

**Guangdong Fogang Rural
Commercial Bank Co., LTD.,
Environmental Information
Disclosure Report 2023**

2024.11

Report description

(1) Reporting Period

This report covers the period from 1 January 2023 to 31 December 2023.

(2) Reporting Cycle

This report is an annual report.

(3) Reporting Scope

This report is based on Guangdong Fogang Rural Commercial Bank Co., LTD., covering the head office and its branches.

(4) Data Explanation

The financial data in the report mainly derive from internal documents and materials for the year 2023.

(5) Compilation Basis

This report is compiled with full consideration of the wishes of stakeholders and the actual situation of the Fogang Rural Commercial Bank, following environmental disclosure requirements of the *Guidelines for Financial Institutions Environmental Information Disclosure (JR/T 0227-2021)*, the *Operational Manual on Environmental Information Disclosure for Banking Financial Institutions (Trial)*, the *Task Force on Climate-related Financial Disclosures (TCFD) Recommendations* and other documents.

(6) Reference

To facilitate presentation and reading, in this report, “Guangdong Fogang Rural Commercial Bank Co., LTD.” is referred to as “Fogang Rural Commercial Bank”, “Our bank” or “The Bank”.

(7) Forms of Release

This report is written in Simplified Chinese characters and is available to the public in both eco-friendly paper prints and PDF format. The PDF documents is available on the official website of the Bank.

(8) Report feedback and contact information

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1 Annual Overview

1.1 General Overview

Guangdong Fogang Rural Commercial Bank Co., LTD., formerly known as Fogang Rural Credit Cooperative, was established in the 1950s and restructured into Rural Commercial Bank in December 2018. As a financial institution rooted in the local for 70 years, the Bank has always adhered to the positioning of local, rural and inclusive bank, and has deeply practiced supporting agriculture and small businesses and green inclusive finance. By the end of 2023, the Bank has set up 1 Business Department and 17 branches, with 284 employees, serving 6 towns in the county.

In 2023, The Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, centering on the strategic development plan for the 14th Five-Year Plan, and fully implementing the new vision of innovative, coordinated, green, open and shared development. At the same time, the Bank earnestly fulfilled the responsibility of "the influencer of local finance", committed to serving rural revitalization, focused on energy conservation and environmental protection and other fields, increased product innovation, promoted the implementation of green finance business more and faster, and achieved a continuous increase in the scale and proportion of green loans, and made new achievements in high-quality development.

1.2 Green Finance Development Plan

Green development vision: Protect beautiful natural environment, be a responsible bank, make Fogang more beautiful!

Green development strategic objective: Establish a green and ecological bank and support the sustainable development of local economy.

Green Finance Strategic Planning:

(1) Establish the business philosophy of saving, environmental protection, low-carbon and sustainable development, innovate various green financial products and services, and fully implement the requirements of green finance and sustainable development.

(2) According to the national industrial policy, credit policy and environmental protection requirements, optimizing customer and project, increase support for the focus of the green economy, at the same time take measures like moderately increasing risk tolerance and economic capital tilt, to promote the development of green credit business.

(3) Strengthen the monitoring, identification, control and mitigation of environmental and social risks in all links of green credit business, clarify the management requirements and focus of each link, form a risk monitoring system covering the entire green credit business process, so as to realize the legal compliance and stable operation of green credit business.

(4) Enhance the dynamic tracking and evaluation of customers' environmental and social information. We will continue to pay attention to the regulatory information from government departments about environmental protection, food and drug supervision, and quality supervision, inspection, and quarantine, as well as news media reports. Timely risk warning, strengthened tracking and monitoring, and effective risk prevention measures should be taken for customers with potential significant environmental and social risks.

(5) Implement effective internal control management and information disclosure for green credit. Establish the emergency mechanism, regular evaluation and accountability systems for customers who have major environmental and social risks. Improve the assessment system and incentive mechanism for green credit, and do a good job in disclosing green credit information.

(6) Vigorously develop green credit and strive to achieve the goal of "one increase and three controls" for green credit, among which "one increase" refers to the growth rate of green credit not being lower than the growth rate of various loans during the same period; The "three controls" refer to controlling the non-performing loan ratio of green loans not being higher than that of small and micro enterprise loans, strictly controlling the "two highs and one surplus" loans and loans to enterprises that violate environmental and safety production laws and regulations.

Green development path: Implement the green credit concept of saving,

environmental protection and low-carbon, create a “hot spring culture” and establish a sustainable development model of win-win with society.

1.3 Green Finance Development Effect

In 2023, Fogang Rural Commercial Bank actively planed various green finance work and continuously improved its service capabilities of green finance. The following achievements have been made:

(1) The defining feature “green” of credit assets has become more distinct. As of the end of 2023, the green credit balance of the Bank was 784 million yuan, accounting for 9.44% of all loans, an increase of 73 million yuan compared to the beginning of the year, with a growth rate of 10.27%, higher than the growth rate of all loans.

(2) An open financial ecosystem has been constantly forming. We have successively implemented carbon reduction measures such as paperless when handling petty loans, shared branches, and equipment for government affairs (smart counters, Guangdong intelligent assistance integrated machines), effectively reducing the energy consumption of financial services. By the end of 2023, a total of 100000 people have been served, 270000 government affairs have been handled, and more government service matters have been promoted through "nearby handling, self-service handling, and one-time completion".

(3) The integration of green finance and inclusive finance has led to continuous improvement in financial accessibility. We have created a series of green and inclusive credit products such as "Baoyu Loan", "Mortgage Loan for Live Cow", "Mortgage loan for contracted land management rights", etc., for the sake of supporting the development of "Inclusive Finance Covering Every Family", consolidating the effective connection between poverty alleviation achievements and rural revitalization, and promoting the balanced coordination of financial resources and social wealth between urban and rural areas. Up to the end of 2023, our bank had 24000 loan users, an increase of 33% from the beginning of the year.

1.4 Environmental Key Performance

Table 1Environmental key performance¹

Index	Index	Unit	Statistics for 2022	Statistics for 2023
Green assets and emission reduction situation	Balance of green credits	Ten thousand yuan	71086	78389
	Balance of green bonds	Ten thousand yuan	/	/
	Proportion of green credit balance to total loans	%	8.97	9.44
	Green credit increased compared to the previous year	%	278.32	10.27
	Balance of green assets for calculation of carbon emission reduction benefits	Ten thousand yuan	7250	6500
	Proportion of green assets for calculation of carbon emission reduction to all green assets	%	10.2	8.29
	Carbon emission reduction of green asset	Ton of CO ₂	3101.06	2602.99
Carbon emissions of non-green assets (investment and financing activities excluding non-green assets)	Balance of non-green credits	Ten thousand yuan	721738	752020
	Balance of corporate customer loans of non-green credits	Ten thousand yuan	395872	376200
	Balance of loans of corporate customer conducting calculation of carbon emissions	Ten thousand yuan	85598	76087
	Proportion of loans for calculation of carbon emission to the balance of corporate customer loans	%	18.33	16.74
	Proportion of loans used for calculation of carbon emission to the total loan balance	%	10.8	9.16
	Calculation for carbon emissions for investment and financing activities	Ton of CO ₂	56313.29	33690.62
	Paper used in business and office	Ten thousand pieces	80.85	/
	Direct emissions of greenhouse gases	Ton of CO ₂	123.92	/

	Indirect emissions of greenhouse gases	Ton of CO ₂	847.99	/
Green Office	Number of all business outlets, including the Head Office and the Business Departing	Unit	19	18
	Number of outlets conducting carbon accounting for their own operations this year	Unit	19	18
	Coverage rate of outlets conducting carbon accounting for their own operations	%	100	100
	Accounting for carbon emissions from business activities	Ton of CO ₂	971.91	1007.02
	Gas consumption by own means of transport	Liter	36087	48554
	Electricity consumption by business and office	10,000 kWh	157.59	178.12
	Paper consumption by business and office	10,000 pieces	80.85	94.30
Stress testing	Whether to conduct environmental or climate risk stress testing or scenario analysis	/	Yes	No

¹ The balance of green credit and related data on the balance of credit in the balance sheet shall be calculated according to the caliber of the People's Bank of China; The balance of issuing green financial bonds and the balance of investing in green bonds shall be calculated according to the Bank's standards; The data related to green office operations is for the entire bank.

2 Environmental governance structure

2.1 The Board of Directors

Guided by the "1+N" plan for the development of the "14th Five-Year Plan", the Board of Directors of Fogang Rural Commercial Bank, keeps a foothold in the new development stage, carries out the new development concept completely, accurately and comprehensively, strictly implements the central economic and financial policies. The board adheres to a commitment to highlighting the main keynote of economic

development of "prioritize economic stability and pursue progress while ensuring stability"; a commitment to supporting agriculture and the small and micro businesses; a commitment to servicing the real economy. It gives full play to the core strategic decision-making function and is responsible for the establishment of green finance management structure, the examination and approval of green credit special development strategy, and the disclosure of green credit development.

2.2 The Senior Management

The Bank has set up a Green Credit Leading Group in the senior management, headed by the leader of the Credit Department, to coordinate and promote the green finance work and report the status of green finance work to the board at least once a year.

2.3 The Specialized Department

In execution, as the leading management department of green finance of the whole bank, the Credit Department of the Head Office is in charge of overall coordination, product innovation, business promotion, environmental information management and other related work. Departments such as the Head Office, the Office of the Board of Directors, the Inclusive Finance Department, the Capital Operation Department, the Administrative management Department, the Business Development and Science and Technology Finance Department, are responsible for the implementation of specific work like the promotion of green finance business, risk management and back-end support within their respective responsibilities. Each credit business department and branches are responsible for promoting the compliant and stable development of green finance business.

