengthen its Fintech talent team and taken several measures to enhance the professionalism of the team to provide human resources protection for the implementation of its digital transformation strategy and the innovative development of Fintech.

### Fintech Talent Building Initiatives

#### 01

- Increase the recruitment of scientific and technological talents, improve the recruitment program and process, enhance the efficiency of recruitment, and further strengthen the scientific and technological talent team.

#### 02

- Implementing a training system building for scientific and technological talents, introducing professional courses for product managers, project managers, configuration engineers, database administrators, etc., to enhance the professionalization ability by combining training and practical cases.

#### 03

- Increase the front-end R&D team of product managers and business units to deepen the integration of technology and business.

#### 04

- Establish internal training and parallel integration mechanism for product managers, and gradually build up a database of technological and financial knowledge for product managers.

## Action in Support of People's Well-Being

The Bank has always adhered to the concept of serving the people, capitalizing on its financial strengths, and continuing to focus on education, healthcare, social security and other public services and social livelihoods, actively exploring the integrated service with a "Combination of Bond and Loan", and strengthening the financial support for people's livelihoods to serve and meet the needs of the public for a better life.

## Support Livelihood Projects

The Bank has proactively strengthened financial support for projects to fill shortfalls in the livelihood sector, assisting in the advancement of projects such as the renovation and expansion of some technical schools or colleges, the construction of key tertiary hospitals in the city as well as the construction of healthcare services, the construction of metro railways and the improvement of living environment, thereby further upgrading the city's quality of education, healthcare and rail transportation services, and enhancing the residents' sense of well-being and obtainment. As at the end of 2023, the Bank had supported over 40 major livelihood projects in Dongguan and granted a total of RMB1.4 billion in credit to projects related to government bonds.

### Case: Supporting the Huoliangshu Urban Renewal Project in Dongcheng District

In response to the call for "Greater Bay Area City, Quality Dongguan", the Bank granted a credit facility of RMB500 million in 2023 to a client of a state-owned corporate group to support the Huoliangshu urban renewal project in Dongcheng District, aiming to create a new business environment for a new type of community, and to promote the transformation of villages in cities into new complexes integrating residential buildings, commercial centres, kindergartens, schools, green areas and offices, etc. and creating a better life for the people.

## Serve the New Citizens

The Bank empowered its distinctive financial services with technological innovations, utilized the advantages of "online + offline" services, and focused on building six demonstration sites for financial services for new citizens, making every effort to satisfy the financial needs of new citizens in housing, education and training, and medical care for the elderly, and to improve the accessibility and convenience of financial services for new citizens. As of the end of 2023, a total of RMB13.733 billion of new citizen loan was supported, with a year-on-year growth rate of over 37.21%.

### Boosting Consumer's Faith

The Bank prioritizes the restoration and expansion of consumption, focuses on the daily consumption of the public, and continuously enhances the ability of consumer financial services to improve consumption conditions and boost consumer's faith. As at the end of 2023, in terms of supporting housing purchase, the Bank's personal housing mortgage loan balance amounted to RMB34.605 billion, of which RMB 25.985 billion was the balance of housing mortgage loan for new citizens.

### Wealth Management

The Bank customizes financial products for new citizens by integrating their wealth management habits. As at the end of 2023, the balance of personal financial products amounted to RMB36.073 billion. The retail customer segment's asset management scale AUM reached RMB284.346 billion on an annualized daily basis, an increment of RMB23.931 billion from the beginning of the year.

### Digital Financial Services

The Bank continuously expands and upgrades its online financial service capability to provide 7\*24 hours convenient financial life services to residents. As of the end of 2023, the Bank's e-channels integrated counter replacement rate reached 98.27%, with 4,599,900 banking APP users and 1,378,500 WeChat Pay bank account users.



03

ENVIRONMENT

**Carbon Reduction and Efficiency Increase for Appearance of Lucid Waters and Lush Mountains**



- Climate Change Adaptation
- Develop Green Finance
- Focus on Green Operations



## Climate Change Adaptation

The Bank actively align with the national strategy for Carbon Peaking and Carbon Neutrality goal, adheres to the concept of green development, conducts in-depth assessment of climate change risks and opportunities, strengthens the risk management mechanism for climate change, and continues to implement the green financial development objectives specified in the *Green Financial Development Plan of Dongguan Rural Commercial Bank*, so as to ensure that the objectives of the three-year plan for green financial development are successfully achieved.

### Climate Change Risk and Opportunity Assessment

The Bank has incorporated climate-related risks and opportunities into the overall risk management of the Company. In accordance with the Central Bank's *Green Finance System Network and the Working Group on Climate-Related Financial Information Disclosure's (TCFD) Climate Change Issues Framework*, the Bank initiated an assessment of the Bank's climate- and environment-related risks and opportunities, identified climate change-related risks and opportunities, and formulated a strategy to address them.

#### Assessment and Response of Climate Change Risk

Risks	Description	Response
Physical Risks: Extreme weather events such as heavy rainfall, flooding, etc.	Extreme weather may affect business continuity, primarily by affecting the Bank's infrastructure such as branches, offices, and information networks.	The Bank continued to conduct inspections and prepare before, during and after the flood season, and practiced and detailed safety work during the wet seasons.
Transition Risks: Policies and Regulations	Domestically and internationally, banks have introduced environmental standards and issued a series of rules and regulations, etc. Institutions that fail to grasp the policy direction for business transition in a timely manner will face policy and regulatory risks.	The Bank regularly follows up and collects environmental risk information such as national key industries and industrial policies, enterprise environmental information credit evaluation notifications, and notifications of environmental and safety production violations and infringements, etc. The Bank conducts investigations in accordance with the latest environmental risk information and prohibits the flow of loans to industries prohibited by the state.
Transition Risks: Market	As the field of sustainable investment continues to develop, investors have become more concerned about the impact of climate change on assets and the corresponding risk management and have increased their demand for related green financial products. If banks do not act accordingly, institutional investors may question the environmental risk management capabilities of the bank and withdraw their investments.	The Bank regards green finance as an important part of its development strategy, emphasizes and continuously increases green loan investment, and continues to innovate and develop green financial products.
Transition Risk: Reputation	Highly polluting enterprises generally have a lower ability to withstand climate risk and a worse corporate public image. If a negative event breaks out about a highly polluting enterprise financed by the Bank, it will further affect the Bank's overall reputation and lead to the withdrawal of capital by institutional investors concerned about environmental risks.	The Bank has always adhered to the principle of strict and prudent credit access to highly polluting enterprises and has supported quality enterprises with strong capabilities in transition of their industries, so as to proactively build a responsible bank with sustainable development.

#### Assessment and Response of Climate Change Opportunities

Opportunity	Description	Response
Opportunities: Resource Efficiency and Energy Sources	The bank practises low carbon principles in its daily operations, applying recycling technology, reducing water consumption, and participating in renewable energy investment and financing projects.	The Group actively promotes electricity saving and green electricity consumption, publicizes energy saving and emission reduction, implements a system for waste classification, and requires employees to actively participate in various environmental protection activities to promote the green development of the Bank.
Opportunities: Products and Services	Develop and expand environmentally friendly green financial products and services.	The Bank continued to improve the Green Financing comprehensive financial service program for the environmental protection industry, launched the contract energy management project financing business and introduced the carbon emission quota mortgage financing product; through internal pricing for capital transferring, the Bank piloted the optimization of interest rates for green loans, and motivated its various branches to expand their green finance business.

#### Quantitative Environmental Risk Analysis

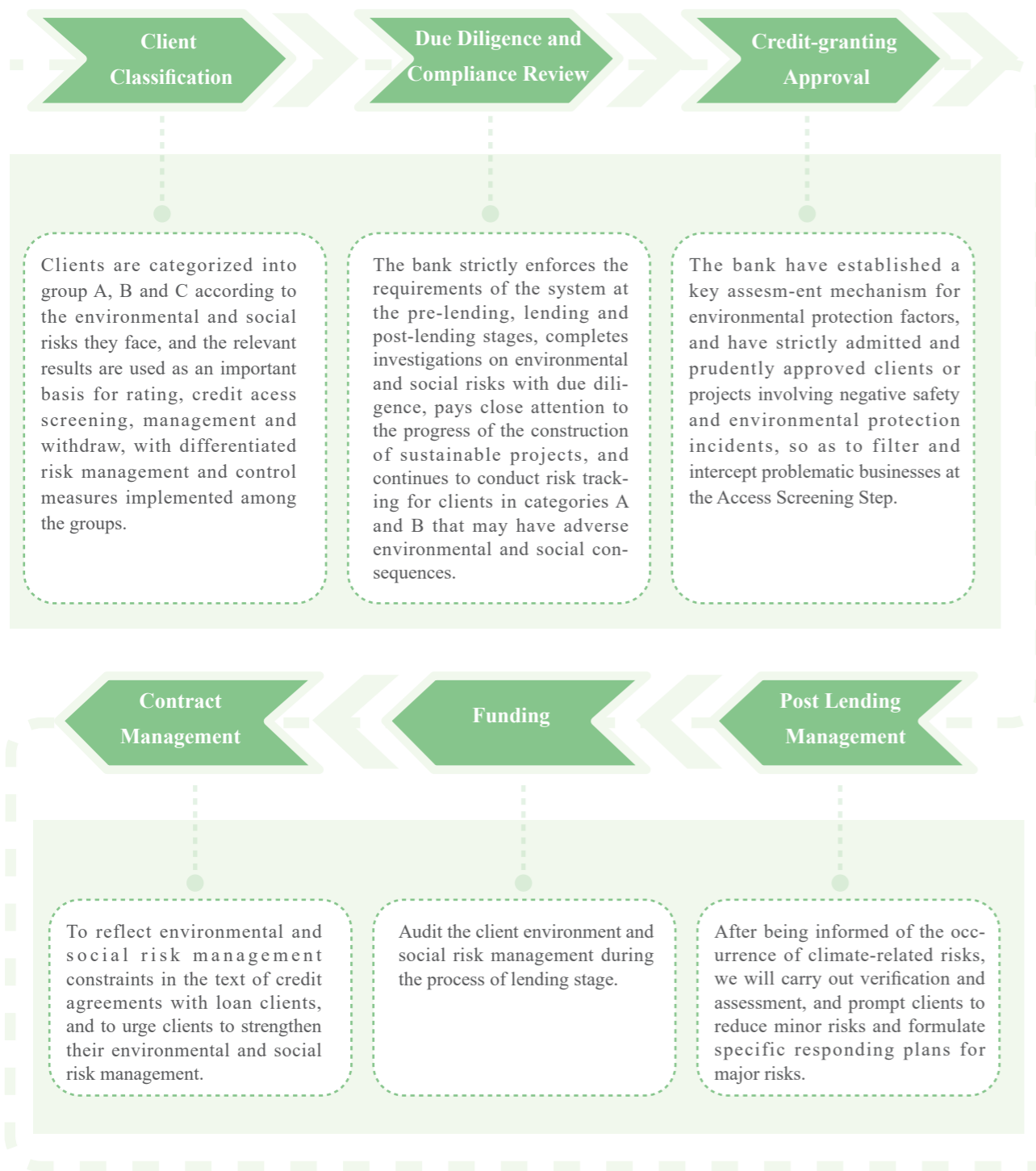
In accordance with the Notice on *Conducting Climate Risk Sensitivity Stress Testing* (hereinafter referred to as the Notice) issued by the People's Bank of China, the Bank selected one representative enterprise in the plastics and rubber products industry, the ferrous metals smelting and rolling processing industry, and the paper-making industry, and conducted stress testing on the climate and environmental risks of the credit business of the different industries that are facing restructuring risk factors, in order to explore and analyze the climate and environmental risks that the Bank may be facing, with the aim of identifying the impact of rising carbon emission costs of enterprises in high emission industries on the quality of the Bank's credit facilities held in high emission industries.