3 Environmental Policies & Systems

3.1 Carrying Out the Regional System

Table 2 Implementation status of regional policies and system

Policy Name	Issuing Authority	Publication Year	Measures/Explanation
<i>Implementation</i>	The People's Bank	2022	1. Actively support the

<i>Plan for Vigorously Promoting Green Finance Development in Qingyuan City (2022-2025)</i>	of China, Qingyuan Central branch and other eight departments in Qingyuan city		industrial green development of the district, focusing on supporting the industrial park or enterprises in Fogang County to build green parks or green factories, green supply chain and other related projects.
<i>Implementation Opinions on Accelerating the Establishment and Improvement of a Green, Low Carbon, and Circular Development Economic System</i>	The People's Government of Guangdong Province	2021	2. Actively promote the green and low-carbon development of agriculture, and increase the investment of credit funds in the breeding, deep processing and large-scale circulation of agricultural products. 3. Explore and promote the value transformation of ecological products, and increase financial support for making full use of red, green, antique and characteristic resources to build a vitality city with hot springs, a gathering place of Industry-University-Research in the Bay Area, and an outdoor sports and leisure consumption destination industry.
<i>Implementation Plan for Developing Green Finance to Support Carbon Peak Action in Guangdong Province</i>	The General Office of the People's Government of Guangdong Province	2022	4. Promote the organic integration of green finance, inclusive finance, and rural revitalization, accelerate product innovation, and continuously improve the product system for serving rural revitalization. 5. Increase the supply of green credit products, vigorously promote carbon emission rights pledge loans, Live Pig loans, beautiful rural loans, photovoltaic

			power generation loans, forest rights loans, beautiful pond loans and other green credit products.
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3.2 Current Internal Policies, Management Measures, and Implementation

Rules

Table 3 Policy and System Related to Climate and Environment

The File Name	Main Content Files
<i>Three-year Action Plan for Improving Corporate Governance of Guangdong Fogang Rural Commercial Bank Co., LTD. (June 2021 to June 2024)</i>	It is proposed to continuously improve the stakeholder protection mechanism and actively fulfill social responsibilities. We will explore mechanisms to continuously implement the concept of innovative, coordinated, green, open and shared development and build harmonious social relations.
<i>Green Credit Management Measures of Guangdong Fogang Rural Commercial Bank Co., LTD. (2021 Edition)</i>	Clarify the organizational management, policy system, capacity building, process management, risk control, information disclosure and other aspects of the Bank's green credit business, and guide all business departments and sub-branches to implement the whole-process monitoring and management of corporate environmental information.
<i>Green Credit Development Strategy of Guangdong Fogang Rural Commercial Bank Co., LTD. 2023-2025</i>	Set forth the strategy aims of achieving the goal of "one increase and three controls" for green credit, among which "one increase" refers to the growth rate of green credit not being lower than the growth rate of various loans during the same period; The "three controls" refer to controlling the non-performing loan ratio of green loans not being higher than that of small and micro enterprise loans, strictly controlling the "two highs and one surplus" loans and loans to enterprises that violate environmental and safety production laws and regulations. The basic development strategy and specific work measures of the Bank's green credit are also clarified.

3.3 Practice of External Organizational System

In May 2022, the Bank became the first local corporate bank in Guangdong Province to be an official signatory of the UN Principles for Responsible Banking

(PRB), as well as a member of the United Nations Environment Programme Finance Initiative (UNEP FI), actively participating in international exchanges and cooperation in the field of sustainable finance under the UN. The Bank adheres to the six principles of the PRB: Consistency, Impact and Goal Setting, Clients and Customers, Stakeholders, Corporate Governance and Banking Culture, Transparency and Accountability, and integrates relevant content into its own development, asset structure and services, and integrates sustainability elements at the strategy, portfolio and transaction levels and all business areas.

4 Environmental Products Innovation and Research Achievements

4.1 Related Green Product Innovation and Project Cases

4.1.1 Baoyu Loan - Fully support the high-quality development of konjac industry

(1) Product Introduction: The Konjac Agriculture Industry Project is an industrial project jointly created by the Guangdong Provincial Assistance Village Working Group in Shuitou Town and the Shuitou Town Government, which integrates intelligence, popularization, circulation, sightseeing, and the entire industry chain. Through industrial revitalization, it drives villagers to become prosperous. At present, Fogang County is one of the largest concentrated planting areas for konjac in China. Konjac Loan mainly provides credit funding support for konjac growers, farmer professional cooperatives, and producing and operating enterprises who grow konjac in Fogang County and have financing needs, with a maximum amount of up to 3 million yuan.

(2) Main approach: First, innovate financial credit products. We have launched a characteristic industry credit product called Baoyu Loan based on the innovation of the konjac industry. This product provides flexible and thoughtful financial support for konjac growers, farmer professional cooperatives, and producing and operating enterprises, in the light of the loan term and repayment plan according to the konjac production and sales cycle. The second is to innovate service models. According to

the new cooperation models of agricultural management entities such as "company+village collective", "company+farmer", and "company+cooperative", credit will be granted to the konjac industry management entities, management companies engaged in business body in konjac industry, management company engaged in konjac cultivation, agricultural professional cooperatives, and farmers. Financial support will be provided around the production, circulation, processing, and sales links related to konjac, making the konjac industry hold all the aces.

(3) Main achievements: As of the end of 2023, the Bank has granted a total credit of 1 billion yuan to the konjac industry in Fogang County, including a credit of 15 million yuan to five agricultural professional cooperatives engaged in konjac cultivation through the Baoyu Loan, and a credit of 8.48 million yuan to the konjac industry operating entity Qingyuan *Wei Biotechnology Co., Ltd. A total of 19 Baoyu loans have been issued, with a loan amount of 7.2768 million yuan.

(4) Summary: Based on the planning and layout of rural revitalization in Fogang County, we actively innovate characteristic credit products to help rural revitalization reach a new level with financial support accessible to the development of characteristic agricultural industries.

4.1.2 Mortgage Loan for Live Cow - Assist in rural revitalization and green development

(1) Product Introduction: The mortgage loan for live cow is a new loan model issued by our bank to cow operating enterprises based on the successful experience of live pig mortgage loan, referring to live pig mortgage, and combining the growth situation, slaughter time, risk status, etc. of live cows.

(2) Main approach: A large cow enterprise in Fogang County has about 920 cows in stock. Due to the high capital turnover pressure of building cattle sheds and purchasing feed, it urgently needs financial support, but does not have sufficient collateral for mortgage. Based on the successful experience of live pig mortgage loans, Fogang Rural Commercial Bank has developed a plan for live cow mortgage loan through numerous consultations and communications with customers, as well as internal discussions and evaluations. The loan term and amount are determined

according to the credit of the enterprise, as well as the growth, slaughter time, and risk status of the "live cows". Finally, nearly 7 million yuan in loans were successfully issued to the enterprise to solve the problems of insufficient fixed assets and daily working capital for enterprise construction. Through the model of "live cow mortgage", the problem of difficult financing for enterprises due to the lack of collateral has been solved, successfully turning "live cows" into "live funds".

(3) Main achievements: The "live cow mortgage" model is another new measure taken by Fogang Rural Commercial Bank to support rural revitalization and the development of agriculture, rural areas, and farmers. It is also another new method to solve the financing difficulties of animal husbandry enterprises.

(4) Summary: Fogang Rural Commercial Bank will continue to focus on the industrial development of Fogang, explore characteristic financial products, continuously innovate and launch credit products that are in line with local industrial development, provide strong financial support for the high-quality development of Fogang's industry, and help rural revitalization.

4.2 External Communication

The Bank actively participates in the international exchanges and cooperation in the field of sustainable finance of the UN. In May 2023, Comrade Wang Leishan, the Chairman of our bank, was invited to attend the Green Finance Symposium organized by the United Nations Environment Programme's representative office in China, and shared the Fogang experience on the development of green finance on the international stage. In December 2023, Comrade Cai Weibin, Vice President of our bank, was invited to attend the closed-door meeting of the United Nations Environment Programme's Principles for Responsible Banking held in Beijing. He delivered a speech on "Building Responsible Banks to Make the World More Beautiful" and had in-depth discussions and exchanges with various signing banks on the difficulties and challenges in the development of green finance.

5 Environmental Risk Management Process

5.1 Identification and Assessment of Environmental Risks

5.1.1 Identification and Confirmation Process of Key Environmental Issues

In accordance with the national "dual carbon" goal and action requirements, and in combination with *the CBRC Notice on Issuing Guidelines on Green Finance for the Banking and Insurance Industry* and other policy documents, the Bank integrates environmental risk management into the development plan. The credit granting and risk management shall be implemented in accordance with *the Green Credit Management Measures of Guangdong Fongang Rural Commercial Bank Co., LTD. (2021 Edition)*. The identification, assessment and management of environment-related risks shall be included in all stages - before, during and after the loan, and the policy requirements of national industrial policy, environmental management and pollution control shall be strictly implemented, to enhance the specialization of environmental risk management and promote the development of green finance.

5.1.2 Identified Major Issues and Response Measures of Stakeholders

The Bank identifies, assesses and discloses major environmental issues of stakeholders, in strict conformity with the environmental disclosure involved in the *Guidelines for Financial Institutions Environmental Information Disclosure* issued by the People's Bank of China, *the Principles for Responsible Banking* led by UNEP FI, and *the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations* issued by TCFD.

For our bank, the major environmental issues concerned by stakeholders at the present stage mainly include environmental objectives and strategic planning, environmental governance structure, environmental compliance management, environmental risk analysis, green financial products, green industry investment and financing, environmental compliance management, environmental risk analysis, etc. While responding to the requirements of the SDGs, the Bank sorts out the internal management policies and specific measures for these major issues based on the main principles and disclosure recommendations of GRI, PRB, and TCFD corresponding to the issues, as detailed in the following table.

Table 4 Identification of environment major issues for stakeholders

Stakeholders	Major Environmental Issues	Corresponding SDGs Target	Corresponding GRI/TCFD/PRB Criterion	Response
Management and staff of the Head Office and branches	Environmental objectives and strategic planning; Environmental governance structure; Environmental compliance management; Environmental risk analysis; Green financial products; Green industry investment and financing; Green office; Green international principles.	6. Clean water and sanitation; 7. Affordable and clean energy; 11. Sustainable cities and communities; 12. Responsible consumption and production; 13. Climate action; 16. Peace, justice and strong institutions.	GRI102-16 The values, principles, standards and norms; GRI102-2 Activities, brands, products and services; GRI103-2 Management policy and elements; GRI102-20 Senior management responsibility for economic, environmental and social topics; GRI102-37 Stakeholder engagement; GRI302 Energy sources; GRI303 Water; GRI305 Emission; TCFD Disclosure Recommendations: 1. Governance; 2. Strategy; 3. Risk Management; 4. targets and targets (b) greenhouse gas emissions; PRB Principle 1: Consistency; PRB Principle 2: Impact and goal setting; PRB Principle 3: Clients and Customers; PRB Principle 5: Corporate governance and banking culture PRB Principle 6: Transparency and accountability.	section1, section2, section3, section4, section5, section6, section8.
The government and	Environmental objectives and strategic	6. Clean water and sanitation; 7. Affordable and	GRI103-2 Management policy and elements; GRI102-20 Senior	section1, section2, section3,

regulators	<p>planning; Environmental governance structure; Environmental compliance management; Environmental risk analysis; Green financial products; Green industry investment and financing; Environmental information transparency; Green cooperation, communication and publicity; Ecological environment protection; Response to climate change.</p>	<p>clean energy; 13. Climate action; 16. Peace, justice and strong institutions.</p>	<p>management responsibility for economic, environmental and social topics; GRI102-16 The values, principles, standards and norms; GRI102-2 Activities, brands, products and services; GRI102-56 External guarantee; GRI109-29 Identify and manage economic, environmental and social impacts; GRI102-31 An examination of economic, environmental and social themes; GRI201-2 Financial impacts and other risks and opportunities arising from climate change; TCFD Recommendations: 1 Governance; 2. Strategy; 3. Risk Management; 4. Indicators and targets; PRB Principle 1: Consistency; PRB Principle 2: Impact and goal setting; PRB Principle 3: Clients and Customers; PRB Principle 5: Corporate governance and banking culture PRB Principle6: Transparency and accountability.</p>	<p>section4, section5, section6, section8.</p>
Shareholders	<p>Environmental objectives and strategic planning;</p>	<p>12. Responsible consumption and production; 13. Climate action;</p>	<p>GRI102-20 Senior management responsibility for economic, environmental</p>	<p>section2, section4, section5, section6,</p>

	<p>Environmental governance structure;</p> <p>Environmental risk analysis;</p> <p>Environmental governance structure;</p> <p>Environmental information disclosure;</p> <p>Green communication and publicity.</p>	<p>16. Peace, justice and strong institutions;</p> <p>17. Partnerships that promote the achievement of goals.</p>	<p>and social topics;</p> <p>GRI109-2 9 Identify and manage economic, environmental and social impacts;</p> <p>GRI102-31 An examination of economic; environmental and social themes;</p> <p>GRI102-20 Senior management responsibility for economic; environmental and social topics;</p> <p>GRI102-56 External guarantee;</p> <p>GRI102-12 External initiatives;</p> <p>TCFD Recommendation: 2. Strategy; 3. Risk management; 4. indicators and targets;</p> <p>PRB Principle 2: Impact and goal setting;</p> <p>PRB Principle 3: Client and Customer;</p> <p>PRB Principle 5: Corporate governance and banking culture</p> <p>PRB Principle 6: Transparency and accountability.</p>	<p>section 8.</p>
Clients	<p>Green financial products;</p> <p>Environmental risk analysis;</p> <p>Green industry investment and financing.</p>	<p>6. Clean water and sanitation;</p> <p>7. Affordable and clean energy;</p> <p>12. Responsible consumption and production;</p> <p>13. Climate action.</p>	<p>GRI102-2 Activities, brands, products and services;</p> <p>GRI109-29 Identify and manage economic, environmental and social impacts;</p> <p>GRI102-31 An examination of economic; environmental and social themes;</p> <p>TCFD Recommendation:</p>	<p>section 4,</p> <p>section 5,</p> <p>section 6,</p> <p>Section 7.</p>

			3. Risk management; PRB Principle 2: Impact and goal setting; PRB Principle 3: Clients and Customers; PRB Principle 6: Transparency and accountability.	
Partners and media	Green public welfare; Green corporate culture; Green cooperation and advocacy; Ecological environment protection; Addressing climate change; Biodiversity; Green international Principles.	11. Sustainable cities and communities; 12. Responsible consumption and production; 14. Life below water. 15. Life on land; 16. Peace, justice and strong institutions.	GRI102-37 Stakeholders engagement; GRI102-2 Activities, brands, products and services; GRI201-2 Financial impacts and other risks and opportunities arising from climate change; GRI 304 Biodiversity; PRB Principle 3: Clients and Customers; PRB Principle 4: Stakeholders; PRB Principle 5: Corporate governance and banking culture; PRB Principle 6: Transparency and accountability.	section 6, Section 8.

5.2 Management and Control Process of Environmental Risks

Aimed at the identified major environmental issues, the following differentiated risk management measures have been taken:

The Bank adopts a differentiated credit granting and approval process based on the customer's environmental and social risk status. Enterprises with environmental credit rating of red card or yellow card are regarded as environmental substandard enterprises, and any new form of credit support for such enterprises is prohibited in principle. The Bank will not provide credit support for projects that fail to pass the approval of environmental impact assessment or the acceptance of environmental protection facilities, as well as new projects that are restricted or eliminated by national industrial policies. The Bank also does not provide credit support if the

production related industries involved in pollutant emissions do not obtain a discharge permit.

Aimed at the identified major environmental issues, the following risk management measures throughout the entire process have been taken:

(1) Identification of environmental risks before loan. The Bank requires a comprehensive analysis of the customer's environmental and social performance at the pre-loan survey stage. Evaluate customers' environmental and social performance from all aspects of business activities such as raw material procurement, manufacturing, quality testing, sales and transportation, evaluate and analyze possible environmental protection, safety, health and other hidden dangers, and take prevention and control measures to ensure that the credit investigation report analyzes environmental and social performance in place and fully reveals risks.

(2) Assessment of environmental risks in loan. Differentiated credit granting and approval processes are adopted according to the customer's environmental and social risk status. We strictly control loans to the "two high and one surplus" industries and the enterprises that violate environmental and production safety regulations. We will gradually withdraw from granting credit to environmental red-card enterprises, reduce the balance of loans to environmental yellow-card enterprises, and no new loans shall be issued to red-card and blacklisted enterprises, and no new yellow-card enterprises shall be granted credit. Any special circumstances that require additional credit shall be submitted to the Credit Approval Committee of the Head Office for collective approval.

(3) Dynamic risk management after loan. Continue to pay attention to the regulatory information from government departments about environmental protection, food and drug supervision, and quality supervision, inspection, and quarantine, safety supervision and land & resources management, as well as news media reports. It is requested simultaneously that customer managers should strengthen timely risk warning, tracking and monitoring to take targeted risk prevention measures for customers with potential significant environmental and social risks, by inquiring about relevant information of specific customers through channels such as the

enterprise credit information system of the People's Bank of China and the website of the environmental protection department.

6 Impact of Environmental Factors on Financial Institutions

6.1 Environmental Risks and Opportunities of Financial Institutions

Table 5 Environmental risk identification and opportunity analysis

Types of Environmental Risks	Environmental Risk Identification	Types of Risks	Environmental Risk Impact	Impact Time	Impact Range	Opportunities
Physical Risk - Acute	Extreme weather events such as typhoons and floods occurred	Operational risk and credit risk	The impact of property damage and power outages and network outages in extreme climates on banking operations and economic losses when disasters occur	Short- and medium-term	locally	Make use of big data innovation to improve cloud technology and network infrastructure construction; Study the application of natural disaster insurance tools
Transformation Risk - Technology	National, local and industrial emission standards are promoted while the requirements of clean production, energy saving and consumption reduction are becoming more stringent.	Credit risk, market risk	In order to meet the requirements of emission standards and energy conservation and consumption reduction, credit customers adopt technology, equipment renewal or business transformation, or invest in high-energy and high-carbon emission industry	Medium- and long-term	locally	Pay attention to the industry development dynamics and standard updates, analyze the existing asset allocation of the Bank, carry out environmental stress tests in stages, and plan to gradually withdraw from the brown asset field; Gradually improve the construction of

			assets, resulting in unsustainable financial solvency, thus affecting the Bank's income			green financial infrastructure and increase the intensity of green credit
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7 Impact of Investment and Financing Activities on Climate and Environment

7.1 Environmental Benefits Generated by Investment and Financing Activities

Table 6 Environmental benefits supported by investment and financing activities

Index Name	Disclosure	Statistics for 2023
Green loan destination	Energy saving and environmental protection industry (ten thousand yuan)	42175.62
	Clean production industry (ten thousand yuan)	8923
	Ecological environment industry(ten thousand yuan)	27290.64
Conversion of Green Loan Balance to Emission Reduction Status	Saved amount of standard coal (ton)	4964.28
	Saved amount of water (ton)	26029.92
	Carbon dioxide equivalent emission reduction (ton)	2602.99

7.2 Greenhouse Gas Emissions Supported by Investment and Financing Activities

Table 7 Emission Situation²

Index Name	Disclosure	Statistics for 2023
Environmental impact of project investment and financing activities	Total balance of project financing business (ten thousand yuan)	23316.67
	Total number of project financing business (transaction)	12
	Carbon dioxide equivalent emission (ton)	6803.59
Environmental impact of non-project investment and financing activities	Total balance of non-project financing business (ten thousand yuan)	52770.50
	Total number of non-project financing business (transaction)	12
	Carbon dioxide equivalent emission (ton)	26887.03
Environmental impact of	Loan balance of eight major industries (Ten	6500

investment and financing in eight major industries	thousand Yuan)	
	Number of customers involved in eight major industries (number)	1
	Loan proportion of eight major industries (percent)	0.78
	Carbon dioxide equivalent emission (ton)	5965.33

- ² 1. The accounting criteria for the environmental impact generated by investment and financing activities are based on the on balance sheet list of corporate loans;
2. The accounting of carbon dioxide equivalent emissions from project and non-project investment and financing activities shall be carried out in accordance with the accounting boundaries and methods of the Guidelines for Carbon Accounting of Financial Institutions;
3. Project financing business: During the reporting period, carbon emissions of projects operating for less than 30 days were not included in the accounting;
4. Non-project financing business: the carbon emissions of financing entities with a duration of less than 30 days are not included in the accounting, and customers with financing balances of more than 5 million yuan by the end of 2022 are included in the accounting;
5. The eight major industries refer to the coverage and codes of the eight major industries under the Ministry of Ecology and Environment, including electric power generation, building materials, steel, non-ferrous metals, petrochemical, chemical, paper-making, and civil aviation.

8 Impact on Climate and Environment of Business Activities

8.1 Resource Consumption Generated by Business Activities

Table 8 Resource consumption and GHG emission of operating activities³

Index Name	Disclosure	Emission(ton)	Per Capita(ton)
Direct greenhouse gas emissions (Scope 1)	Gasoline consumed by owned means of transport	107.10	0.38
	Gas consumed by business and office	39.66	0.14
	Fuel consumed by business and office	3.43	0.01
	Summation	150.19	0.53
Indirect greenhouse gas emissions (Scope 2)	Electricity consumed by business and office	839.83	2.96
	Summation	839.83	2.96

³ 1. The scope of direct and indirect natural resource consumption statistics generated by business activities in 2023 is the entire bank;

2. The calculation of per capita emissions is based on a statistical caliber of 284 people corresponding to the emissions.