#### Results of the Stress Testing

From an industrial perspective, the plastics and rubber products industry is affected to a greater extent by the rise in carbon emission fees, with the rate of change in operating expenses increasing by 0.17% and the rate of change in net profit decreasing by 1.74% in 2023; followed by the ferrous metals smelting and rolling processing industry, the selected representative are mainly engaged in steel rolling and processing with relatively low carbon emission and therefore, have no significant impact. As for the representative from paper industry, which is the least affected by the current stress test. The paper industry was the least affected in this stress testing. Overall, the risk of carbon price-related factors to the loan portfolio covered by this stress testing is within manageable limits.

### Climate Risk Screening in Credit-granting

The Bank has incorporated the requirements related to environmental and social risks into the whole process of credit-granting business, and practically enhanced the effectiveness of climate risk management by strictly comply climate risk management in all aspects.



The Bank has formulated the *Guiding Opinions on Credit Business Investment of Dongguan Rural Commercial Bank in 2023* and the *Opinions on Credit Risk Prevention and Control of Dongguan Rural Commercial Bank in 2023* to strengthen the requirements for credit-granting screening of environmental and social risks, and to regularly update on the environmental risk information of national key industries/sectors policies, notification of credit evaluation of environmental information of enterprises, notification of environmental and safety production violations, etc., and carry out credit-granting screening work in the light of the latest environmental risk information. Thus, to prohibits the granting of new credits to nationally prohibited industries, enterprises with red or yellow cards in environmental reputations, and enterprises with violations of environmental and safety production laws.



In accordance with the *Regulations for the Management of the Red list and Blacklist of Credit Clients of Dongguan Rural Commercial Bank Co., Ltd. (2019 Edition)*, the Bank has identified blacklisted enterprises that are in “High Polluted, High Energy consuming, and Overcapacities Industries”, or in violation of the national industrial policy, and in violation of the national environmental protection and production safety regulations. The Bank has implemented a triggering system for blacklisted clients. In addition to the data from credit system identification and feedback from the risk warning system, each level of branch offices and business management departments are prohibited from granting new credits and withdrawing from the stock of credits at their own choices when expanding and maintaining clients who are found to have triggered the blacklist criteria.

## Develop Green Finance

In the Outline of the *Second Three-Year Development Plan for the Third Transformation (2021-2023)*, the Bank has clearly set out the development goal of “Striving to Build a Modern Green Bank”, practicing the concept of green development in-depth, perfecting the management mechanism of green finance, enriching the multi-level green financial product system such as green credit and green bonds, and increasing the market share of green finance to fully support the transformation and upgrading of green and low-carbon industries.

## Strengthen Green Finance Management

The Bank attaches great importance to the promotion and management of green finance, and has continued to optimize its organizational structure, improve its institutional system, enrich its green financial product system, expand the scale of green credit and green bonds, and strengthen the capacity building of green finance services to ensure the development of green finance in all aspects. As of the end of 2023, the balance of green credits c RMB13.047 billion, representing an increase of RMB 3.124 billion or 31.48% over the beginning of the year, and the balance of green bonds investment amounted to 9.944 billion, representing an increase of 43% over the beginning of the year.



### Green Finance Management Initiatives

- Set up a Green Finance Taskforce and a Green Finance Implementation Team, as well as a green finance business line and positions within the company to fulfill the management and service responsibilities for the development of green finance.
- Improve the green finance system, green credit policies, and optimize the management of green projects.
- To build a diversified green finance product system and enrich the product series.
- Continuously expand the scale of green finance assets, with the growth rate of green credit outpacing the growth rate of various loans.
- Enlarge the scale of green bonds to help achieving of carbon emission reduction.
- Enhance the capacity building of green finance services, organizing training on green finance knowledge, and raise employees' awareness of green finance services.
- Green finance promotions are targeted at clients to enhance the recognition of green finance and to assist in the development of green finance business.



## Comprehensive Promotion of Green Finance Products

The Bank continued to promote its contract energy management project financing business and carbon emission quota mortgage financing products. The Bank also developed a pilot project on green loan interest rate optimization measures through internal capital transfer pricing to encourage its branches to expand their green finance business.

The Bank continued to develop green bonds business funding exclusively in sustainable industry projects that meet the requirements. In 2023, the Bank issued green bonds amounting to RMB1.5 billion. The green projects to be invested involved industries such as energy conservation and environmental protection, clean production, clean energy, and green upgrading of infrastructural facilities.

The Bank continued to invest in green bonds and green asset securitization products. When underwriting green bonds, priority is given to sustainable industries, including energy savings, pollution prevention and resource savings, to effectively support the transition and upgrading of sustainable industries.

## Strong Support for Sustainable and Low-Carbon Industries

The Bank has listed the green environmental protection industry as the first key industry to be supported by industrial finance and has continued to improve the *Green Financing* (綠融通) comprehensive financial service program for the environmental protection industry. The Bank has taken the initiative to communicate with key energy-saving and environmental protection projects as well as environmental protection and sustainable energy enterprises in its service criteria to understand their needs and expand the depth and breadth of its services for the environmental protection enterprises to effectively support the development of low-carbon and environmental protection industries. As at the end of 2023, the balance of the Bank's loans to support sustainable enterprises in waste power generation, sewage treatment, water and gas supply, energy saving and emission reduction amounted to RMB12.392 billion, representing an increase of 35.49% from the beginning of the year.

The Bank has stepped up its efforts to provide financing services for sustainable enterprises, especially for medium- and small-sized environmental protection enterprises, major environmental protection projects, and other sustainable projects, by providing "All-Pass Express" service, optimizing the approval process, further enhancing the efficiency of green credit-granting, and continuing to provide preferential support to sustainable enterprises in terms of loan-to-value ratio and interest rate.

### Guidelines on the Investment of Green Credit and Credit Requirements

- Restrict projects that do not meet environmental standards, have outdated production capacity and low value-added products.
- Enhance support for industries and enterprises in green environmental protection, energy-saving and emission reduction, pollution prevention and clean energy, and strictly prohibit the granting of new credit to projects and enterprises that fail to meet national Environmental Impact Assessment and emission requirements.
- Dongguan Rural and Commercial Bank has included new energy industry, new material industry, energy saving, emission reduction and low carbon industry in the key support industries, accelerated the expansion, increased the effective credit investment, and implemented the main credit strategy in accordance with the key support industries.
- Implementing differentiated credit management for enterprises or projects that meet green credit standards, prioritizing the green credit-granting, and continuously enhancing credit-granting and lending efficiency.

### Case: Supporting the development of energy-saving and environmental protection industries

An environmental service company operates a waste power plant project. The project adopts mechanical grate type waste incineration technology with a daily treatment capacity of 1,500 tons of domestic waste. To support the construction and operation of the project, Dongguan Rural and Commercial Bank has provided credit support of RMB410 million to the Company.

## Focus on Green Operations

The Bank strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on Energy Conservation*, the *Law of the People's Republic of China on the Promotion of Circular Economy* and other laws. In accordance with the requirements of laws and regulations, and with reference to national *Carbon Peaking and Carbon Neutrality Goal*, the Bank is gradually launching greenhouse gas emission reduction programs by continuing to promote intelligent services, continuously improve the efficiency of resource utilization, regulate waste management, make efforts to reduce its carbon footprint, reduce the impact of our operating activities on the environment and gradually establish a daily tracking and supervision mechanism to ensure the achievement of the goal.

### Promotion of Smart Services

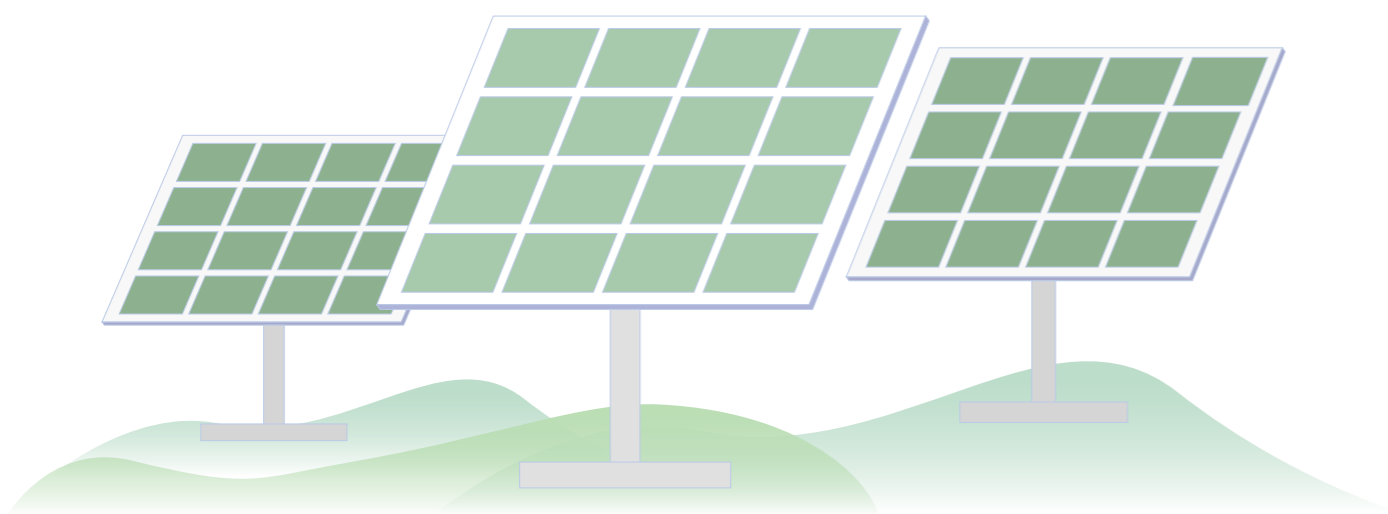
The Bank has implemented “Sustainable services”, fully implemented smart equipment, promoted online financial services, and utilized online payment such as mobile banking, internet banking, and WeChat official account to enhance the efficiency of sustainable operation and management, to implement the concept of development, and to achieve energy saving and emission reduction.

#### Paperless Business Process

Embedded in the equipment business process are functions such as paperless e-certificate, initiate WeChat reply slip, electronic seal, OCR photo identification and image capture, thus achieving the whole process of paperless business operation.

#### Promotion of WeChat Payment

Combined with the current payment habits of customers, the new QR code scanning charging function improved client satisfaction, achieved low-carbon emission of business operations, and further enhanced the effectiveness of green work.