8.2 Environmental Protection Measures and Results

Table 9 Management of environmental measures

Management Content	Management Measure	Project Implementation
Power-saving management	Air conditioning management	The office air conditioning temperature shall not be lower than 26°C in summer and 20°C in winter, and the windows shall not be opened during the operation of the air conditioning.
	Lighting management	Turn off the lights in time when leaving the office for a long time or after work, and ask employees to turn off the lights as they go out to stop the ever-bright light.
	Elevator management	It is suggested that employees use the stairs to walk up and down within 3 floors, and implement the floor use of the elevator to reduce the energy consumption of the elevator.
Water-saving management	Use inductive faucet	Use energy-saving induction faucets in the bathroom to avoid water waste caused by forgetting to turn off the faucet.
	Turn off the switch when leaving	The washing water in the bathroom and the tea room should be cut off when people leave, and the water source switch should be turned off during holidays.
Material saving management	Reasonable procurement of office supplies	Purchase office consumables according to the actual needs, and regularly disclose the use of consumables for departments to prevent waste of resources.
	Advocate paperless office	1. The application for company seal, office articles, transportation and meeting room has changed from the traditional paper application to the online application for approval. 2. Promote the electronization of business data, change the conference data to iPad electronic reading, and reduce paper consumables.
Fuel saving management	Standardized vehicle management	Centralized management of official vehicles is implemented. Vehicles need to be reserved first with the unified deployment by special personnel. Vehicle routes and personnel collocation are reasonably arranged, employees are encouraged to share cars to work, so as to improve the efficiency of vehicle use and reduce the frequency of vehicle use.
Grain saving management	Canteen management	1. Use the mini program for food ordering to collect meal requirements in advance and prepare appropriate meals to avoid wasting food and canteen resources. 2. The canteen is changed from the original separate meal to buffet, and employees can choose how much to eat, so

		that there is no waste of food, and the procurement of food materials in the canteen is more accurate.
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9 Data Sorting, Verification and Protection

9.1 Data Sorting and Verification

The Bank attaches great importance to data quality management, and in accordance with the *Guidelines on Data Governance of Banking Financial Institutions (issued by CBIRC [2018] No. 22)*, *Data Governance Management Measures of Guangdong Rural Credit Union (2022 Edition)* and other relevant provisions, we have formulated multiple data security management systems, including the *Data Governance Management Measures of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2023 Edition)*, *Information Security Management Measures of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2022 Edition)*, *Information Technology Risk Management Measures of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2023 Edition)*, *Comprehensive Plan for Information Technology Emergencies of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2023 Edition)*, covering the entire life-cycle management of electronic data - collection, transmission, storage, usage, deletion and destruction. It is conducive to clarify the operational standards for each stage and ensure the integrity, availability, and confidentiality of information.

In terms of organizational structure, the Bank establishes the organizational structure of data governance of the whole bank in accordance with the principle of "top-down, multi-level implementation", and clarifies the division of responsibilities of the Board of Directors, the Board of Supervisors, senior management and relevant departments. At the same time, the data governance work leading group is established in the Head Office, led by the deputy secretary of the Party Committee (president) who comprehensively coordinates the construction of network security management of the whole bank. The Planning and Finance Department serves as the centralized management department for data governance, coordinating and organizing relevant

functional departments to carry out data governance related work.

9.2 Data Security and Principal Rights

The Bank has fully deployed security access control, security audit and security monitoring technical measures, and fully blocked the external interfaces of office terminals to prevent sensitive data from flowing out. The internal network implements technology access control, and external personnel and equipment cannot access production system data without authorization; A series of security protection devices are deployed in the Internet access network area to ensure encrypted transmission of sensitive information and data. Open access management rights in accordance with the principle of least privilege, realize the separation of responsibilities in key posts, and two people are assigned to key affairs to ensure the security of information data operation and management; Regularly carry out network security awareness training, publicize information security management requirements and relevant laws and regulations, and enhance employees' compliance security awareness; Carry out regular information security inspection to ensure the effective implementation of information security system. In 2023, the Bank's various information security protection measures were effectively implemented and no major information security incidents occurred.

9.3 Emergency Plan

In accordance with the relevant requirements of China Banking and Insurance Regulatory Commission's *Guidelines on Information Technology Risk Management for Commercial Banks* and *Standard for Emergency Management of Important Information Systems in Banking (Trial)*, and combined with the actual conditions of the Bank, we have established systems and emergency plans, including *Management Rules for Information Security of Guangdong Fogang Rural Commercial Bank Co., LTD. (2023 edition)*, *Management Rules for Information Technology Risk of Guangdong Fogang Rural Commercial Bank Co., LTD. (2023 edition)*, and *Comprehensive Plan for Information Technology Emergencies of Guangdong Fogang Rural Commercial Bank Co., LTD. (2023 edition)*, *Emergency plan for Computer Information System of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2022*

version). This series of measures clarify the division of responsibilities, disposal steps and reporting paths for sensitive information leakage incidents, and regularly carry out emergency drills to ensure that when data security emergencies occur, we can handle quickly and orderly to minimize losses.

10 Green Finance Innovation and Research Results

10.1 Related Green Product Innovation and Project Cases

Case: Innovatively launching the mortgage loan for rural contracted land management right

(1) Product Introduction: Deepening the reform of the rural land system and improving the "separation of three rights" system of rural land are major decisions and deployments made by the Party Central Committee, which are conducive to implementing collective ownership, stabilizing farmers' contracting rights, and unleashing land management rights. The use of land management rights as collateral for financing from financial institutions is a way to activate land management right. Under the support and guidance of the Qingyuan Supervision Bureau of the National Financial Regulatory Administration, in September 2023, Fogang Rural Commercial Bank granted a credit of 3 million yuan to Fogang *Miao Company, the holder of the contracted land management right, using the contracted land management right as collateral, to assist the company in building a national citrus seedling and breeding base. This is the first secured loan registered for the mortgage of contracted land management right in Fogang.

(2) Main approach: Firstly, the Fogang Agriculture and Rural Bureau, local town government, Fogang Real Estate Registration Center, relevant village organizations and other units worked together to complete the registration and certification of 487 acres of rural land management right, laying a good foundation for Fogang *Miao Company to use the right for loan mortgage and forming favorable conditions for the registration of the right mortgage. The second is that the Bank issues medium- and long-term loans to the rights holders during the remaining term of the land

management right, effectively increasing the medium- and long-term credit investment of the borrowing subject in agricultural production, ensuring that the interests of farmers who transfer their land management right are not harmed.

(3) Main achievements: The Bank successfully utilized the mortgage loan of contracted land management right to meet the funding needs of enterprises, injecting strong impetus into the development and growth of the citrus agricultural industry. At present, the base has built 467.5 acres of citrus seedling net rooms and 466 acres of large seedling demonstration gardens; And 16 excellent citrus variety resources were introduced from abroad, and 3 varieties that meet the ecological conditions of Qingyuan were screened out, with demonstration planting of more than 3000 acres. The construction of this citrus seedling and breeding base has driven the planting of more than 10000 acres of citrus fruits such as Aoli and Wogan in Fogang County. Next, Fogang County will rely on the National Citrus Seedling and Breeding Base, with the cultivation of virus-free container seedlings as the central task, promote the development of the citrus industry through the introduction, research and development of new varieties, and increase farmers' income. It will strive to become the main production base for supplying disease-free citrus large seedlings in Qingyuan City, and help promote the high-quality development of the agricultural industry.

(4) Summary: Based on the new features of local characteristic ecological agriculture, our bank fully supports the development of green agriculture, characteristic agriculture, and modern agriculture, strengthens agricultural industry chain financial services, and drive the peasants to a large fortune through loans.

10.2 Future Prospects

“Clear waters and green mountains are as good as mountains of gold and silver”. Fogang Rural Commercial Bank has included the concept of "protect beautiful natural environment, be a responsible bank, and make Fogang more beautiful" in its *Corporate Culture Manual*. It has incorporated the development of green finance into the Bank's overall development strategy, closely adhering to the requirements of the "carbon peak and carbon neutrality" strategic goals, continuously optimizing the

development mechanism of green finance, innovating green finance products, exploring transformational financial models, and empowering the green and low-carbon development of Fogang's economy.

In the future, our bank will continue to enhance its green finance service capabilities, focus on key industries of green finance, assist traditional industries in green transformation, innovate green exclusive products, achieve full process management of environmental and social risks. Meanwhile, we will strengthen energy conservation, carbon reduction and efficiency improvement, implement refined management, enhance the awareness of conservation, environmental protection and ecology among all employees, and make positive contributions to the green and beautiful Fogang, charting a path for all to prosper individually and collectively.

Appendix 1: Statistical caliber and calculation expression of self-operated greenhouse gases

With reference to the *IPCC Guidelines for National Greenhouse Gas Inventories*, *Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting* issued by the National Development and Reform Commission, the *Guidelines for Measuring Energy Saving and Emission Reduction in Green Credit Projects* (hereinafter referred to as the Guidelines) in the *Green Financing Statistical System (2020 edition)* of former China Banking and Insurance Regulatory Commission, we calculate the direct and indirect greenhouse gas emissions generated by the bank's business activities combined with the corresponding carbon dioxide emission coefficient, after collecting data on various energy activities consumed by our own business activities. The calculation formula is as follows:

$$CO_2 = \sum_{i=1}^n E_i \times \alpha_i$$

CO₂ - CO₂ emissions in project , unit: ton of CO₂;

E_i - The amount of a certain energy consumption variety in project, in tons (or megawatt hours or ten thousand cubic meters, etc.);

α_i - CO₂ emission coefficient of energy consumption varieties of the project, unit: ton of CO₂/ton (or ton of CO₂/megawatt hour or ton of CO₂/10000 cubic meters);

The carbon dioxide emission coefficient for electricity is determined based on the average carbon dioxide emission factor of the power grid in the project area. The average carbon dioxide emission factor for electricity in Guangdong Province is 0.4715 tons CO₂/MWh.

The carbon dioxide emission coefficients for natural gas, diesel, and gasoline are taken from the "*Guidelines*". For energy-saving varieties such as natural gas, the carbon dioxide emission coefficient is 2.17 kilograms of carbon dioxide per standard cubic meter; The energy-saving varieties include diesel (including power diesel for transportation and fuel diesel) and gasoline as fuel, both of which have a carbon dioxide emission coefficient of 3.16 kilograms of carbon dioxide per kilogram of

diesel. The carbon dioxide emission coefficient of power gasoline for transportation is 2.98 kilograms of carbon dioxide per kilogram of gasoline.

The per capita carbon footprint is converted by the number of employees corresponding to the bank's energy collection caliber, and the calculation formula is as follows:

$$X = \frac{\sum_1^{12} (\text{月末人数})}{12}$$



Number of people at the end of month

Appendix 2: Calculation and expression of environmental benefits of green credit

According to the *Guidelines* issued by the former China Banking and Insurance Regulatory Commission in June 2020, different calculation methods have been set for green credit projects based on different industries and environmental benefits involved. Our bank uses this as the standard for calculating the environmental benefits of green credit projects within the Bank. The emission reduction data of the green bond and green credit investment projects involved in this report are calculated according to the methods in the *Guidelines*. The key data involved in environmental benefit calculation comes from the feasibility study report and relevant approval documents of the project, as well as the actual production and operation parameters of the project. The required correlation coefficients and default values for calculation are provided by the *Guidelines*.

Renewable energy project

The possible environmental benefits of renewable energy projects include: standard coal conservation benefits, carbon dioxide equivalent, sulfur dioxide, nitrogen oxides, fine particulate matter emission reduction benefits, and water conservation benefits. The biomass power generation and heating projects do not calculate the benefits of carbon dioxide emission reduction and water conservation.

Take the power generation and heating activities within the project scope as the boundary, the energy consumption and pollutant emissions of coal-fired power generation and heating activities as the baseline, and assume that the project's external power supply can be fully connected to the grid, without considering issues such as wind and solar power curtailment.

(1) The Amount of energy saving

$$E = W_g \times \beta \times 10^3 + Q_g \times b_g \times 10^3$$

Note: This formula is applicable to solar power generation, wind power, hydropower, biomass energy generation, and heating projects, but does not include

solar thermal utilization projects. If the calculated project has no heating capacity, the heating capacity data in the formula will be taken as zero. In the formula:

E - Annual standard coal saving capacity, unit: ton of standard coal;

W_g - Annual power supply of the project, unit: 10000 kilowatt hours;

β - National average coal consumption for thermal power supply in the year of project commissioning, unit: kg of standard coal/kWh; This value is taken from the national average coal consumption data for thermal power supply in the previous year of environmental benefit calculation;

Q_g - Annual heat supply of the project, unit: million GJ;

B_g - Average coal consumption for centralized heating boiler rooms nationwide, unit: kg standard coal/GJ. The default value is 40 kg of standard coal/GJ.

$$E = A \times \alpha \times 10^4$$

This formula is applicable to solar thermal utilization projects. In the formula:

E - Annual saving capacity of standard coal for the project, unit: ton of standard coal;

A - Scale of solar thermal utilization of the project, unit: 10000 square meters;

α - Conversion of standard coal quantity based on unit utilization scale, unit: ton of standard coal per square meter. The default value for solar hot water projects is 0.15 ton of standard coal/square meter.

(2) CO₂ equivalent emission reduction

$$CO_2 = W_g \times \alpha_i + Q_g \times b_g \times 10^3 \times 2.21$$

Note: This formula calculates the carbon dioxide emission reduction based on the renewable energy supply and regional power grid baseline emission factors, combined with the heating supply. In the formula:

CO₂ - Carbon dioxide equivalent emission reduction of the project, unit: ton of carbon dioxide;

W_g - Annual power supply of the project, unit: megawatt hours;

α_i - Carbon dioxide baseline emission factor of the regional power grid where the

renewable energy generation project is located, unit: ton of carbon dioxide/megawatt hour; This value is updated with data from the national regulatory authorities;

Q_g - Annual heat supply of the project, unit: million GJ; If only generating electricity without heating, the Q_g value is zero;

B_g - Average coal consumption for centralized heating boiler rooms nationwide, unit: kg of standard coal/GJ. The default value is 40 kg of standard coal/GJ.

(3) Reduction of sulfur dioxide emission

$$SO_2 = \frac{W_g}{\beta_k} \times \beta_i \times \lambda_i \times \alpha_i \times 10$$

In the formula:

SO_2 - Annual reduction of sulfur dioxide emission, unit: ton;

W_g - Annual power supply of the project, unit: 10000 kilowatt hours;

β_i - Annual average coal consumption for power supply of national thermoelectric generating set of the project commissioning, unit: kg/kWh; This value is taken from the national average coal consumption data for thermal power supply in the previous year of environmental benefit calculation;

β_k - Conversion coefficient of raw coal to standard coal, unit: kg of standard coal/kg, default value is 0.7143 kg of standard coal/kg;

λ_i - Average sulfur content of coal in the project location, unit:%; The default value is 1.2%;

α_i - Average sulfur dioxide release coefficient (pollutants producing coefficient) in general survey of national thermoelectric generating set (coal-fired), with a default value of 1.7.

(4) Reduction of nitrogen oxides

$$NO_x = \frac{W_g}{\beta_k} \times \beta_i \times k \times 10^{-2}$$

In the formula:

NO_x - Annual reduction of indirect nitrogen oxides, unit: ton;

W_g - Annual power supply of the project, unit: 10000 kilowatt hours;

β_i - Annual average coal consumption for power supply of national thermoelectric generating set of the project investment (or commissioning), unit: kg of

standard coal/kWh;

β_k - Conversion coefficient of raw coal to standard coal, unit: kg of standard coal/kg, default value is 0.7143 kg of standard coal/kg;

k - Nitrogen oxide pollution coefficient of thermoelectric generating set (coal-fired), unit: kg/ton (note: according to the value of newly built coal-fired low nitrogen burner, the default value is 3.30 kg/ton).

Cogeneration combined heat and power project

The cogeneration combined heat and power project has the benefits of saving standard coal, as well as reducing carbon dioxide emissions, sulfur dioxide and nitrogen oxides, and fine particulate matter emissions. This type of project uses the separation of heat and electricity (cold) production as the baseline for energy consumption and pollutant emissions.

(1) Calculation of Standard Coal Conservation and Parameter Selection

$$E = W_g \times (b_a - b_{gd}) \times 10^4 + Q \times (b_{ar} - b_{gr}) \times 10^3$$

In the formula:

E - Energy saving of the project, unit: ton of standard coal;

W_g - Annual power supply of the project, unit: 10000 kilowatt hours;

b_{gd} - Standard coal consumption for power supply of the project, unit: kg of standard coal/kWh;

b_a - Annual average coal consumption for power supply of national thermoelectric generating set of the project commissioning, unit: kg of standard coal/kWh;

Q - Annual heating (cooling) capacity of the project, unit: million GJ;

b_{gr} - Coal consumption for heating of the project, unit: kg of standard coal/GJ;

b_{ar} - The average heating coal consumption of central heating boilers nationwide, unit: kg of standard coal/GJ. The default value is set to 40 kg of standard coal/GJ.

(2) Calculation of carbon dioxide equivalent emission reduction

$$CO_2 = \sum_{i=1}^n E_i \times \alpha_i$$

CO₂ - CO₂ emission reduction of the project, unit: ton of CO₂;

E_i - The physical savings of a certain energy consumption variety of the project, unit: ton (or 10000 kilowatt hours or cubic meters, etc.);

α_i - CO₂ emission coefficient of energy consumption varieties of the project, unit: kg of CO₂/kg (or cubic meter).

(3) Calculation of sulfur dioxide emission reduction and parameter selection

$$SO_2 = \sum_1^n E_i \times \lambda_i \times \alpha_i$$

SO₂ - Sulfur dioxide reduction , unit: ton;

E_i - The physical savings of energy saving varieties of the project, unit: ton (or 10000 kilowatt hours, etc.);

λ_i - Sulfur content of energy-saving varieties in the project; Take 1.2%;

α_i - Sulfur dioxide pollution coefficient of energy consumption varieties in the project production process, unit: kg/ton of fuel

(4) Calculation of nitrogen oxide emission reduction and parameter selection

$$NO_x = \sum_1^n N_i \times \kappa_i \times 10^{-3}$$

NO_x - Nitrogen oxides Reduction, unit: ton;

N_i - The physical savings of a certain energy consumption variety of the project, unit:ton;

k_i - Nitrogen oxide pollution coefficient of energy-saving varieties in the project, unit: kg/ton.

Sewage treatment project

The environmental benefits generated by sewage treatment projects include: reduction of chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus and other environmental benefits.

(1) Chemical Oxygen Demand Reduction

$$COD = N \times (\phi_j - \phi_{ch}) \times 10^{-2}$$

COD - Direct reduction of chemical oxygen demand, unit: ton/year;

N - Annual sewage treatment capacity for wastewater treatment project design,
unit: 10000 tons/year;

ϕ_j - Average concentration of chemical oxygen demand at the intake, unit:
milligrams/liter;

ϕ_{ch} - Designed average concentration of chemical oxygen demand at the outlet,
unit: milligrams/liter.

(2) Ammonia nitrogen reduction

$$NH = N \times (\psi_j - \psi_{ch}) \times 10^{-2}$$

NH₃-N - Direct reduction of ammonia nitrogen, unit: ton/year;

N - Annual sewage treatment capacity for wastewater treatment project design,
unit: 10000 tons/year;

ψ_j - Average concentration of ammonia nitrogen at the intake, unit:
milligrams/liter;

ψ_{ch} - Designed average concentration of ammonia nitrogen at the outlet, unit:
milligrams/liter;

(3) Total nitrogen reduction

$$TN = N \times (\lambda_j - \lambda_{ch}) \times 10^{-2}$$

TN - Direct reduction of total nitrogen, unit: ton/year;

N - Annual sewage treatment capacity for wastewater treatment project design,
unit: 10000 tons/year;

λ_j - Average concentration of total nitrogen at the intake, unit: milligrams/liter;

λ_{ch} - Designed average concentration of total nitrogen at the outlet, unit:
milligrams/liter;

(4) Total phosphorus reduction

$$TP = N \times (\mu_j - \mu_{ch}) \times 10^{-2}$$

TP - Direct reduction of total phosphorus , unit: ton/year;

N - Annual sewage treatment capacity for wastewater treatment project design, unit: 10000 tons/year;

μ_j - Average concentration of total phosphorus at the intake, unit: milligrams/liter;

μ_j - Designed average concentration of total phosphorus at the outlet, unit: milligrams/liter;

Urban electric bus project

Update and purchase buses and trams with low emission, design energy-saving standards that are superior to existing old vehicles, and calculate the standard coal savings, carbon dioxide equivalent emissions reduction, and the emissions reduction benefits of sulfur dioxide, nitrogen oxides, fine particulate matter, and volatile organic compound of the purchase project.

The project of updating and purchasing low emission buses and trams to replace existing fuel vehicles, should take the goal of achieving the same transportation function as the project boundary, and the operating energy consumption and pollutant emissions of existing fuel vehicles as the baseline.

(1) Saving amount of standard coal

$$E = (\omega_c - \omega_h) \times \rho \times \beta \times N \times K \times 10^{-1}$$

This formula is applicable to the situation where high-efficiency fuel buses replace inefficient fuel buses. In the formula:

E - Standard coal savings of the project, unit: ton of standard coal/year;

ω_c - Design fuel consumption of old vehicles before the implementation of the vehicle renewal project, unit: liter/hundred kilometers; If the design fuel consumption of old vehicles cannot be obtained, the actual fuel consumption of old vehicles can be substituted into ω_c ;

ω_h - After the implementation of the vehicle update project, update the design

fuel consumption of the purchased vehicles, unit: liter/hundred kilometers;

ρ - the volumetric mass conversion coefficient of the oil product, which is the density of the oil product and is related to the oil product grade., unit: kilogram/liter;

β - Vehicle fuel conversion factor, unit: kg of standard coal/kg. According to the *General Principles for Comprehensive Energy Consumption Calculation (GB/T2598)*, the conversion coefficient of gasoline to standard coal is 1.4714 kilograms of standard coal per kilogram; The conversion coefficient of diesel to standard coal is 1.4571 kilograms of standard coal per kilogram;

N - Amount of updated vehicles, unit: vehicle;

K - Estimated annual transportation workload for purchasing vehicles, unit: 10000 kilometers.