## Energy and Waste Saving Management

The Bank has continuously strengthened the management of energy consumption in its daily operations, launched energy-saving and carbon emission reduction initiatives, further implemented mechanisms for the management of electricity use, water use, paper use and solid waste, and scientifically formulated action targets for energy saving, emission reduction and waste reduction in phases, to adhere to the path of sustainable and low-carbon development. In accordance with the requirements of the Environmental, Social and Governance Guidelines of HKEX, the Bank is progressing gradually on energy saving and water conservation programs. The Bank's impact on the environment mainly caused by the utilization of resources, energy consumption and greenhouse gas emissions in the areas of office and business premises operation and the use of official vehicles. Due to the characteristics of the Bank's business, there is no direct negative impacts on the environment and natural resources. As of the end of 2023, the Bank's total direct energy consumption, including diesel fuel and gasoline, amounted to 292,242.35<sup>1</sup> kWh, and the total direct energy consumption per capita was 51.13 kWh per person.

<b>Electricity Management</b>	<ul style="list-style-type: none"> <li>Enhance the management of electricity consumption of lighting, air-conditioning, computers, and other infrastructures in the office.</li> <li>Using LED for new and replacement lighting.</li> <li>New and replacement air-conditioners are equipment with national class 1 energy consumption or above.</li> <li>Having a system of inspections on light-off checking and turning off air-conditioning using a combination of automatic switchgear and regular inspections to reduce energy consumption.</li> </ul>
<b>Water management</b>	<ul style="list-style-type: none"> <li>Enhance the management of water for pantry, sanitary and irrigation.</li> <li>Procure water-saving appliances for replacement.</li> <li>Post water-saving signs in prominent places such as pantries and restrooms to initiate water saving.</li> </ul>
<b>Official Vehicle and Travel Management</b>	<ul style="list-style-type: none"> <li>Strengthen the management of official vehicles and promote the procurement of EV or hybrid cars.</li> <li>Encourage employees to reduce their travelling and commuting carbon footprints.</li> </ul>
<b>Paper management</b>	<ul style="list-style-type: none"> <li>Vigorously promoting paperless office or the use of thinner paper and printing on both sides to effectively reduce the printing volume to reduce paper consumption. As at the end of 2023, paper consumption in the office was 63.19 million sheets, with a consumption of per capita 11,100 sheets.</li> <li>The conference room uses projection and remote teleconferencing system to continuously optimize and improve the cloud video system.</li> </ul>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>The Bank's hazardous and non-hazardous waste mainly comes from office supplies, computers, electrical appliances, batteries, and other household waste. Among them, recyclable wastes are handed over to the resource recycling unit for recycling and disposal; hazardous wastes are hired to be recycled and disposed of by qualified third parties; and other domestic wastes are transported and disposed of by the municipal domestic waste disposal unit.</li> </ul>

Note: 1. The statistical scope of office paper consumption includes the head office and its branches.

2. The per capita consumption of office paper is based on the statistical area corresponding to office paper consumption, i.e. statistics from the head office and branches in the region.

1 The scope of direct energy consumption includes the head office and the branches within its management scope. The calculation methodology and calorific values of gasoline and diesel fuels are based on the *Guidelines for the Compilation and Reporting of Environmentally Friendly Key Performance Indicators* issued by the Stock Exchange of Hong Kong.



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# 04

## SOCIETY

**Side by Side,  
for a Better Life**



- Attentive to Clients' Needs
- Build a Harmonious Workplace
- Deliver Care and Support

## Attentive to Clients' Needs

The Bank has always adhered to the business philosophy of "Customers are Our Greatest Value" and has continued to carry out in-depth protection of our clients' rights and interests, safeguard the legitimate rights and interests of customers, optimize the quality of its products and services, provide clients with quality financial services, fulfill its responsibility of financial inclusion, and enhance the public's sense of fulfillment, happiness, and security while receiving financial services.

## Protect Clients' Rights and Interests

### Protect Client's Information Security

In strict compliance with national laws and regulations and regulatory policy requirements, the Bank has actively implemented the security management system and systems related to the building, operation, and maintenance of the information system, such as the *Implementation Measures for the Responsibility System for Network Security Work of Dongguan Rural Commercial Bank*, *Information Security Management System of Dongguan Rural Commercial Bank*, *Measures for the Management of Data Security of Dongguan Rural Commercial Bank*, and the *Emergency Preparedness Plan for Cyber Security Incidents of Dongguan Rural Commercial Bank*. and other security management systems, as well as systems related to the building, operation, and maintenance of the information system, to further standardize the security management of client information throughout its life cycle, including collection, storage, processing, transmission, use, provision, disclosure, withdrawal, correction, and deletion, to protect the privacy of client from being infringed upon. As of the end of 2023, the Bank has completed the annual audit of ISO20000 Information Technology Service Management System and ISO27001 Information Security Management System.

The Bank has built a multi-level security protection system and continues to strengthen security in terms of security defence, security monitoring, data security, and emergency response to ensure the security of transaction information and protect client privacy. As of the end of 2023, the Bank had not experienced any major information security incidents.

### Multi-Layers Security Protection System

#### Security Defence

Multiple security defense systems and devices such as IPS, IDS, firewalls, WAF, anti-DDOS devices, honeypots, anti-tampering systems, and network security situational awareness platforms are deployed to detect and intercept security threats in a timely manner.

#### Security Monitoring

The network monitoring system in the central server room has been built to realize 7\*24-hour real-time network monitoring and to carry out network security risk investigation, level protection assessment, penetration testing, phishing monitoring and vulnerability remediation on a regular basis, so as to discover and dispose of security loopholes in a timely manner.

#### Security Protection

We have built systems for terminal access, data backup, data query, and data desensitization, and will fully promote a data leakage prevention system in 2023 to further strengthen data security protection measures throughout the entire process and prevent the leakage of sensitive internal data and client information data.

#### Urgent Response

We have successfully completed the network security protection for important events such as the National Two Sessions, the University Games and the Asian Games, as well as the National Network Protection, Guangdong Shield-2023, and Dongguan Shield-2023 and other network security attack and defense rehearsal to enhance security protection and emergency response capabilities.

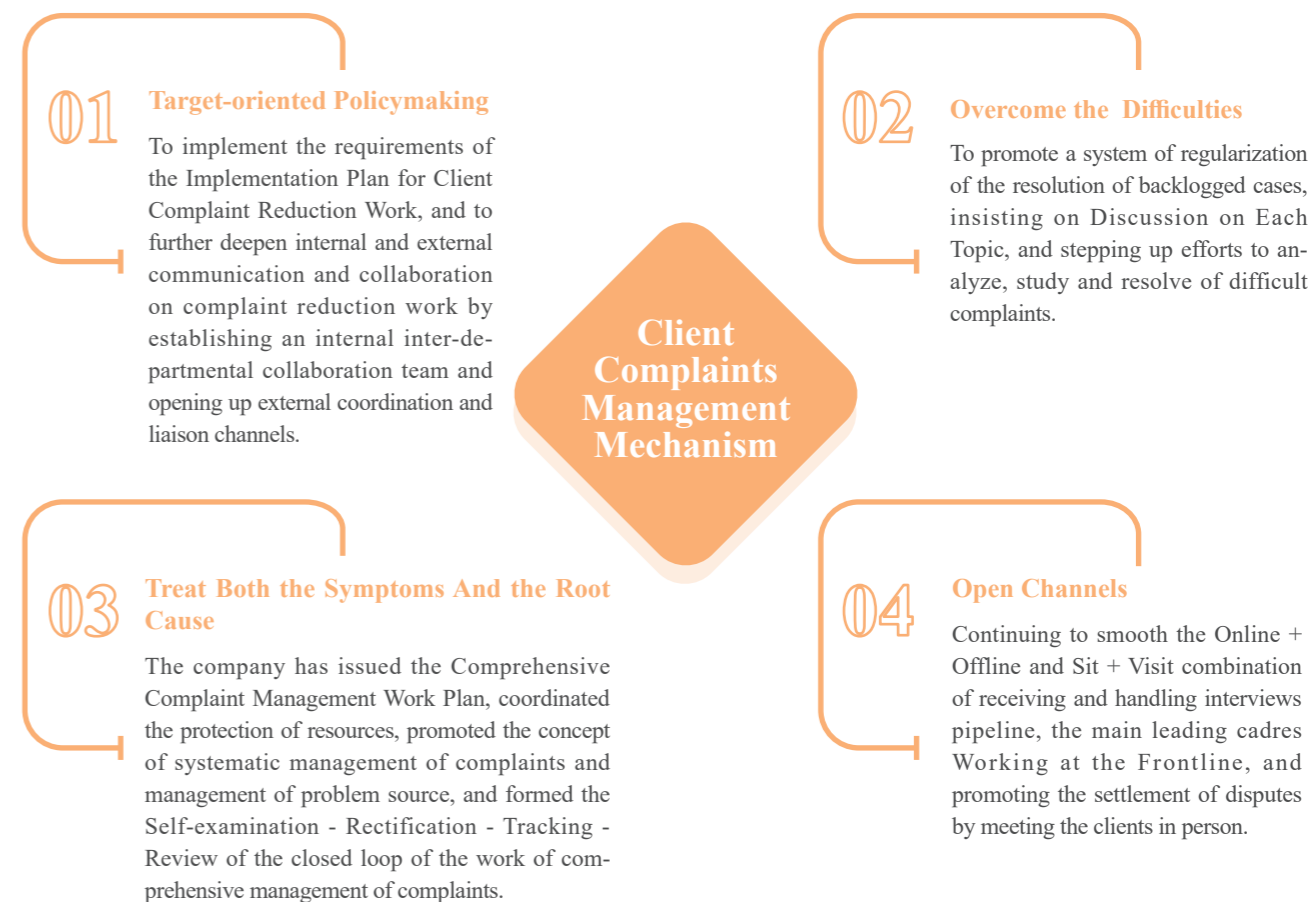
### Case: Opening a "dormant account reminder"

Starting from October 2023, the Bank has launched a continuous "dormant account" warning program to remind customers that they have "dormant account" and the balances with the Bank, so as to help client know the status of their accounts, so that they can inquire about, use, or cancel their accounts in a timely manner, and to prevent account loss, loss of funds, or the risk of fraud and protecting their them from loss.

At the same time, the Bank attaches great importance to the education of employees on information security awareness and conducts annual security training covering all employees to explain national laws and regulations, regulatory systems and the Bank's information security management requirements, and explains the importance of network security, data security, terminal security, computer virus protection, software licensing, safe use of mobile storage media, information confidentiality etc., so as to continuously enhance employees' awareness of network security and basic technique and to minimize the risk of information security caused by employees.

## Client Complaint Management

The Bank attaches great importance to the management of Client complaints, takes client's voices as its "Response Priority", improves the system and mechanism of client complaint management, examines the weaknesses of the current complaint management system, and insists a strong commitment and high standard on client complaint management.



The Bank continuously improves the mechanism of first-responsibility for complaints, shorten the response cycle of complaint cases, requires responsible units to timely report on the status of complaints received and complaints that may be escalated, and handles them as soon as possible within the time limit and pacifies the complainants, so as to give full play to the role of the first line of defence in complaint handling, and to achieve the principle of “Solving small problems within the network, solving bigger problems with the organization, and settling conflicts and disputes within the Bank”. At the same time, the Bank also organizes and participates in internal and external studies to build capacity of dispute resolution and enhance the effectiveness of conflict resolution. As of the end of 2023, the Bank had received 1,316 consumer complaints, with a 100% settlement rate.

## Dispute Resolution Capacity Building

### External Learning

Strengthening learning and communication with the Dongguan People's Mediation Committee of Financial Consumption Dispute and Dongguan People's Mediation Committee of Banking Association for Financial Dispute, and actively hosting and participating in mediation exchange seminars to enhance dispute resolution capabilities.