(2) CO₂ equivalent emission reduction

$$CO_2 = (\omega_c - \omega_h) \times \rho \times \alpha_{oil} \times K \times N \times 10^{-1} \quad \text{①}$$

$$CO_2 = (\omega_c \times \rho \times \alpha_{oil} - \omega_h \times \alpha_{electricity}) \times K \times N \times 10^{-1} \quad \text{②}$$

Formula 1 is applicable to the situation where high-efficiency fuel buses replace inefficient fuel buses. Formula 2 is applicable to the scenario where electric buses replace inefficient fuel buses. In the formula:

CO₂- Carbon dioxide equivalent emission reduction of the project, unit: ton of CO₂/year;

ω_c - Design fuel consumption of old vehicles before the implementation of the vehicle renewal project, unit: liter/hundred kilometers; If the design fuel consumption of old vehicles cannot be obtained, the actual fuel consumption of old vehicles can be substituted into ω_c ;

ω_h - After the implementation of the vehicle update project, update the design fuel consumption of the purchased vehicles, unit: liter/hundred kilometers;

ρ - Volumetric mass conversion coefficient of the oil product, which is the density of the oil product and is related to the oil product grade., unit: kg/liter;

α_{oil} - Greenhouse gas emission coefficient of power fuel, unit: ton of carbon dioxide/ton of fuel. The greenhouse gas emission coefficients of diesel and power gasoline are: 3.16kgCO₂/kg, 2.98kgCO₂/kg;

$\alpha_{electricity}$ - Greenhouse gas emission coefficient of electricity, measured in kg of CO₂/kilowatt hour. The emission coefficient is determined based on the average carbon dioxide emission factor of the power grid in the project area;

K - Estimated annual transportation workload for purchasing vehicles, unit: 10000 kilometers;

N - Number of updated vehicles, unit: vehicle.

Carbon Sink and Forestation Project

The possible environmental benefits of carbon Sink and Forestation Project include carbon dioxide emission reduction benefits. The main consideration is the annual change in carbon sink of forest biomass within the project boundary. Calculation formula for carbon dioxide emission reduction benefits:

$$CO_2 = \sum \alpha_i \times \Delta V_i \times D_i \times BEF_i \times (1 + R_i) \times 0.5 \times 44 / 12$$

In the formula:

CO₂ - Annual increase of carbon sink through forestation or forest nurturing of various tree species in the carbon sink area, unit: ton of CO₂/year;

α_i - Forestation area or forest nurturing area of a certain tree species, unit: hectare (ha);

ΔV_i - Annual increase in aboveground volume per unit area of a certain tree species, unit: cubic meters/hectare/year;

D_i - Basic wood density of a certain tree species, unit: ton/cubic meter;

BEF_i - Average biomass expansion factor of a certain tree species, dimensionless; Used to convert trunk volume into aboveground biomass of trees;

R_i - Root to stem ratio of a certain tree species; Dimensionless. The ratio of underground biomass to aboveground biomass of tree species i;

0.5- Carbon content in the biomass of each tree species;

44/12 - The ratio of the molecular weight of CO₂ to C.

Recycling of waste resources.

The environmental benefits of the waste resource recycling project mainly include: standard coal saving, carbon dioxide equivalent emission reduction, sulfur dioxide emission reduction, water saving benefits, etc.

(1) Saving standard coal

$$E = P \times (\Delta E / 1000)$$

Formula:

P - Recycling amount of project renewable resources, unit: ton;

ΔE - Recovery of energy savings per unit of resource, unit: kg of standard coal/ton of renewable resources.

(2) Calculation of water-saving amount and parameter selection

$$W = P \times \Delta w$$

Formula:

P - Recycling amount of project renewable resources, unit: ton;

Δw - Water-saving amount per unit of resources recovered, unit: cubic meter/ton of recycled resources.

(2) Calculation of sulfur dioxide emission reduction and parameter selection

$$SO_2 = P \times \Delta SO_2$$

Formula:

P - Recycling amount of project renewable resources, unit: ton;

ΔSO_2 - Sulfur dioxide emission reduction per unit of resource recovered, unit: ton of sulfur dioxide/tons of recycled resources.

Appendix 3 Measurement and expression of greenhouse gas emissions from investment and financing activities

Referring to the *Guide on the Carbon Accounting Technology for Financial Institutions(Trial)*, our bank carries out the calculation of greenhouse gas emissions from investment and financing activities. Among them, the measurement of greenhouse gas emissions of enterprises/projects is carried out in accordance with GB/T 32150 and relevant standards for enterprise greenhouse gas emission accounting and reporting, methods and *Reporting Guidelines for Enterprise Greenhouse Gas Emission Accounting (Trial)*, *ISO 14064-1* and other requirements to calculate their carbon dioxide emissions during the reporting period. The production activity data involved in the accounting is calculated based on the carbon emissions or energy consumption data provided by the customer, and the relevant factors. The default values are obtained by searching for relevant standards.

The carbon emissions of the projects/enterprises supported by our investment and financing activities are calculated based on the ratio of the monthly average financing amount of the enterprise or project to the total assets of the enterprise or total investment of the project at the end of our reporting period. The specific calculation formula is as follows:

Project financing business:

$$E_{\text{项目业务}} = E_{\text{项目}} \times \left(\frac{V_{\text{投资}}}{V_{\text{总投资}}} \right)$$

$$E_{\text{Project business}} = E_{\text{Project}} \times (V_{\text{Investment}} / V_{\text{Total investment}})$$

Formula:

$E_{\text{Project business}}$: Carbon emissions corresponding to project financing business during the reporting period, unit: tCO₂e;

E_{Project} : Carbon emissions of the project during the reporting period, unit tCO₂e;

$V_{\text{Investment}}$: The Bank's average monthly investment in the project during the reporting period, unit: 10,000 yuan;

$V_{\text{Total investment}}$: Total project investment, unit: 10000 yuan;

Non-project financing business:

$$E_{\text{非项目业务}} = E_{\text{主体}} \times \left(\frac{V_{\text{融资}}}{V_{\text{收入}}} \right)$$

$$E_{\text{Non-project business}} = E_{\text{Entities}} \times (V_{\text{Financing}} / V_{\text{Income}})$$

Formula:

$E_{\text{Non-project business}}$: Carbon emissions corresponding to non-project financing business during the reporting period, unit: tCO₂e;

E_{Entities} : Carbon emissions of non-project financing entities during the reporting period, unit: tCO₂e;

$V_{\text{Financing}}$: The Bank's average monthly investment in non-project financing of the enterprise during the reporting period, unit: 10000 yuan;

V_{Income} : Main business income of the main business of the enterprise during the reporting period, unit: 10000 yuan;

Appendix 4 Progress report on the Principles for Responsible Banking (PRB)

The Principles for Responsible Banking (PRB) provide a global framework to ensure that the strategies and practices of signatory banks are aligned with the needs of society in the future. This framework enables the sector to align with the global goals and targets set out in the Sustainable Development Goals and the *Paris Climate Agreement*. As one of the signatories of the PRB, the Bank has always been based on the common demands of various stakeholders in economic and social development, and is committed to maximizing the comprehensive value of the economy, environment and society.

Principle 1: Consistency

The Bank actively alters its business strategy to ensure alignment with, and contribution to, individual needs and societal goals as outlined in SDGs, the *Paris Climate Agreement* and relevant national and regional frameworks.

The Board of Directors of the Bank reviewed and approved the *Development Plan for "14th Five-Year" of Guangdong Fogang Rural Commercial Bank Co., LTD.*, and proposed the "14th Five-Year Plan" strategic development plan of the Bank, focusing on actions and measures in the fields of green finance and rural digital inclusive finance, and implementing the concept of sustainable development. We will continue to practice the concept of green development, continuously improve the stakeholder protection mechanism, and actively fulfill our social responsibilities. We will explore mechanisms to constantly implement the concept of innovative, coordinated, green, open and shared development and build harmonious social relations.

Principle 2: Influence and Goal Setting

The Bank is committed to continuously increasing our positive impact while reducing and managing the negative impact of our activities, products and services on people and the environment. To this end, the Bank will set and publish targets that will have the most significant impact.

The Bank adheres to the concept of green development, actively innovates green financial products, and optimizes green financial service schemes, to promotes the Bank's green finance work. The Bank issued the *Green Credit Management Measures of Guangdong Fogang Rural Commercial Bank Co., LTD. (2021 Edition)*. The document further clarifies the organization and management, policies and systems, capacity building, process management, risk control, information disclosure and other aspects of the Bank's green credit business, and guides all business departments and branches to implement the whole process monitoring and management of enterprise environmental information, and forms a risk monitoring system covering the whole green credit business process to achieve legal compliance and steady operation of green credit business.

The Bank has formulated relevant development targets in accordance with high-impact target areas, such as green finance development strategy, green credit annual target, inclusive loan growth target, etc., to promote consistency with and contribute to the SDGs and the *Paris Climate Agreement*.

Principle 3: Clients and Customers

The Bank is committed to working responsibly with its clients and customers to encourage sustainable practices, promote economic activity and create shared prosperity for present and future generations.

The Bank continues to increase financial support to the field of green development, constantly improve product innovation ability, vigorously promote carbon emission right pledge loan, photovoltaic power generation loan and other green credit products, while designing a series of characteristic inclusive financial products to support the development of local agricultural industry like Yishenzi Loan, Baoyu Loan, live pig loan, beautiful rural Loan, forest rights loan, beautiful pond loan, etc.

The Bank actively supports the green development of industry in Fogang County, promotes the green and low-carbon development of agriculture, explores promoting the value transformation of ecological products, and increases financial support for making full use of red, green, antique and characteristic resources to build a vitality

city with hot springs, a gathering place of Industry-University-Research in the Bay Area, and an outdoor sports and leisure consumption destination industry.

Principle 4: Stakeholders

The Bank proactively and responsibly consults, interacts and cooperates with stakeholders to ensure timely and full understanding of the key sustainable development needs of stakeholders and takes measures to respond.

The Bank attaches great importance to the communication with stakeholders, through constructing perfect communication mechanism, so as to ensure the normalized communication with all key stakeholders. The Bank places a high premium on the publicity and promotion of green concepts, actively plays the role of new media platform, carries out various forms of green concept publicity activities, shares industry practical experience, and encourages relevant parties to participate in interaction.

The Bank adheres to green operation, strengthens consumable management, reduces office costs, promotes the electronization of business data, sets energy saving target planning, puts an end to "ever-bright light" and "endless water" to prevent the waste of resources. Save resources in office activities, reduce the direct and indirect loss of water, electricity, paper, oil and other energy, as well as reduce the direct and indirect emissions of greenhouse gases, so as to improve energy efficiency and protect the environment.

The Bank adheres to the principle of people-oriented, cares for employees, improves employee incentive mechanism and training system, gives full play to the role of employee congress, attaches importance to and protects the legitimate rights and interests of employees.

Principle 5: Corporate governance and banking culture

The Bank will fulfill its commitment on the Principles for Responsible Banking through effective corporate governance and a responsible banking culture.