### Internal Publicity

Enhancing publicity on diversified financial dispute resolution, and strengthening the awareness of Mediation to The Fullest Extent of Possibility through the publicity of successful cases, docking mechanisms and reporting rules, so as to raise the standard of dispute resolution.

### Case: Facing and resolving the complaint

Dongguan Rural Commercial Bank insists to understand people's need, benefits their livelihoods, warms their hearts, and follows their wishes, and enhancing their sense of fulfilment, happiness, and security, which has been the core purpose of the Bank's business operation over the years.

Since June 13, 2023, the Bank has received repeated complaints from Ms. Zhang, convened several special meetings to discuss on details and issued solutions to the difficulties and pain points of the case, continued to consult with the complainant, patiently listened to the complainant's suggestions, actively resolved the differences, and practically promoted the resolution of the conflicts and disputes within the Bank, which was affirmed by the complainant and gained her support. Ms. Zhang expressed her gratitude for the Bank's proactive actions and presented the Bank with a banner reading “Alleviating People's Difficulties and Solving Problems”.



## Improve Client Service

Based on digital empowerment, the Bank has unleashed the multiplier effect to enhance the quality of client services. The Bank has built a digital client service ecosystem to upgrade the quality of financial services and has integrated high-quality service resources to provide private banking clients with excellent services and all-round wealth management solutions.

## Build a Digitalized Client Service System

Upgraded Client Ecosystem Features	<ul style="list-style-type: none"> <li>We uploaded Phase I functions of Client 360 View and Phase II functions of client management, marketing management, product management, tag library and report centre, optimized line team management functions and added mobile module, accelerated the development of performance functions, and comprehensively empowered the first-line client service.</li> </ul>
Developing Retail Client Segmentation	<ul style="list-style-type: none"> <li>Based on the “Asset Stratification + Customer Characteristics Segmentation”, we formulated operation strategies, stratified retail value client into groups and designed segmentation models, and to achieve differentiated closed-loop operation through “One group, Multiple strategies”.</li> <li>Constructed a comprehensive client value assessment model and combined it with a clustering algorithm model and a decision tree model to make changes and innovations, and quantitatively assessed clients' contribution, loyalty, activity, and risk performance.</li> </ul>
Empowering Call Efficiency by Client Service Data	<ul style="list-style-type: none"> <li>In-depth analysis of customer service call cycle patterns, the impact of events such as payback days on calls, and the information of incoming calls provided insights for optimizing agent scheduling management. Within the two weeks after delivering, the Bank's average daily call through rate increased by 3.4% compared with the daily average of the previous month.</li> </ul>

## Digitalized Service Experience

To meet the new needs of clients in the digital economy, the Bank has continued to broaden the mobile business application scenarios, continuously improved the effectiveness of integration of human service and machine at its networks and enhanced the comprehensiveness and convenience for clients when using the financial services. During the reporting period, the coverage rate of smart devices has increased by 21 percentage points, and the substitution rate of the same type of business has increased by 12 percentage points, and the Bank has continued to explore the 5G application scenarios, extended its service boundary and enhanced its service efficiency to fully develop into a smart bank that integrates Finance + Scenarios and provide clients with more technological, futuristic and specialized financial services.



### “Fashion + Finance”, Creating a Popular Financial Hotspot

The Bank's 5G smart flagship network in Donglian Sub-branch has achieved the deep integration of the Bank's characteristic 5G outlets with the culture of the “Fashion + Finance” shopping district by creating the first “Finance + Fashion” and “Finance + Scenario” special themes, allowing clients to experience the seamless connection between financial services and the popular culture. and to have experience on emerging financial service.



### “5G+Finance”, Unlocking a New Service Mode



The Bank's 5G branch at Golden Mansion in Nancheng is a smart bank with the theme of “5G Bank for E-Family”, which integrates new technologies such as 5G communication, Internet of Things, and biometric identification, and is upgraded by linking financial services through different living scenarios. The network is equipped with a variety of technological facilities suitable for clients in different ages, such as the “A Thousand People with A Thousand Screen”, which can read client’s financial needs and conveniently provide personalized recommendation and precise services by taking a picture; the “AR Precious Metal Experience Zone”, which allows clients to experience the full range of precious metals with the help of 3D technology , and “VR Gaming Experience Zone”, while waiting for customers to do business, consumers can experience the bank’s customized VR games.

By applying digital technology, the Bank has continued to refine its business service processes, improve the building of e-banking and self-service banking, and promote the use of digital currency (RMB), to help client reducing time spending on on-site service procedure, and to provide them with more convenient, hassle-free, and efficient financial services.

### Improvement of E-banking

- The new version 5.0 of Mobile Banking has been upgraded with a new UI on the new motion webpage, and dozens of core transaction journeys such as mobile banking transfers, loans, credit cards, etc. have been reshaped.
- We have built up connectivity products such as QR codes and short links to enhance the connectivity between mobile banking, WeChat banking and SMS banking.
- Upgraded the WeChat banking system to achieve convenient handling of high-frequency business scenarios such as income and expenditure details enquiry and account enquiry through H5 interface and applets.
- Improve the transformation of the elderly friendly function of telephone banking, set up dedicated client service seats for the senior citizens, and provide one-click transfer and other specialized services.

### Building Self-service Banks

- We continued to increase the construction of self-service banks and promote the intelligentization of lobby services, in order to effectively improve the client experience.
- According to the situation of outlets, the smart devices were redesigned to meet the needs of user habits and business requirements, to meet the needs of smaller business networks, and to increase the network coverage of the smart devices.
- Increase the deployment of smart devices. By the end of 2023, 557 smart devices have been deployed in 419 outlets of the Bank, with the coverage rate of smart devices deployed in outlets exceeding 80%, providing clients with a better service experience.

### Digitally Empowered Business Processes

- Adoption of the One-stop service mode to speed up the business of opening and closing unit accounts and to enhance the client service experience.
- Adhering to the service tenet of Serving The Public And Solving Difficult Problems, we have further optimized our account service capability and improve client satisfaction.

### Promotion of Digital Currency (RMB)

- Actively promoting the construction of digital currency (RMB) to satisfy clients’ needs for the operation of digital currency (RMB) personal wallet and public wallet on mobile banking, such as remittance, redemption, transfer and detailed enquiry.
- The digital currency (RMB) offline payment link has been opened, and client can enjoy the functions of offline acquiring and scanning payment, achieving the coverage of the whole payment chain.

## Private Banking

The Bank has always been adhering to the service philosophy of “Treat Our Clients Honestly” focusing on the four service segments of “Wealth Management, Family Counselling, Family Health, and Corporate Integration”, and comprehensively integrating the best service resources to provide excellent services and comprehensive wealth management solutions for private banking clients. As at the end of 2023, the Bank had 8,257 private banking customers, an increase of 923 clients and 12.59% over the end of last year.

### Private Banking Initiatives

- To build a full life-cycle private banking product system and provide clients with multi-scenario asset allocation services.
- Deepening the “1+3+N” network business model, expanding the business, family, and friend circles of private banking clients, and building a healthy client ecosystem.
- Enriching the “Enterprises Service for Dongguan” service to empower entrepreneurs in their business operations.
- To focus on quality next-generation clients, optimize component construction of our private banking client group and enhance the coverage of private banking services.

## Promote Financial Inclusion

The Bank adheres to the concept of convenience and benefit to the public, based on the requirement of equal opportunity, and takes digital transformation as a breakthrough to extend financial services to basic public services such as social security and medical insurance, as well as various financial services such as consumption, investment, and finance, so as to enable the whole society to share the fruits of the development of digitalization of financial service and fulfill its responsibility of financial inclusion.



### Social Security

The Bank added an e-Social Security Card application channels for the citizens on the mobile banking app to further enhance the convenience of using e-Social Security Card, and a total of 4,203 e-Social Security Cards were issued in 2023.

### Medical Insurance

The Bank has set up a medical insurance e-certificate zone on the mobile banking APP, where users can check their medical insurance account information, medical insurance card balance, medical insurance spending records, etc.

The Bank also actively promotes the construction of ageing-friendly telephone banking services. After completing the transformation of the ageing-friendly functions of telephone banking, the Bank can accurately recognize the age and needs of customers and provide timely assistance to the senior citizens by setting up special care seats for the senior citizens, providing one-button transfer, calling an artificial assistant or a special feature table for the senior citizens, and solving the difficulties encountered by senior citizens in utilizing the smart technology in the process of receiving financial services, thus practically protecting the legitimate rights and interests of the senior citizens.

### Case: Building barrier-free service networks

Dongguan Rural Commercial Bank Wanjiang Sub-branch attaches great importance to the services for special groups of clients such as people with disabilities and has been actively building barrier-free service network to improve the services. It has set up caring seats and wheelchair seats in waiting area, specific windows opened for barrier-free services, issued call signs for clients with mobility impairments, and prioritized needs for special clients such as people with disabilities and the senior citizens in doing business, taking the initiative to ask questions, guide and accompany them throughout the entire process, so as to comprehensively enhance the financial service experience of special customers.

### Case: Providing financial services for the senior citizens

50% percent of the clients of Wanjiang Sub-branch of Dongguan Agricultural Commercial Bank are middle-aged or elderly. Combined with the demographic characteristics of the area, Wanjiang Sub-branch innovatively launched the aging service, and endeavoured to provide the senior citizens with more comprehensive, direct, and considerate facilitation services, and provide financial service with caring service attitude. The Bank regularly conducts employee trainings on barrier-free services and sets up a special waiting area for the senior citizens, equipped with presbyopes, magnifying glasses, blood pressure monitors and other convenient supplies, to provide convenient services for the senior citizens in a genuine manner. In addition, the company attaches importance to financial education for our senior clients, by sending staff representatives to the communities to teach senior clients on preventing and identifying telecom fraud and counterfeit currency in their daily lives, thus, to continuously improve the quality of its services.

## Financial Knowledge Education

Based on serving the overall situation of social and economic growth, the Bank takes being a staunch defender of the legitimate rights and interests of financial clients as its starting point, and has been launching client financial knowledge education and publicity for a long period of time, and has been guiding clients to learn, understand, trust and utilize finance in a way that is welcomed by the public, so as to enhance their ability to protect their own rights and interests. In 2023, the Bank was honored



as the “Advanced Unit of Consumer Protection Work” by Dongguan Sub-branch of the People's Bank of China, the “Unit with Outstanding Achievements in Financial Client Protection Work” by the Dongguan Municipal Financial Consumer Association, and the “Integrity and Trustworthy Enterprise” by Dongguan Consumer Affairs Commission and was widely acclaimed by the public.

The Bank has also taken the opportunity of popular activities such as “3-15, Keep Your Money in Your Bag, Financial Knowledge for Ten Thousand Families and Financial Consumer Rights Protection Education and Publicity Month” to launch a series of popular educational activities targeting key client groups such as the senior citizens, the youth, the vulnerable people, the new clients, so as to raise the awareness of financial risk prevention of our clients, and to enhance the sense of security and wellness of financial services. By the end of 2023, 222 educational activities had been held, covering 442,000 clients, and 82 online educational messages had been sent, reaching to nearly 625,000 clients.

### Case: Jointly launched 3-15 in “Financial Service, Integrity Service 365” live stream education activity

On February 28, 2023, the Bank focused on enhancing the financial education of its citizens and, under the joint guidance of the Dongguan Branch of the People's Bank of China and the Dongguan Banking Supervision and Administration Bureau, co-organized with the Dongguan Financial Client Association and the Dongguan Association of Banks the 3-15 in “Financial Service, Integrity Service 365” live stream education activity, which was aimed at enhancing the awareness of client on financial risk prevention.

This live stream activity integrated in-depth with the Bank's characteristic 5G network and fashion business culture, and combining “Industrial Explanation + Definition by the Laws, and in forms of Live Stream + Interviews Records, focusing on explaining the Bank Insurance Institutions Consumer Rights Protection Management Measures”, the People's Bank of China Financial Consumer Rights Protection Implementation Measures and other regulatory knowledge for the youth and their parents. The event attracted 45,153 viewers and gained 18,000 likes and interactions.



### Case: Organizing the activity of “Caring for the Sunset Red - Financial Knowledge” in the University for Senior Cadres.



In order to enhance the public's ability to prevent risks, accurately assist the seniors and escort the *Sunset-red* of the senior citizens, on the morning of March 14, 2023, the leaders of the Dongguan Branch of the Bureau of Banking and Insurance Supervision, the managers of the departments and offices, and the senior management of the Bank went to the Guancheng Campus of Dongguan University for Senior Cadres to jointly launch the “Caring for the Sunset Red - Financial Knowledge to the University for Senior Cadres” promotional activity.

Through the on-site lectures, case studies, quizzes, cartoon exhibitions and one-on-one consultations, the event vividly and graphically demonstrated the fraudulent methods, reminding the senior communities to be vigilant against various types of financial scams, to build up awareness of financial risk prevention, not to trust, and to report to the police when encountering illegal and criminal elements, to avoid personal financial losses. At the same time, in conjunction with the *Administrative Measures for the Protection of Consumers' Rights and Interests of Banks and Insurance Institutions*, which has come into effect on March 1, 2023, letting the senior communities understand and to made aware of their rights and responsibilities and identify risks.

**Case: Launching Financial Education Campaign on National Security Education Day**

April 15, 2023, is the eighth National Security Education Day. To effectively raise the public's awareness of national security and financial security, the Bank launched the "2023 National Security Education Day" activities in the Cultural and Creative Park of Dongguan, vigorously publicizing the knowledge of national security, explaining the financial laws and regulations, and making all-out efforts to the event was aimed at creating a harmonious and stable social environment.



The Bank set up financial security knowledge activity site, security knowledge and education display boards, and distributed financial education materials, anti-fraud guide for students and other information, the development of client protection knowledge Q&A and one-on-one consultation and other caring interaction to the crowds and business around Cultural and Creative Park, provided insights on national security to the public on the National Security Education Day, guiding the public to strengthen the awareness of "National Security, Everyone Is Responsible For National Security". The event also provided case warnings and risk tips on preventing Internet telecom fraud, illegal fund-raising, and Internet gambling to further enhance the public's financial education and risk prevention awareness. The event distributed more than 600 financial knowledge education materials to financial clients, guiding the public to improve financial security knowledge, enhancing the public's awareness on financial security and building a firm financial line of defence for national security.

**Case: Launching Financial Education Activity on National Disability Caring Day**



May 21, 2023, is the thirty-third National Disability Caring Day, to guide the disabled groups to master the necessary financial knowledge and skills, and to strengthen the sense of accessibility, happiness, and security of the disabled groups, on the afternoon of May 23, Dongguan Rural Commercial Bank launched the 2023 *National Disability Caring Day* financial knowledge education activity in Houjie Town Disabled People Rehabilitation and Employment Service Centre for their needs for a better life.

On-site promotion was set up, through hanging banners, distributing promotional leaflets, one-on-one consultation and quizzes with prizes, in-depth financial knowledge was introduced to the participants, focusing on the rights and interests of financial clients, prevention of Internet fraud, rational investment, rational borrowing and lending, rational rights protection, deposit insurance, etc., so as to further enhance the financial education of the disabled groups and their awareness of risk prevention. More than 300 copies of financial knowledge materials and 2,000 copies of promotional folders were distributed to the clients. The bank as the only bank representative in Houjie Town, was awarded the honorary title of "The Most Beautiful Organization in Helping the Disabled in 2022".

**Case: Organization of "Gathering Financial Strength for a Better Life" Financial Education at Schools**

In order to further enhance the financial education and risk prevention awareness of students, Dongguan Rural Commercial Bank, under the guidance of the Dongguan Supervisory Sub-bureau of the State Administration of Financial Supervision and Administration and the Dongguan Sub-branch of the People's Bank of China, and jointly organized a financial education activity at Dongguan No. 2 High School on 26 September 2023 with Dongguan Bankers' Association and Dongguan Consumer



Protection Association called "Gathering Financial Strength to Create a Better Life - Financial Education in Dongguan No.2 High School". Through on-site presentations, quizzes, interactions, and a comic exhibition on financial and consumer protection knowledge, the delegation focused on popularizing financial knowledge such as financial clients' rights, prevention of Internet and telecommunication frauds, and rational consumption among 300 students, and guiding young people to develop a healthy attitude towards financial services.

**Case: Launching the "Financial Clients' Rights Protection Education Month" community activities**

On October 11, 2023, the senior management of Dongguan Supervision Sub-bureau of the State Administration of Financial Supervision and Dongguan Rural Commercial Bank went to the Luosha community on Guancheng Street to jointly launch the "Financial Clients' Rights Protection Education Month" activities in the community. Through video broadcasting, learning materials, case studies and quizzes with prizes, and other forms of activities, it vividly and imaginatively taught community residents the key points of deception prevention and anti-fraud skills, and reminded them to strengthen the protection of personal information, rationally safeguard their rights, and firmly established a sense of financial risk prevention.





## Building a Harmonious Workplace

The Bank adheres to the philosophy of “People-Oriented, Know People and Appoint Them Well”, abides by the principle of equal employment and equal pay for equal work, and protects the legitimate rights and interests of employees. The Bank attaches great importance to the occupational development and health and safety of its employees, and continues to build a comfortable, friendly, and positive work environment to enhance team cohesion and centripetal force, and to achieve the *Same Frequency Resonance* between the development of the Company and the employee’s personal growth.

### Attract Talents

The Bank strictly complies with the requirements of the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on Labour Contracts*, and the Regulations of the State Council on the *Prohibition of the Use of Child Labour*, etc. The Bank continuously improves the employee management system and makes detailed provisions on the salary and dismissal, recruitment, and promotion, working hours, diversity, anti-discrimination, and other treatments and benefits of its employees, to introduce excellent talents and join hands to create a bright future.

#### Equal and diversified employment

The Bank has clearly stipulated anti-discrimination, anti-compulsory labour, and anti-child labour in its recruitment process. The Bank is committed to eliminating discrimination based on gender, age, ethnicity, family status, etc., prohibiting any form of harassment, prohibiting the employment of child labour, eliminating the phenomenon of forced labour, and making every effort to create a fair and reasonable, equal, and voluntary working environment. During the reporting period, the Bank did not engage in the use of child labour, nor did it engage in forced labour. The Bank adheres to employment diversity and continues to optimize the structure of its management leadership and its reserve team in terms of age, gender, profession, and knowledge structure to achieve a reasonable allocation of human resources, give full developed opportunities for the talents, and enhance the efficiency of teamwork.

#### Compensation and benefits

The Bank has formulated a comprehensive compensation system that considers the Bank's operational and management objectives, talent planning, and post value contributions, and provides effective incentives to all employees while converging their basic living expenses. At the same time, the Bank continues to improve and optimize the employee welfare system, strictly enforcing the national statutory basic welfare program *Five Insurance and One Funds* System, supplemented by enterprise annuity, supplementary medical insurance, personal accident insurance and other supplemental benefits, and actively creating an environment of fairness and equality, competition and selection of excellence, fair treatment, and strong protection of the career and entrepreneurship.

### Protect the Rights and Benefits of Employees

The Bank insists on treating its employees in a fair, respectful and considerate manner, protecting their legitimate rights and interests, arranging working hours in a reasonable manner, caring for their health, strengthening democratic communication, guaranteeing the signing of a labour contract with each employee, paying in full and in a timely manner the basic pension, medical care, unemployment insurance, work-related injuries, maternity, and other social insurances and housing fund in accordance with national regulations, and guaranteeing the leave benefits of its employees, such as annual leave with pay. The Bank also guarantees the vacation benefits of its employees, such as paid annual leave. As of the end of 2023, the Bank's labour contract signing rate and social insurance coverage rate reached 100%. The Bank was awarded the “2023 Human Resources Management Excellence Award: Outstanding Employer” by 51Jobs.com, a leading human resources service provider in China.

## Care for Staff Development

The Bank continues to promote institutional innovation in talent development mechanism, resolutely implements the requirements for selection of cadres of “Absolute Loyalty, Commitment, and Efficient Execution”, continues to offer career opportunities, and optimizes the employee training system to provide a broad platform for the growth and development of all employees.

### Employee Promotion and Development

- Newly revised the “Management Sequence” career development management measures, smooth the *Professional and Technical Sequence* career development paths, establish a flatter, market-oriented talent management mechanism, and stimulate the internal development of employees.
- The Bank continued to improve the multi-level internal talent management communication system, promote mobility of talents between the Head Office and branches, and achieve the rationalized allocation of human resources. As of the end of 2023, among the 56 newly promoted cadres of the Bank, 16 were exchanged between the Head Office and branches, accounting for 29%.
- The Company has continuously optimized the mechanisms of posting training and dispatching, and selected young cadres to undergo training in organizations, regions and grassroots in strategic restructuring, difficult conditions, complicated environments, and arduous tasks, to continuously empower young cadres to grow up. Within 2023, 110 staffs had been appointed as team leaders of branches and 8 staffs had been assigned to subsidiaries and management organizations.

### Employee Training System

The Bank attaches great importance to the cultivation of human resources and has established a three-dimensional, full-coverage staff training system in line with its strategic planning and business development needs. The Bank has accelerated the professionalization and specialization of its human resources team, comprehensively upgraded its human resources management capabilities, and joined hands with its staff to achieve mutual growth.

<p><b>Launching of Specialized Learning Projects</b></p>	<ul style="list-style-type: none"> <li>· Organized a variety of learning activities such as training on special topics, exchanges and seminars, practical experience, and presentations, and focus on promoting the cultivation of key talents such as management cadres, new employees, product managers, and network managers, to improve their professional competence and comprehensive business qualities.</li> <li>· For talents in various professional positions, the bank has launched specialized training in corporate finance, retail finance, risk management, and so on.</li> </ul>
<p><b>Enhancing Training Resources Management</b></p>	<ul style="list-style-type: none"> <li>· Emphasis is placed on the training and application of in-house trainers to enhance the summarization and transmission of professional knowledge.</li> <li>· Around 100 mini courses have been developed and launched internally, and more than 500 new professional courses have been introduced externally to provide more abundant learning resources for cadres and staff.</li> </ul>
<p><b>Building an Open Learning Ecosystem</b></p>	<ul style="list-style-type: none"> <li>· Optimized the construction and management of online learning platforms and supported and encouraged personalized learning among employees.</li> <li>· Set up the i-School one-stop learning platform to promote the concept of self-driven learning and provide a wide range of courses.</li> <li>· Organized reading, sports, and other employees’ activities to effectively help employees broaden their horizons and improve their skills.</li> </ul>

Case: Program of Excellence Talent Development Project

In order to further promote the transformation and upgrading of networks, and comprehensively strengthen and enhance the strength of the front-line marketing team, the Bank's departments have jointly coordinated to create the "Excellence Program" talent development project, which focuses on the needs of the senior management of networks at different stages of growth, and provides a hierarchical, all-encompassing and multi-form learning journey to empower them to comprehensively enhance their knowledge and skills. The effectiveness of the training and learning program is remarkable and has been affirmed and recognized by the industry. In 2023, the program was awarded the "GHR Annual HR Best Practice Award: Case Study" and the "Training Magazine 2023 Talent Strengthening Project: Brand Learning Program".