Our bank is committed to creating a "hot spring culture", which includes: a hot spring culture that integrates financing and intelligence for customers, a "win" culture with enthusiasm and attitude, and a compliance culture of healthy and sustainable

development. This means that financial instruments should serve the people with warmth, closeness, and thoughtfulness like a continuous stream of hot spring water that warms the body and mind. At the same time, our bank should also be like a "healthy spring" that has flowed for millions of years, always maintaining a healthy texture and youthful vitality, and steadily moving forward.

The Bank will continue to improve the internal green finance system, actively promote green finance, strategically plan to establish a green bank and an ecological bank, contribute to the development of rural finance at county level, and support the sustainable development of local economy. The Bank has set up a green credit leading group in the senior management, which is responsible for approving and supervising the formulation and implementation of green credit development strategies and objectives, as well as studying and making suggestions on other relevant major decisions.

Principle 6: Transparency and accountability

The Bank will regularly review individual and collective implementation of these principles and maintain transparency and accountability for our positive and negative impacts and our contribution to societal goals.

In addition, the Board of Directors of the Bank attaches great importance to the environment, society and governance of the Bank, comprehensively conforms to the national 14th Five-Year Plan, formulates the strategic development plan of the Bank, and promotes the implementation of carbon peak and carbon neutral goals of the Bank. In the annual report and environmental information disclosure report, the Bank discloses the progress of relevant practices as a responsible bank, discloses relevant sustainable performance indicators, explains the methods and details of budget indicators in the report, and releases them on open channels such as the official website.

Attached list 1: Index of Guidelines for the Principles for Responsible Banking (PRB)

Index Content	Response	Link/Reference
Principle 1: Consistency		
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the <i>Paris Climate Agreement</i> and relevant national and regional frameworks.		
<p>1.1 Business Model</p> <p>Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services. Quantify relevant information by disclosing the regional and departmental (on/off balance sheet) distribution of your bank's investment portfolios or the number of customers and clients served.</p>	<p>The Bank has always adhered to the positioning of local, rural and inclusive bank, and has deeply practiced supporting small agricultural and green inclusive finance. By the end of 2023, the Bank has set up 1 business department and 17 branches, with 284 employees, serving 6 towns in the county. Our bank mainly provides deposit and loan financial services. As of the end of 2023, we have 24000 loan users, an increase of 33% from the beginning of the year.</p>	<p>Chapter 1 of the 2023 Environmental Information Disclosure Report, P1-5.</p>
<p>Strategic consistency</p> <p>In your bank's corporate strategy, will sustainability be identified as a strategic priority and indicated?</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Describe how your bank has aligned and/or is planning to align its strategy to be consistent with the <i>Sustainable Development Goals</i> (SDGs), the <i>Paris Climate Agreement</i>, and relevant national and regional frameworks.</p> <p>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</p>	<p>Our bank continues to promote the construction of a community with a shared future for mankind, supporting international frameworks and agreements such as the <i>United Nations Sustainable Development Goals</i> (SDGs) and the <i>Paris Agreement</i>, and jointly building a better world. In 2023, The Bank, centering on the strategic development plan for the 14th Five-Year Plan, fully implemented the new vision of innovative, coordinated, green, open and shared development.</p>	<p>Chapter 1 of the 2023 Environmental Information Disclosure Report, P1-5.</p>

<p><input type="checkbox"/> <i>UN Guiding Principles on Business and Human Rights</i></p> <p><input type="checkbox"/> <i>International Labour Organization fundamental conventions</i></p> <p><input type="checkbox"/> <i>UN Global Compact</i></p> <p><input type="checkbox"/> <i>UN Declaration on the Rights of Indigenous Peoples</i></p> <p><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:</p> <p style="padding-left: 40px;"><i>Guidelines for Green Finance in Banking and Insurance Industry</i> of former China Banking and Insurance Regulatory Commission</p> <p><input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:</p> <p>_____</p> <p><input type="checkbox"/> None of the above</p>	<p>At the same time, the Bank earnestly fulfilled the responsibility of "the influencer of local finance", committed to serving rural revitalization, focused on energy conservation and environmental protection and other fields, increased product innovation, promoted the implementation of green finance business more and faster, and achieved a continuous increase in the scale and proportion of green loans, and made new achievements in high-quality development. As of the end of 2023, the green credit balance of the Bank was 784 million yuan, accounting for 9.44% of all loans, an increase of 73 million yuan compared to the beginning of the year, with a growth rate of 10.27%, higher than the growth rate of all loans.</p>	
Principle 2: Impact & Goal Setting		
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
2.1 Impact Analysis (Key Step 1)		
Show that your bank has conducted an impact analysis on investment portfolios, and identified the areas of most significant impact and the areas for which objectives are set on a priority basis. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):		
a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.	The scope of our bank's impact analysis mainly includes absorbing RMB public deposits, issuing RMB short-term, medium-term, and long-term loans; Handling entrusted loans, domestic settlements, bill acceptance and discounting, and	Chapters 1 and 4 of the 2023 Annual Report, P3-P4 、 P17-P22; Chapter 1 of the 2023

	other related businesses; Acting as an agent to issue, redeem, and underwrite government bonds; Engage in interbank lending, bank card, guarantee and other businesses; Provide safe deposit box services.	Environmental Information Disclosure Report, P1-5.
<p>b) Portfolio composition:</p> <p>Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope.</p> <p>i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	<p>As of the end of 2023, the balance of our company's loans was 4.534 billion yuan, accounting for 54.6% of the total customer loans for the year. Among them, the balance of manufacturing loans was 2.175 billion yuan, accounting for 26.2% of all loans; As of the end of 2023, the personal loan balance of our bank was 3.77 billion yuan, accounting for 45.4% of the total customer loans for that year.。</p>	<p>Chapter 4 of the 2023 Annual Report, P17-P29; Chapter 1 of the 2023 Environmental Information Disclosure Report, P1-5.</p>
<p>c) Context:</p> <p>What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p>This step aims to put your bank's portfolio impacts into the context of society's needs.</p>	<p>Against the backdrop of achieving carbon peak and carbon neutrality goals, green finance, as a powerful tool to support green and low-carbon development, has become an important tool to assist countries and regions in green development. Our bank prioritizes supporting issues related to green finance and inclusive finance based on our own actual situation, in order to help improve the environment and promote social development.</p>	<p>Chapter 3 of the 2023 Environmental Information Disclosure Report, P6-P9.</p>
<p>d) For these (min. two prioritized impact areas):</p> <p>Performance measurement:</p> <p>Has your bank identified which sectors &</p>	<p>The launch of our bank's characteristic green credit products such as carbon emission right pledge loans and</p>	<p>Chapter 4 and Chapter 10 of the 2023</p>

<p>industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</p>	<p>photovoltaic power generation loans has brought positive benefits to the environment and society. Through innovative products such as Yishenzi loan, Baoyu loan, live pig loan, beautiful rural Loan, forest rights loan, beautiful pond loan, etc., we will promote the organic combination of green finance, inclusive finance, and rural revitalization, promote the transformation and upgrading of agriculture and urban-rural integration in Fogang County, accelerate rural revitalization, and promote the construction of a beautiful China.</p>	<p>Environmental Information Disclosure Report, P9-P11, P25-P27.</p>
<p>Self-assessment summary:</p> <p>Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?</p> <p>Scope: <input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Portfolio composition: <input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Context: <input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Performance measurement: <input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Which most significant impact areas have you identified for your bank, as a result of the impact analysis?</p> <p>Climate change mitigation, climate change adaptation, financial health & inclusion</p> <p>How recent is the data used for and disclosed in the impact analysis?</p> <p><input type="checkbox"/> Up to 6 months prior to publication</p> <p><input checked="" type="checkbox"/> Up to 12 months prior to publication</p> <p><input type="checkbox"/> Up to 18 months prior to publication</p> <p><input type="checkbox"/> Longer than 18 months prior to publication</p> <p>Open a text box to describe potential challenges, aspects not covered above, etc. (optional)</p>		

2.2 Target Setting (Key Step 2)		
<p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p>		
<p>a) Alignment:</p> <p>which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p> <p>You can build upon the context items under 2.1</p>	<p>Our bank adheres to the concept of green development, actively innovates green financial products, optimizes green financial service solutions, and insists on the organic combination of our own development and fulfilling social responsibilities. Support the rural revitalization strategy, continuously increase credit support for the agricultural sector, develop inclusive financial services, and contribute to common prosperity.</p>	<p>Chapter 1, Chapter 4, Chapter 6, and Chapter 10 of the 2023 Environmental Information Disclosure Report, P1-P5, P9-P11, P18-P19, P25-P27.</p>
<p>b) Baseline:</p> <p>Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p> <p>You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.</p> <p>A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.</p> <p>If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding</p>	<p>Our bank has selected the end of 2022 data as the baseline for the above indicators.</p>	

indicator codes:				
Impact area	Indicator code	Response		
Climate change mitigation	A.1.2	The Bank has carried out the calculation and disclosure of carbon emission data, and actively explored its own operational carbon neutrality work.		
	A.1.3	Our bank actively engages in cooperation with customers and has established customer relationship related policies.		
	A.1.5	Through innovative products such as Yishenzi loan, Boayu loan, live pig loan, beautiful rural loan, forest rights loan, beautiful pond loan, etc., we will promote the organic combination of green finance, inclusive finance, and rural revitalization. As of the end of 2023, the green credit balance of the Bank was 784 million yuan, accounting for 9.44% of all loans, an increase of 73 million yuan compared to the beginning of the year, with a growth		

		rate of 10.27%, higher than the growth rate of all loans.		
	A.4.1	The launch of our bank's characteristic green credit products such as carbon emission right pledge loans and photovoltaic power generation loans has brought positive benefits to the environment and society. In 2023, our bank's green credit has achieved a cumulative annual savings of 4964.28 tons of standard coal, 2602.99 tons of carbon dioxide emissions, and 26029.92 tons of water savings.		
Impact area	Indicator Code	Response		
Financial health & inclusion	C.1.1	In terms of credit service mechanism, the Bank implements preferential loan interest rates for key customers such as inclusive small and micro enterprises and green finance, and guides operating units to actively increase their marketing efforts for inclusive small and micro green loans. In the research and optimization of loan products, our bank has		

		launched multiple financial products suitable for small and micro enterprises to address their financing difficulties. In the green operation of inclusive financial products, our bank adheres to technological innovation, continuously promotes the construction of green channels, and uses technologies such as big data and mobile internet to improve service efficiency and convenience.		
	C.3.3	Since its launch in November 2021, the Bank continues to maintain a defining feature of finance for the people, advances deeply the project of covering every family, and creates a pattern of government affairs accessible to every village. More than 313700 households, individual businesses, small and micro enterprises and other entities in the county have been registered, with 102000 pre credit and credit customers.		
In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.				
c) SMART targets (including key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact			Based on the impact analysis results, our bank has set the growth rate of green finance and inclusive finance as our SMART goals.	