Case: Product Manager Training Camp 2023

In line with the strategy of innovation-driven development, the Bank has organized a *Product Manager Training Camp*, which focuses on the topic of product lifecycle management. In terms of curriculum, the camp introduced digital product creation theories, combined with business practices, and launched a series of interactive workshops to guide staff to apply their knowledge into practice and help optimize the creation process in the bank. In terms of team building, an interdepartmental team was formed to allow both business and technical product managers to participate in training together, identifying the key issues in the end-to-end process from business planning, demand analysis, solution design, technical development to operation and promotion, and enhancing the comprehensive capabilities of product managers through the mode of training and practices, which in turn improves the overall innovation efficiency of the organization.

## Protect the Health and Safety of Employees

The Bank promotes a healthy workplace culture and provides employees with supplemental medical insurance and regular medical check-ups to provide basic protection for their health and safety. The Bank also provides health and safety education to its employees through seminars on health and firefighting knowledge, creating a healthy and safe occupational environment and enhancing employees' self-protection capabilities. At the same time, the Bank also actively organizes a variety of employee cultural and sports activities to enrich the life of employees, improve their physical health and enhance their sense of belonging, happiness, and satisfaction.

Case: Various cultural and sports activities



International Women's Day Celebration: Flower Arrangement Activity by Songshanhu Science and Technology Sub-branch of Dongguan Rural Commercial Bank



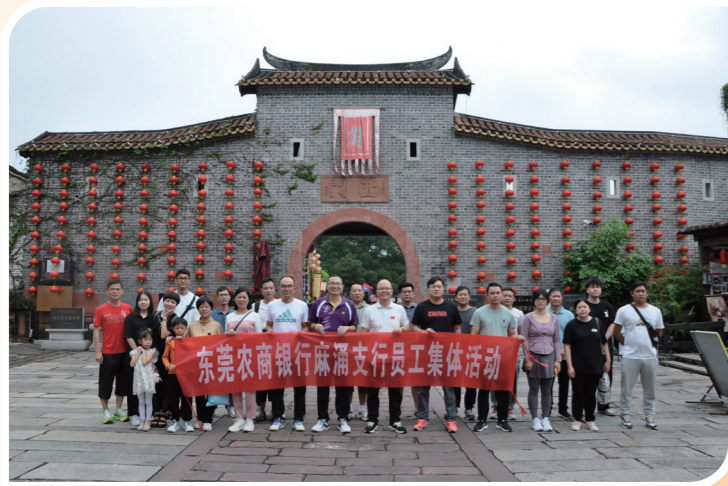
Staff Fun Sports Day by Qingxi Sub-branch of Dongguan Rural Commercial Bank



Staff Birthday Party by Wangniudun Sub-branch of Dongguan Rural Commercial Bank



Staff Hiking Activity by Zhongtang Sub-branch of Dongguan Rural Commercial Bank



Hiking Activity in Autumn by Machong Sub-branch of Dongguan Rural Commercial Bank



Tea Craft Activity by Dalang Sub-branch of Dongguan Rural Commercial Bank

## Deliver Care and Support

The Bank has long been committed to the field of social welfare, actively participating in public welfare and charitable undertakings, insisting on helping those who are in need, encouraging its employees to participate in voluntary activities for public welfare, and taking practical actions to serve the community and repay the community, to build a better society that is inclusive and harmonious. As the end of 2023, the Bank had donated RMB2 million to 20 villages and communities, including Caibian in Dalang and Jiaoli in Zhongtang, through the activities of “Guangdong Poverty Alleviation Day and Dongguan Charity Day”.

## Efforts in Poverty Alleviation

The Bank adheres to the philosophy of “Delivering Financial Strength to Build a Better Society” and guides its branches to carry out activities to help students and families in need, provide financial resources to support families in need, and create a fair and warm social environment.

### Case: Launching the Dreams Coming True, Youth Sailing Activity to support students

The Wangniudun Sub-branch of Dongguan Agricultural Commercial Bank actively fulfills its corporate social responsibility and continues to carry out the public welfare activity named “Dreams Coming True, Youth Sailing” to help students by utilizing the education public welfare fund to provide grants for students in difficulty, help families in difficulty to alleviate their financial burden, and build dreams for the future of the students with financial assistance. During the reporting period, we donated RMB40,000 to 20 students of Wang Niudun Middle School to help them finish their school.



### Case: Co-hosting the “5-20 Charity Night Run” to help the students.



Changan Sub-branch of Dongguan Rural Commercial Bank adhering to principles of “Rewarding Excellency, Developing Schools, Helping Who are in Need, and Repaying the Society”, is committed to helping the development of social education, enthusiastically supporting educational public welfare activities, and lighting up the bright starry sky for the children in impoverished areas with actions. On May 20, 2023, Changan Sub-branch of the Bank, Dongguan Field Public Welfare Service Centre, and Changan Town Treasury Caring Hut, jointly organized the “5-20 Charity Night Run” in Changan Park and donated RMB50,000 to students in impoverished areas.

## Participation in Charity

The Bank is committed to promoting the spirit of volunteering, strengthening the building of volunteer teams, and continuing to pay attention to public welfare fields such as education, assistance to the senior citizens and the disabled, to add bricks to the construction of a harmonious and beautiful society.

### Case: Jointly building the “Reading Corner for Little Banker”.

In 2023, the Changan Sub-branch of Dongguan Rural and Commercial Bank and Changan Town No. 2 Primary School jointly built a “Reading Corner for Little Banker”, donating RMB30,000 worth of children's books to the school. On December 22, Changan Sub-branch and Changan No. 2 Primary School unveiled the “Reading Corner for Little Banker” at the school.

### Case: Launching the Activity named “Practical Activities for Love: Senior Citizen Canteen”.

The Senior Citizen Canteen in Zhongwei Village, Shatian Town, was set up by Zhongwei Village for the senior citizens aged 70 or above who live at home in the village and delivers lunches and dinners to about 40 senior citizens every day. In order to promote the traditional Chinese virtue of respecting the elderly and caring for the young, create a good social environment, and continue to Serving the public, the secretary of the Party’s branch of Dongguan Rural Commercial Bank Shatian Sub-branch led the cadres of the Party and went to the senior citizen canteen to launch the Do Real Work With Caring and Love activity with the head officer of the Village on April 13, 2023, giving out foods to the senior citizens for a better living.



### Case: Launching financial education activities for the disabled people

In order to apply the idea of “Financial Services for The People” and help people with disabilities to enhance their awareness of financial security and risk prevention ability, the Houjie Sub-branch of Dongguan Rural Commercial Bank actively fulfilled its social responsibility on July 26th, 2023 by going into Houjie Town Rehabilitation Employment Center with Houjie Town Disabled People Association and Dongguan Police Station Houjie Branch to carry out a activity to share the financial knowledge of people with disabilities and to give away caring packages.



### Case: Participation in the organization of the “City Beauties” free breakfast giving activity



In October 2023, the MaChong Sub-branch of Dongguan Rural and Commercial Bank, participated in organizing “City Beauties” free breakfast giving activity held by Dongguan Trade Unions.

In November 2023, the Wanjiang Sub-branch of Dongguan Rural Commercial Bank, in conjunction with Wanjiang District Trade Unions and Wanjiang Branch of the City Management Bureau, jointly organized the 2023 “City Beauties” free breakfast giving activity.



## ESG Performance Overview

### Economic Performance

Indicator	Unit	2023	2022	2021
Total assets	RMB billion	708.854	657.690	593.361
Business income	RMB billion	13.260	13.236	12.996
Net Profit	RMB billion	5.346	6.083	5.703
Non-performing loan ratio	%	1.23	0.90	0.84
Capital adequacy ratio	%	15.85	15.98	16.29
Provision coverage	%	308.30	373.83	375.34
ROE	%	9.61	11.72	12.87

Note: The statistical scope covers the Group.

### Social Performance

#### service coverage

Indicator	Unit	2023	2022	2021
Number of e-banking clients	-	6,690,091	5,906,721	5,004,864
Total number of transactions	10000	67,136	58,205	57,257
Total number of transactions through e-banking	10000	65,975	56,867	55,641
Total number of transactions through online banking	10000	1,297	1,257	1,276
Total number of transactions through mobile banking	10000	2,316	2,192	2,207
Number of online banking clients	-	711,666	693,470	667,758
Number of Mobile Banking clients	-	4,599,891	4,089,700	3,425,912
Number of WeChat Banking clients	-	1,378,534	1,123,551	911,194
E-banking substitution (diversion) rate	%	98.27	97.70	97.18
Number of smart devices in use	-	557	391	319
Number of ATMs in operation	-	787	851	1,072
Number of POS machines in operation	-	10,966	15,164	14,634

Note: The statistical scope covers the parent bank only.

### Anti-corruption

Indicator	Unit	2023	2022	2021
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	5,716	5,775	5,670
Number of corruption prosecutions	cases	0	0	0

Note: The statistical scope covers the parent bank only.

### Number of suppliers

Content	Unit	2023	2022	2021
Total number of suppliers	-	626	663	615
Number of suppliers by region	Within the Province	431	504	472
	Out Guangdong Province	195	159	143

Note: The statistical scope covers the parent bank only.

### Contributing to Rural Revitalization

Content	Unit	2023	2022	2021
Agriculture-related loan balance	RMB billion	38.536	33.999	32.277
Increase in agricultural loan balance compared with the last reporting period	RMB billion	4.538	1.722	3.447

Note: The statistical scope covers the parent bank only.

### Serving Small and Micro Enterprises

Indicator	Unit	2023	2022	2021
Inclusive Small and Micro Enterprise Loan Balance	RMB billion	40.474	32.973	26.600
Number of clients of SMEs	-	23,840	23,608	23,132
Proportion of loan balance provided to medium and micro enterprises in total loan balance of the Bank	%	64.74	62.84	58.37
Growth rate of credit supply for small, medium-sized, and micro enterprises	%	10.02	10.65	15.12
Balance of individual business loans	RMB billion	0.667	0.421	0.533

Indicator	Unit	2023	2022	2021
Increased amount of individual business loans	%	3.63	2.09	1.09
Number of recipients from individual business loans	-	2,292	1,473	2,414

Note: The statistical scope covers the parent bank only.

## Responsibility for clients

Indicator	Unit	2023	2022	2021	
Number of customer complaints accepted	Number of complaints	1,316	1,087	782	
Proportion of complaint by business categories	Debit card business	%	30.24	36.80	29.28
	Loan business	%	29.93	27.41	26.85
	Credit card business	%	28.12	16.83	13.30
	RMB savings business	%	5.78	9.94	17.27
	Wealth management, payment settlement, intermediate business, others	%	5.93	9.02	13.30
Proportion of complaints distributed by district	Dongguan	%	99.39	98.53	99.48
	Huizhou	%	0.38	0.92	0.13
	Guangzhou	%	0.08	0.28	0
	Qingyuan	%	0.15	0.18	0.26
	Zhuhai	%	0	0.09	0.13
Customer Complaint Settlement Rate	%	100	100	100	

Note: The statistical scope covers the parent bank only.

## Employment

Indicator	Unit	2023	2022	2021
Total employees of the Group	Persons	7,924	8,009	7,962
Number of male employees	Persons	4,663	4,716	4,732
Number of female employees	Persons	3,261	3,293	3,230
Proportion of male employees	%	58.85	58.88	59.43
Proportion of female employees	%	41.15	41.12	40.57
Number of part-time employees	Persons	0	0	0
Number of full-time employees	Persons	7,924	8,009	7,962
Proportion of part-time employees	%	0	0	0
Proportion of full-time employees	%	100	100	100

Indicator	Unit	2023	2022	2021
Number of employees under 30	Persons	1,664	1,680	1,668
Number of employees aged 30-50	Persons	5,422	5,455	5,491
Number of employees over 50	Persons	838	874	803
Proportion of employees under 30	%	21.00	20.98	20.95
Proportion of employees aged 30-50	%	68.43	68.11	68.97
Proportion of employees over 50 years old	%	10.58	10.91	10.09
Number of employees in Dongguan where the head office is located	Persons	5,666	5,725	5,624
Number of employees in cities other than Dongguan in the province	Persons	2,199	2,225	2,274
Number of employees outside the province	Persons	59	59	64
Proportion of employees in Dongguan where the head office is located	%	71.50	71.48	70.64
Proportion of employees in cities other than Dongguan in the province	%	27.75	27.78	28.56
Proportion of employees outside the province	%	0.75	0.74	0.80
Male employee turnover rate	%	1.62	1.99	1.73
Female employee turnover rate	%	2.23	1.59	2.24
The number of employees under 30 years that left compared with the previous year	Persons	80	55	71
Number of employees under 30-50 years that left compared with the previous year	Persons	64	87	79
Number of employees over 50 years that left compared with the previous year	Persons	5	4	5
Turnover rate of employees under 30	%	4.78	3.29	3.95
Turnover rate of employees under 30-50 years old	%	1.18	1.59	1.46
Turnover rate of employees over 50	%	0.58	0.48	0.64
Turnover rate of employees in Dongguan where the head office is located	%	1.37	1.41	1.42
Turnover rate of employee in other regions of the province	%	3.07	2.62	2.98
Turnover rate of employees outside the province	%	5.04	11.38	8.96
Death toll due to work	Persons	0	1	0
Proportion of work-related deaths	%	0	0.01	0
Number of working days lost due to work injury	days	563	630	376

Notes: 1. The scope of the Employee Employment Statistics covers the Group.

2. The 2023 male employee turnover rate equals the number of male employees turned over in 2023 divided by the average of the number of male employees in 2022 and the number of male employees in 2023.

3. The 2023 female employee turnover rate equals the number of female employees turned over in 2023 divided by the average of the number of female employees in 2022 and the number of female employees in 2023.



## Training and Development

Indicator		Unit	2023
Number and proportion of trained employees by type of employees	Number of senior managements	Persons	8
	Number of middle managements	Persons	166
	Number of general staffs	Persons	5,542
	Number of trained senior Management	Persons	8
	Number of trained middle managements	Persons	166
	Number of trained general staffs	Persons	5,542
	Total number of trained employees	Persons	5,716
	Proportion of trained senior management	%	100
	Proportion of trained middle management	%	100
	Proportion of trained general staffs	%	100
Percentage of total trained employees	%	100	
Number and proportion of trained employees by gender	Number of trained male employees	Persons	3,410
	Number of trained female employees	Persons	2,306
	Percentage of trained male staff	%	100
	Percentage of trained female staff	%	100

Note: The statistical scope covers the parent bank only.

Indicator		Unit	2023
Average training hours of employees by types	Number of training hours for senior management	Hours	723.91
	Number of training hours for middle management	Hours	11,257.45
	Hours of training for general staffs	Hours	301,602.11
	Total training hours for all employees	Hours	313,583.47
	Average training hours for senior management	Hours	52.8
	Average training hours for middle management	Hours	90.49
	Average training hours for general staffs	Hours	54.42
	Average number of training hours for all employees	Hours	54.86
Average number of training hours for trained employees by gender	Total Training hours for male employees	Hours	178,580.49
	Total Training hours for female employees	Hours	135,002.98
	Average training hours for male employees	Hours	52.37
	Average training hours for female employees	Hours	58.54

Note: The statistical scope covers the parent bank only.

## Labor standards

Indicator	Unit	2023 年	2022 年	2021 年
Confirmed discrimination incidents	cases	0	0	0
Confirmed incidents of forced labor	cases	0	0	0
Confirmed using of child labor	cases	0	0	0

Note: The statistical scope covers the parent bank only.

## Environmental Performance

Indicator	Unit	2023	2022	2021
Green Credit Balance	RMB billion	13.047	9.923	7.334
Balance of loans to support green enterprises	RMB billion	12.392	9.146	7.334
Number of Green Businesses Supported	-	86	79	65
Yearly growth in the number of green businesses supported	-	7	14	3
Yearly growth rate of the balance of loans for green enterprises*	%	35.49	24.70	20.35

Note: The statistical scope covers the parent bank only.

Indicator	Unit	2023	2022	2021
<b>Direct greenhouse gas emissions and resource consumption</b>				
<b>Own transportation</b>				
Gasoline consumption of buses	litre	20,199	24,720	23,777
Diesel consumption of buses	litre	9,015.01	10,163.9	7,660.8
<b>Water Resource Utilization</b>				
Utility water consumption	tons	117,259	285,895	232,078
Per capita consumption of communal water at the office	Tonnes/person	20.51	49.51	36.84
Direct greenhouse gas emissions	10000 tons of CO <sub>2</sub>	0.007	0.008	0.007
Direct GHG emissions per capita	Tonnes CO <sub>2</sub> /person	0.01	0.01	0.01

Indicator	Unit	2023	2022	2021
<b>Indirect Greenhouse Gas Emissions and Resource Consumption</b>				
Purchased electricity	kWh	46,591,287	40,894,858	48,922,741
Indirect GHG emissions	10000 tons of CO <sub>2</sub>	2.65	2.39	2.86
Indirect GHG emissions per capita	Tonnes CO <sub>2</sub> /person	4.65	4.13	4.53
Total GHG emissions	10000 tons of CO <sub>2</sub>	2.66	2.40	2.87
GHG emisisions per capita	Tonnes CO <sub>2</sub> /person	4.66	4.14	4.54

Note:

1. The scope of GHG emissions from business activities in 2023 is the head office and branches in the region.
2. The scope of gasoline/diesel consumption statistics is the total amount of gasoline/diesel consumed by vehicles of the head office and branch offices in the region.
3. Direct GHG emissions (Scope 1) include oil and gas resources consumed by the head office and branches in the region for their own transportation means.
4. Indirect GHG emissions (Scope 2) include the consumption of purchased electricity used by the head office and branches in the region for business and office activities.
5. Emission intensity is accounted for in terms of the statistical area corresponding to total emissions, i.e. the parent row category.
6. Accounting method for greenhouse gases in 2023: among the emission factors for each energy source (including purchased electricity, gasoline, and diesel), for those using purchased electricity, the coefficient of carbon dioxide emission is derived from the Notice on the Management of Greenhouse Gas Emission Reporting by Enterprises of Power Generation Sector in the Years of 2023-2025, i.e., 0.5703 tonnes of carbon dioxide/MWh. If the type of energy used is gasoline, the CO<sub>2</sub> emission factor is derived from the Guidelines on the Methods of Accounting and Reporting for Greenhouse Gas Emissions of Enterprises for Power Generation Facilities, i.e., 2.93 tons of CO<sub>2</sub>/ton of gasoline; if the type of energy used is diesel, the CO<sub>2</sub> emission factor is derived from the "Guidelines on the Methods of Accounting and Reporting for Greenhouse Gas Emissions of Enterprises for Power Generation Facilities", i.e., 3.10 tons of CO<sub>2</sub>/ton of diesel; and if the type of gas used for heating and cafeteria use is diesel. The coefficient of carbon dioxide emission is 21.7 tons of carbon dioxide per 10,000 cubic meters if natural gas is used as the energy source for heating and cafeteria use.
7. The Bank is in the process of establishing a mechanism for collecting statistics on waste gas and waste materials and plans to disclose them in the future.
8. Due to the business characteristics of the banking industry, the financial products and services provided by the Bank do not involve a large amount of packaging materials, and therefore the total amount of packaging materials used is not included in the scope of statistics.

## Independent Assurance Report

### To the Board of Directors of Dongguan Rural Commercial Bank Company Limited:

CECEP (HK) Advisory Company Limited (“CECEPAC (HK)” or “We”) has been entrusted by Dongguan Rural Commercial Bank Company Limited (“DRC”) to conduct an independent limited assurance engagement (“Assurance Engagement”) on the information and data related to sustainability in DRC’s 2023 Environmental, Social and Governance Report (“ESG Report”).

CECEPAC (HK) assessed DRC’s adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 (“AA1000AS v3”).

### I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating the data in the ESG Report or preparing the ESG Report. CECEPAC (HK)’s assurance activities are independent from DRC. There is no relationship between DRC and CECEPAC (HK) beyond the contractual agreement for providing proper assurance service.

The assurance team of CECEPAC (HK) is composed of experienced consultants in the industry who have had professional training on sustainability-related standards such as GRI Standards issued by the Global Sustainability Standards Board (GSSB), AA1000AS v3, the ESG Reporting Guide of the SEHK, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting assurance work and has sufficient understanding and capabilities of the implementation of AA1000AS v3. Meanwhile, the Assurance Engagement related to sustainability issues is carried out in line with CECEPAC (HK)’s internal assurance protocol.

### II. DRC’s Responsibilities

DRC is responsible for the preparation and presentation of the ESG Report in accordance with the ESG Reporting Guide published by SEHK. DRC is also responsible for implementing relevant internal control procedures to ensure that the contents of the ESG Report are precise and free from material misstatement, whether due to fraud or error.

### III. Assurance Provider’s Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the ESG Reporting Guide published by SEHK to the Board of Directors of DRC. This independent assurance statement applies solely to the ESG Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in the Assurance Engagement meet the professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. All results of assurance are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

### IV. Assurance Scope

The scope of the Assurance Engagement is limited to the information and data in the ESG Report that relates to DRC and its subsidiaries and does not include data or information provided by DRC’s suppliers, contractors, and other third parties;

Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of DRC’s adherence to the four AA1000 Accountability Principles set out in the AA1000AP (2018);

The time scope of the Assurance Engagement was with respect to information disclosed from 1 January 2023 to 31 December 2023 and included in the ESG Report only. Any information that falls outside this period and disclosed in the ESG Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and

The scope of the assurance is confined to the information and data provided by DRC. Any queries regarding the content or related matters within this independent assurance statement should be addressed to DRC only.