<p>areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	<p>1. Green finance goal: The annual growth rate of green loans should not be lower than the average growth rate of all loans of our bank.</p> <p>2. Inclusive finance goal: The annual growth rate of inclusive loans should not be lower than the average growth rate of all loans of our bank.</p> <p>Our bank has set two KPIs, namely the growth rate of green loans and the growth rate of inclusive loans, in the "Annual Business Target Assessment Plan", and monitors the achievement of the goals through quarterly assessments.</p>	
<p>d) Action plan:</p> <p>Which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	<p>1. Strategic planning. First, the "14th Five-Year Plan" was formulated, clearly stating that during the "14th Five-Year Plan" period, the scale of green credit will be maintained to grow, ensuring that the growth rate of green credit is higher than that of all loans, and planning for the proportion of green credit to exceed 11% by the end of 2025, with the growth rate of inclusive loans meeting regulatory requirements. Second, the "Green Credit Development Strategy of Guangdong Foge Rural Commercial Bank Co., Ltd. (2023-2025)" was formulated to guide the development of green credit. Third, the "Comprehensive Promotion Plan for 'Guangdong Rural Finance (Inclusive) Household Access'" was issued to fully implement the household access project and</p>	

	<p>promote inclusive finance work.</p> <p>2. Institutional setup. In terms of green finance, to ensure the overall planning and implementation of green finance throughout the bank, our bank has established a green credit leading group, specifically responsible for the marketing management and development promotion of green finance business. In terms of inclusive finance, our bank has specially established an inclusive finance department, specifically responsible for the expansion and management of inclusive finance business.</p>	
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Self-assessment summary:

Which of the following components of target setting in line with the PRB requirements has your bank completed? Or evaluating your...

	...first area of most significant impact: (please name it)	...second area of most significant impact: (please name it)	(If you are setting targets in more impact areas) your third (and subsequent) area(s) of impact: (please name it)
Consistency	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

<p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Report on your bank's progress since the last</p>	<p>The Bank has set up a green credit leading group to regularly evaluate the implementation of green credit work and promote the compliance and steady</p>	<p>Chapter 1, Chapter 2, Chapter 4, and Chapter 7 of the 2023</p>
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<p>report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</p> <p>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</p>	<p>development of green finance business. The Bank, centering on the strategic development plan for the 14th Five-Year Plan, fully implemented the new vision of innovative, coordinated, green, open and shared development. At the same time, the Bank earnestly fulfilled the responsibility of "the influencer of local finance", committed to serving rural revitalization, focused on energy conservation and environmental protection and other fields, increased product innovation, promoted the implementation of green finance business more and faster, and achieved a continuous increase in the scale and proportion of green loans, and made new achievements in high-quality development. As of the end of 2023, the Bank's green credit balance was 784 million yuan, which was 5.54 percentage points higher than the average growth rate of various loans, and the growth rate of inclusive loans met regulatory requirements. Our bank has conducted environmental benefit calculations for green credit projects in accordance with the energy-saving and emission reduction calculation requirements of the <i>Guidelines for Energy Conservation and Emission Reduction Calculation of Green Credit Projects</i> issued by CBIRC, and the environmental benefits are significant.</p>	<p>Environmental Information Disclosure Report, P1-P5, P5-P6, P9-P11, P19-P20.</p>
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Principle 3: Clients and Customers		
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 Client engagement Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and promote economic activities sustainably. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank.	The Bank has always paid close attention to the financial needs of customers, made the concept of "hot spring culture" deeply rooted in the masses including serving people with warm,closeness and thoughtfulness. The Bank has always maintained a healthy texture and youthful vitality, steadily moved forward and ensured that products and services have strong competitiveness, for the purpose of supporting urban and rural residents' income acceleration system and mechanism to improve, helping common prosperity, and providing customers with a full range of quality services.	Chapter 4 of the 2023 Environmental Information Disclosure Report, P9-P11.
3.2 Business opportunities Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).	To meet customers' increasingly diversified capital needs, the Bank continues to increase the supply of green credit products, and vigorously promotes green credit products such as carbon emission right pledge loan, photovoltaic power generation loan, Baoyu loan, live pig loan,etc.	
Principle 4: Stakeholders		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		

<p>4.1 Stakeholder identification and consultation</p> <p>Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning Process.</p>	<p>The bank communicates with key stakeholders, including our management, employees, government and regulatory authorities, shareholders, customers, partners, and media, through regular visits, exchange reports, and open day activities. We have identified the major environmental issues of concern to stakeholders at this stage as environmental goals and strategic planning, environmental governance structure, environmental compliance management, environmental risk analysis, green financial products, green industry investment and financing, environmental compliance management, and environmental risk analysis. Our bank has sorted out these major issues and proposed management policies and specific measures.</p>	<p>Chapter 5 of the 2023 Environmental Information Disclosure Report, P11-P18</p>
<p>Principle 5: Corporate Governance & Banking Culture</p>		
<p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>		
<p>5.1 Governance Structure for Implementation of the Principles for Responsible Banking</p> <p>Does your bank have a governance system in place that incorporates the PRB?</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>In progress <input type="checkbox"/>No</p> <p>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:</p> <ul style="list-style-type: none"> ● which committee has responsibility over 	<p>The Bank promotes the compliance and steady development of green finance business from multiple levels including the Board of Directors, senior management and relevant functional departments. The Bank has set up a green credit leading group in the senior management, which is responsible for approving and supervising the formulation and implementation of green credit development</p>	<p>Chapter 2 of the 2023 Environmental Information Disclosure Report, P5-P6</p>

<p>the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),</p> <ul style="list-style-type: none"> ● details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as ● remuneration practices linked to sustainability targets. 	<p>strategies and objectives, as well as studying and making suggestions on other relevant major decisions.</p>	
<p>5.2 Promoting a culture of responsible banking</p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	<p>The Bank continues to optimize the staff management structure, always attaches importance to the training of employees, cultivates talents in an all-round way, promotes the healthy and steady development of the Bank's credit business through personnel quality improvement, product innovation, marketing and management promotion and other measures, and formulates incentive mechanisms such as the green loan Marketing Pioneer Award to achieve the improvement of green credit professional ability and business handling efficiency.</p>	<p>Chapter 1, Chapter 2, and Chapter 3 of the 2023 Environmental Information Disclosure Report, P1-P9</p>
<p>5.3 Policies and due diligence processes</p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.</p> <p>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and</p>	<p>Our bank has formulated the <i>Green Credit Management Measures of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2021 Edition)</i> and the <i>Green Credit Development Strategy of Guangdong Fogang Rural Commercial Bank Co., Ltd. (2023-2025)</i>, which clarify policies to address environmental and social risks,</p>	<p>Chapter 3 of the 2023 Environmental Information Disclosure Report, P6-P9</p>

reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.	and guide various business departments and branches to implement full process monitoring and management of enterprise environmental information.	
Self-assessment summary Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the Bank's governance system? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No		
Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input checked="" type="checkbox"/> No If applicable, please include the link or description of the assurance statement.	/	/
6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? <input checked="" type="checkbox"/> GRI <input type="checkbox"/> SASB <input type="checkbox"/> CDP <input type="checkbox"/> FRS Sustainability Disclosure Standards (to be published) <input checked="" type="checkbox"/> TCFD <input type="checkbox"/> Other:...	The Board of Directors of the Bank attaches great importance to the Bank's environment, society and governance, and comprehensively compared with the national 14th Five-Year Plan, formulated <i>the Development Plan for "14th Five-Year" of Guangdong Folang Rural Commercial Bank Co., LTD.</i> , and promoted the implementation of carbon peak and carbon neutrality goals throughout the Bank.	Appendix 2 Index of Guidelines for TCFD of 2023 Environmental Information Disclosure Report

<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)?</p>	<p>Our bank will continue to enhance its green finance service capabilities, focus on key industries in green finance, assist traditional industries in green transformation, innovate green exclusive products, and achieve full process management of environmental and social risks. Further, we will strengthen energy conservation, carbon reduction, and efficiency improvement, implement refined management, enhance the awareness of conservation, environmental protection, and ecology among all employees, for the sake of making positive contributions to the green beauty of Fogang. Moreover, we will make further efforts to promote "Inclusive Finance for Every Family" and promote the balanced coordination of financial resources and social wealth between urban and rural areas.</p>	<p>Chapter 1, Chapter 4, Chapter 7, Chapter 8, and Chapter 10 of the 2023 Environmental Information Disclosure Report.</p>
<p>6.4 Challenges</p> <p>Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the <i>Principles for Responsible Banking</i>. Your feedback will be helpful to contextualize the collective progress of PRB signatory banks.</p> <p>What challenges have you prioritized to address when implementing the <i>Principles for Responsible Banking</i>? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).</p> <p>If desired, you can elaborate on challenges and how you are tackling these:</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="checkbox"/> Embedding PRB oversight into governance </div> <div style="width: 50%;"> <input type="checkbox"/> Customer engagement </div> <div style="width: 50%;"> <input type="checkbox"/> Gaining or maintaining momentum in the bank </div> <div style="width: 50%;"> <input type="checkbox"/> Stakeholder engagement </div> <div style="width: 50%;"> <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning </div> <div style="width: 50%;"> <input type="checkbox"/> Data availability </div> <div style="width: 50%;"> <input type="checkbox"/> Conducting an impact analysis </div> <div style="width: 50%;"> <input type="checkbox"/> Data quality </div> <div style="width: 50%;"> <input checked="" type="checkbox"/> Assessing negative environmental and social impacts </div> <div style="width: 50%;"> <input type="checkbox"/> Access to resources </div> <div style="width: 50%;"> <input type="checkbox"/> Assessing negative environmental and social impacts </div> <div style="width: 50%;"> <input checked="" type="checkbox"/> Reporting </div> <div style="width: 50%;"> <input type="checkbox"/> Setting targets </div> <div style="width: 50%;"> <input checked="" type="checkbox"/> Assurance </div> <div style="width: 50%;"> <input type="checkbox"/> Other:... </div> <div style="width: 50%;"> <input type="checkbox"/> Prioritizing actions internally </div> </div>		

Attached list 2: Index of Guidelines for TCFD

Content	Page
1. Governance	
1.1 Describe the Board of Directors' oversight of climate-related risks and opportunities.	P7-P8
1.2 Describe the Management's role in assessing and managing climate related risks and opportunities.	
2. Strategy	
2.1 Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	P20-P22
2.2 Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
2.3 Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a scenario with 2°C or lower temperature.	
3. Risk Management	
3.1 Describe the organization's processes for identifying and assessing climate-related risks.	P14-P20
3.2 Describe the organization's processes for managing climate-related risks.	
3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
4. Metrics and Targets	
4.1 Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	P23 P14-P20
4.2 Disclose Scope 1, Scope 2, and, Scope 3 greenhouse gas (GHG) emissions if appropriate, and the related risks.	
4.3 Describe the targets used by the organization to manage climate related risks and opportunities, and performance against targets.	