### V. Methodology of the Assurance Engagement

CECEPAC (HK)’s Assurance Engagement was conducted with respect to DRC and its subsidiaries only, and the assurance work included:

Evaluating the channels, process and conclusions of DRC 's stakeholder engagement process, the methodology for selecting issues of stakeholder concern and the rationality of the process for determining material issues;

Conducting interviews[ The Assurance Engagement was conducted through online means and interviews were conducted over the online meeting.] with DRC's sustainability management and other personnel involved in the preparation and provision of the content and information in the ESG Report, to understand the strategies, policies and implementation of key sustainable development issues;

Assessing whether the reporting and management approach disclosed in the ESG Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AP (2018);

Examining the systems used to generate, record and report selected performance information and data, and conduct sampling and checking of selected performance information for supporting evidence of data reliability and quality; and Performing other procedures, we deemed necessary.

The conclusions within the Assurance Engagement were based upon the assumption that the information provided by DRC to CECEPAC (HK) was complete and accurate.

#### VI.Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

#### VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the AA1000AP (2018), our findings and conclusions are detailed as follows:

##### Inclusivity

DRC has identified key stakeholders. Regular communication with the key stakeholders is carried out in various way to understand their expectations and key concerns. On this basis, DRC has formulated policies in consideration of key stakeholders' expectations and its impacts to key stakeholders. In our professional opinion, DRC adheres to the Principle of Inclusivity.

##### Materiality

DRC has understood key stakeholders' concerns and

expectations through regular stakeholder communication mechanisms as the foundation for identifying the material sustainability issues. Meanwhile, DRC has established materiality assessment procedures to collect opinions from key stakeholders and then identify the material issues of the ESG Report. The procedures and results of materiality assessment have been disclosed in the ESG Report. In our professional opinion, DRC adheres to the Principle of Materiality.

##### Responsiveness

DRC has established regular stakeholder communication mechanisms to understand the concerns and expectations of key stakeholders, and follows relevant procedures when responding to concerns raised by key stakeholders. Meanwhile, DRC has disclosed in the ESG Report its sustainable development philosophy, ESG management systems and key stakeholder engagement mechanism and has responded to material issues identified during the materiality assessment. In our professional opinion, DRC adheres to the Principle of Responsiveness.

##### Impact

DRC has allocated resources on understanding, measuring, evaluating and managing its impacts that lead to more effective decision-making and result-based management within the corporate and has disclosed these impacts as appropriate in the ESG Report. In our professional opinion, DRC adheres to the Principle of Impact.

##### VIII.Recommendations

We recommend that DRC consider the below items in the future:

Better integrate the results of stakeholder engagement into DRC 's sustainability management, strategy development and decision-making process; Promote the engagement of Board on the identification and evaluation of material issues in responds to the concerns from different stakeholders specifically;

Establish qualitative and/or quantitative sustainability targets, action plans and progress tracking mechanisms to facilitate long-term planning of corporate sustainability efforts.



7 Apr, 2024  
Hong Kong, China

## 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
<b>A Environment</b>		
	General Disclosure: Information on: (a) 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 nonhazardous waste.	Develop Green Finance Focus on Green Operations
	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 tonnes) and, where appropriate, intensity (e.g. per unit of KPI A1.2 production volume, per facility).	Environmental Performance
<b>Aspect A1: Emissions</b>	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to the characteristics of the Bank's business, the Bank does not generate a large amount of waste, and the Bank has already handed over all of the waste generated to a third party for recycling and compliant treatment, so a complete statistical mechanism has not yet been established and is planned to be disclosed in the future.
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to the characteristics of banking business, the Bank does not generate a large amount of waste, and the Bank has already handed over all the waste generated to a third party for recycling and compliant treatment, so a complete statistical mechanism has not yet been established and is planned to be disclosed in the future.
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Focus on Green Operations
	KPI A1.6 Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to KPI A1.6 achieve them.	Focus on Green Operations Due to the characteristics of banking business, the Bank does not generate a large amount of waste, and the Bank has already handed over all the waste generated to a third party for recycling and compliant treatment, therefore, the Bank has not yet established a complete statistical mechanism and plans to disclose it in the future.

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators		Relevant Chapters
<b>Aspect A2: Use of resources</b>	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.		Focus on Green Operations
	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).	Focus on Green Operations 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.	Focus on Green Operations
	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.	Focus on Green Operations
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the characteristics of the banking industry, the financial products and services provided by the Bank do not involve large quantities of packaging materials, and therefore these indicators are not included in the scope of disclosure.
<b>Aspect A3: The Environment and Natural Resources</b>	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.		Focus on Green Operations
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Focus on Green Operations
<b>Aspect A4: Climate Change</b>	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Change Adaptation
	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.	Climate Change Adaptation
<b>B. Society</b>			
<b>Aspect B1: Employment</b>	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.		Build a Harmonious Workplace Social Performance
	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
<b>Aspect B2: Health and Safety</b>	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.		Build a Harmonious Workplace
	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.	Build a Harmonious Workplace
<b>Aspect B3: Development and Training</b>	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Build a Harmonious Workplace
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance
<b>Aspect B4: Labor Standards</b>	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.		Build a Harmonious Workplace
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Build a Harmonious Workplace Social Performance
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Build a Harmonious Workplace
<b>Aspect B5: Supply Chain Management</b>	General Disclosure: Policies on managing environmental and social risks of the supply chain.		Promote Transparency in Procurement
	KPI B5.1	Number of suppliers by geographical region.	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 Transparency in Procurement Social Performance
	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 Transparency in Procurement Social Performance
	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 Transparency in Procurement Social Performance

Reporting Boundaries and Aspects	General Disclosure and Key Performance Indicators		Relevant Chapters
<b>Aspect B6: Product Responsibility</b>	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.		Attentive to Clients' Needs
	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, so this indicator is not included in the scope of disclosure. Therefore, this indicator is not included in the scope of disclosure.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Attentive to Clients' Needs Social Performance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Integrity and Compliance Business Operation
	KPI B6.4	Description of quality assurance process and recall procedures.	The Bank does not directly provide physical products, so this indicator is not included in the scope of disclosure. Therefore, this indicator is not included in the scope of disclosure.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Attentive to Clients' Needs
<b>Aspect B7: Anti-Corruption</b>	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.		Integrity and Compliance Business Operation
	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.	Integrity and Compliance Business Operation Social Performance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Compliance Business Operation
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Compliance Business Social Performance
<b>Aspect B8: Community Investment</b>	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.		Deliver Care and Support
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Deliver Care and Support
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Deliver Care and Support Social Performance

## GRI Standards Index

	Indicator Description	Relevant Chapters
GRI2 General Disclosure 2021		
<b>1. Organization and its reporting practices</b>	2-1 Organization details	About Us
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, reporting frequency and contact point	About This Report
	2-4 Restatements of information	NA
	2-5 External assurance	Independent Assurance Report
<b>2. Activities and workers</b>	2-6 Activities, value chains and other business relationships	About Us
	2-7 Employees	Build a Harmonious Workplace Social Performance
	2-8 Workers who are not employees	Build a Harmonious Workplace Social Performance
<b>3. Governance</b>	2-9 Governance structure and composition	Improve Corporate Governance Annual Report 2023
	2-10 Nomination and selection of the highest governance body	Improve Corporate Governance Annual Report 2023
	2-11 Chair of the highest governance body	Annual Report 2023
	2-12 Role of the highest governance body in overseeing the management of impacts	Improve Corporate Governance Comprehensive Risk Management Integrity and Compliance Business Operation
	2-13 Delegation of responsibility for managing impacts	Improve Corporate Governance Comprehensive Risk Management Annual Report 2023
	2-14 The role of the highest governance body in the sustainable development report	Social Responsibility Management
	2-15 Conflict of Interest	Annual Report 2023
	2-16 Communication of critical concerns	Improve Corporate Governance Social Responsibility Management Annual Report 2023
	2-17 Collective knowledge of the highest governance body	Improve Corporate Governance Social Responsibility Management Annual Report 2023
	2-18 Evaluation of the performance of the highest governance body	Improve Corporate Governance
	2-19 Remuneration policies	Annual Report 2023
	2-20 Process to determine remuneration	Annual Report 2023
	2-21 Annual total compensation ratio	Annual Report 2023

	Indicator Description	Relevant Chapters
<b>4. Strategy, Policy and Practice</b>	2-22 Statement on sustainable development strategy	Board Statement
	2-23 Policy commitments	Chairman's Statement Board Statement Annual Report 2023
	2-24 Embedding policy commitments	Chairman's Statement Board Statement Annual Report 2023
	2-25 Processes to remediate negative impacts	Comprehensive Risk Management Climate Change Adaptation
	2-26 Mechanisms for seeking advice and raising concerns	Social Responsibility Management Improve Corporate Governance
	2-27 Compliance with laws and regulations	All Chapters
	2-28 Membership associations	About Us
<b>5. Stakeholder Engagement</b>	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	Protection of Employee's Rights and Benefits
<b>GRI3 Substantive Issue 2021</b>		
<b>1. Disclosure of substantive issues</b>	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
<b>CRITERIA FOR GRI ISSUES</b>		
<b>GRI 201: Economic Performance</b>		
201-1	Direct economic value generated and distributed	Key Performance Economic Performance Annual Report 2023
	Financial implications and other risks and opportunities due to climate change	Climate Change Adaptation
	Defined benefit plan obligations and other retirement plans	Protection of Employee's Rights and Benefits Annual Report 2023
203-1	Infrastructure investments and services supported	Deep Ploughing into the Key Business to Empower Economic Growth
203-2	Significant indirect economic impacts	Deep Ploughing into the Key Business to Empower Economic Growth
204-1	Proportion of spending on local suppliers	Promote Transparency in Procurement
205-1	Operations assessed for risks related to corruption	Integrity and Compliance Business
	Communication and training about anti-corruption policies and procedures	Integrity and Compliance Business
	Confirmed incidents of corruption and actions taken	Integrity and Compliance Business

	Indicator Description	Relevant Chapters
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	Develop Green Finance
303-1	Interactions with water as a shared resource	Focus on Green Operations
	Management of water discharge-related impacts	Focus on Green Operations
	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 Transparency in Procurement
	Negative environmental impacts in the supply chain and actions taken	Promote Transparency in 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	Protection of Employee's Rights and Benefits
403-1	Occupational health and safety management system	Protect the Health and Safety of Employees
	Hazard identification, risk assessment, and incident investigation	Protect the Health and Safety of Employees
	Occupational health services	Protect the Health and Safety of Employees
	Worker participation, consultation, and communication on occupational health and safety	Protect the Health and Safety of Employees
	Work injuries	Social Performance
404-1	Average hours of training per year per employee	Social Performance
	Programs for upgrading employee skills and transition assistance programs	Care for Staff Development
405-1	Diversity of governance bodies and employees	Attract Talents
406-1	Incidents of discrimination and corrective actions taken	Attract Talents
413-1	Operations with local community engagement, impact assessments, and development programs	Deliver Care and Support
414-1	New suppliers that were screened using social criteria	Promote Transparency in Procurement
414-2	Negative social impacts in the supply chain and actions taken	Promote Transparency in Procurement
416-1	Assessment of the health and safety impacts of product and service categories	Attentive to Clients' Needs

## Reader Feedback Form

Thank you for reading the 2023 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:

