

Guangshen Railway Company Limited Social Responsibility Report 2020



March 29, 2021

The Board of Directors and all directors hereby guarantee that there are no false records, misleading presentations, or major omissions in this report and shall assume individual and joint liability for the authenticity, accuracy, and completeness of the contents hereof.

Board of Directors, Guangshen Railway Company Limited

March 29, 2021

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I. Chairman's Speech

Dear friends,

In 2020, under the leadership of the Communist Party of China (CPC), all Chinese people were united as one, persistent, and dauntless to combat COVID-19. Meanwhile, China achieved remarkable economic and social fruits. As the COVID-19 pandemic had a great impact on our business performance, Guangshen Railway Company Limited (GSRC) still implemented the development ideas of “People First, Life First, Safety First”, paid equal attention to transport operation and pandemic containment, and steadily boosted operation and management work. In addition, GSRC mitigated the adverse effects of the pandemic by cutting down expenditures, reducing consumption and increasing efficiency, and helped its service regions resume work and production in a safe and orderly manner. Our company has made new breakthroughs in such fields as safety production, pandemic prevention and control, environmental protection and energy conservation, public welfare, and employee rights and interests and truly assumed its social responsibilities as a railway enterprise.

“Cliffs have been covered by ice of feet deep, but flowers are still blooming beautifully.” The hardships and challenges in 2020

have passed. Now, our company has opened a new chapter for 2021. GSRC will focus on the railway transportation of both travelers and goods, make more efforts to strengthen the foundation, reach the standard, improve quality and efficiency, cut expenditures, and reduce consumption to serve the real economy and actively integrate into the construction and development of the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area, GBA) and the Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics. I believe, under the strong support of China State Railway Group Co., Ltd. (China Railway), China Railway Guangzhou Group Co., Ltd., and all-level governments, GSRC together with its all employees will rise to challenges, make new achievements and write new chapters in the new journey the railway shall lead China into a country with sound transportation and eventually celebrate the 100th anniversary of the CPC founding with outstanding performance!

Chairman: Wu Yong

March 29, 2021

II. Company Overview

(I) Company Profile

GSRC was established in Shenzhen on March 6, 1996 in accordance with the *Company Law of the People's Republic of China*. In May 1996, GSRC issued H-shares (Stock Code: 00525) and American Depositary Shares (ADSs) (Stock Code: GSH) in listings on the Hong Kong Stock Exchange (HKSE) and the New York Stock Exchange (NYSE); in November 2020, GSRC applied for delisting its ADSs from the NYSE and turned to the American Over-the-Counter (OTC) Market (Stock Code: GSHHY); in December 2006, GSRC issued A-shares (Stock Code: 601333) in a listing on the Shanghai Stock Exchange. In January 2007, GSRC purchased the Guangzhou-Pingshi section (southern section of Beijing-Guangzhou Railway) with the funds raised from the issuance of A-shares, helping it upgrade from a regional railway operator to a national backbone railway service provider and significantly improve its transportation capability. Currently, GSRC is the sole railway transportation enterprise issuing securities in the Shanghai Stock Exchange (SSE), HKSE, and NYSE.

GSRC mainly provides transportation services along the Shenzhen-Guangzhou-Pingshi section and cooperates with MTR

Corporation Limited in offering passenger services by trains stopping over by Hong Kong. Meanwhile, GSRC is entrusted to provide railway operation services for the railways, such as Wuhan-Guangzhou Railway, Guangzhou–Zhuhai Intercity Railway, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Guangzhou–Zhuhai Railway, Xiamen-Shenzhen Railway, Ganzhou-Shaoguan Railway, Nanning-Guangzhou Railway, Guiyang-Guangzhou High-speed Railway, the Pearl River Delta Metropolitan Region Intercity Railway System, Maoming-Zhanjiang Railway, Shenzhen-Maoming Railway, and Meizhou-Shantou Railway.

The Shenzhen-Guangzhou-Pingshi Railway solely operated by GSRC passes through Guangdong Province from north to south, with a service mileage of 481.2 kilometers. The Guangzhou-Pingshi section is the southern section of the Beijing-Guangzhou Railway - the north-south trunk railway in China; the Guangzhou-Shenzhen section is a major railway connecting inland and Hong Kong. It is also an important part of China’s railway network as it connects to the Beijing-Guangzhou Railway, Beijing-Kowloon Railway, Sanshui-Maoming Railway, Pinghu–Nanshan Railway, Pinghu-Yantian Railway, Xiamen-Shenzhen Railway, Guangzhou–Shenzhen Intercity Railway, and East Rail Line.

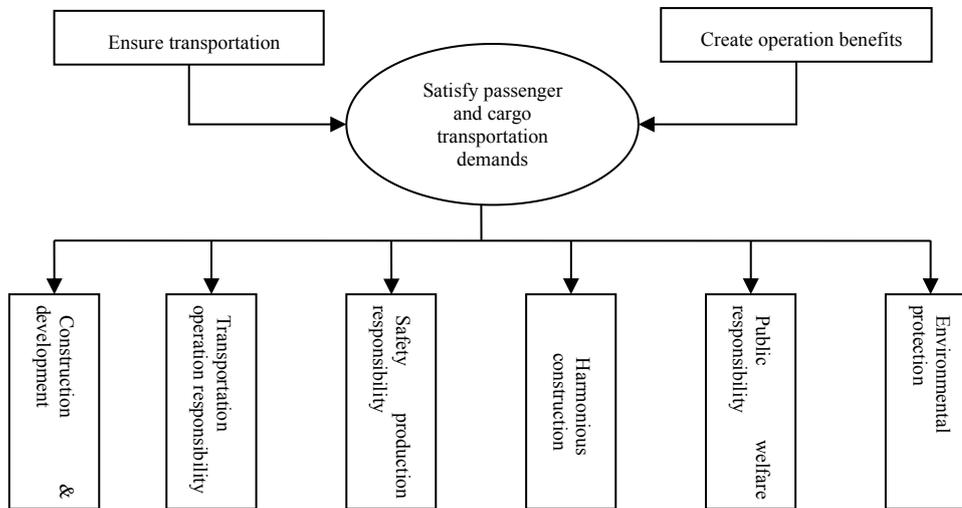
(II) Corporate Social Responsibility Management

1. Outlook on Social Responsibilities

GSRC is a listed company specialized in comprehensive transportation services for both travelers and goods. It closely combines management operation with the fulfillment of social responsibilities to create value for shareholders and strive to realize the overall social responsibility target of sustainable economic, social and environmental development.

When it comes to fulfilling social responsibilities, GSRC focuses on satisfying passenger and cargo transportation demands and takes action on the premise of guaranteeing transportation safety and creating management and operation benefits. To be specific, GSRC assumes six major social responsibilities, including construction and development, transportation operation, safety production, harmonious construction, public welfare, and environmental protection. These responsibilities are correlated and interlinked to jointly serve the core target of satisfying passenger and cargo transportation demands.

GSRC's Outlook on Social Responsibilities



2. Management Structure

GSRC has established a social responsibility management structure with the Board of Directors at its core. The Board of Directors makes decisions on major matters concerning the company's fulfillment of social responsibilities and the annual social responsibility report. The chairman is the company's first responsible person for the fulfillment of social responsibilities. The management serves as the leadership to organize relevant functional departments such as human resources, business, finance, audit, and general office to work on social responsibility matters. The Secretariat of the Board of Directors is responsible for collecting and disclosing the company's social responsibility information. All stations subordinated to GSRC set up functional departments and

posts, such as labor safety, technical management, salary and welfare, employee training, health and hygiene, environmental protection, and energy conservation, to perform corporate social responsibilities.

III. Standardized Operation and Integrity Management

(I) Corporate Governance

In 2020, GSRC convened one shareholders' meeting, seven meetings of the Board of Directors, five meetings of the Board of Supervisors, six meetings of the Audit Committee, and 16 general manager office meetings, and elected the members of the Ninth Board of Directors and Board of Supervisors. GSRC will further implement the guiding principles of the working meeting on the Party building of state-owned enterprises and relevant provisions of the *Regulation on the Work at Primary-level Party Organizations of State-owned Enterprises (Trial)* and the *Code of Corporate Governance for Listed Companies*, amend the Articles of Association, integrate the leadership of the Party into corporate governance, and exert the role of the Party Committee in controlling the direction, governing the overall situation, and guaranteeing implementation. GSRC started ADS delisting from NYSE in late August 2020, finished the procedure and turned to the

Over-the-Counter Market in late November.

The detailed information on corporate governance, directors, supervisors and senior executives is shown in the annual report 2020.

(II) Internal Control

GSRC has a well-established internal control system to track and check the actual implementation of systems and evaluate if various management systems are effectively implemented. In accordance with the requirements of relevant laws, regulations, and guidelines of internal control, GSRC has continually conducted the construction and assessment of the internal control system. In this year, the testing range of the internal control process covers 39 workflows of the headquarters and 12 branches. The Audit Committee is responsible for supervising the internal control construction; the company's Audit Department takes charge of internal audit supervision.

The details of internal control can be referred to in the company's annual report 2020, internal control assessment report 2020, and internal control audit report.

(III) Party Building Work

GSRC's Party Committee is in full charge of the Party building work and fulfills the principal responsibility of governing the Party

with strict discipline. It held 17 meetings throughout the year, studied and implemented decision-making on major issues, appointment and dismissal of important cadres, major investment decisions and use of large sums of money” (Three-major and One-large” Decision-making System), and performed the pre-discussion procedures of the meetings of the Board of Directors and general manager office meetings. GSRC strengthens grass-roots Party branch building, holds “Party branch building” events, continuously deepens the planned and standardized building of the Party branch, lays a solid foundation of grass-roots organizations, and enhances the Party organization’s cohesion and strength.

In addition, GSRC complies with the central Party leadership’s eight-point decision on improving work conduct, builds a clean Party branch, and fights corruption, implements the special inspection for exercising full and strict Party self-governance, works out and amends regulations for the administration of official vehicles, office phones, office supplies, and low-value consumables, strictly supervises and manages travel expenses, gas filling cards, offices, bidding, and material procurement.

Anti-corruption and Anti-fraud Measures and Reporting

Procedure

Regulations and Requirements	Preventive Measures, Execution and Supervision Procedures	Reporting Procedure
<i>Employee Manual, Code of Professional Ethics for Executives, and Anti-fraud Regulations (Trial)</i>	Company executives and employees in key positions sign relevant annual statement	
<i>Rules for the Implementation of the Accountability for the Construction of the Party Conduct and a Clean Party Branch</i>	The company establishes the accountability system, forms the leading group for the construction of the Party conduct and a clean Party branch, and organizes self-inspection and reports relevant matters every year.	The company establishes the monthly reporting system; the Discipline Inspection Commission reports major matters of the construction of the Party conduct and a clean Party branch
<i>Rules for the Implementation of the Three-major and One-large” Decision-making System</i>	The Party Committee, Board of Directors, General Manager’s Office make the “Three-major and One-large” decisions and inspect the supervision and accountability system	One can report to the superior in any of the following cases: individuals involved in decision-making hold different opinions; decision-making misplays or major losses cannot be corrected; major problems occur in the use of large funds.
<i>Administrative Measures for Legal Affairs and model contract</i>	Anti-commercial bribe clauses in the model contract; the company establishes legal affairs supervision and inspection system and the lifetime accountability system for the management of legal affairs.	
<i>Implementing Rules for Fund Management, Administrative Measures for Fund Allocation, Administrative Measures for Comprehensive Budget</i>	The company establishes the inspection and supervision system for fund and budget management and the accountability system and strengthens internal audit and supervision.	

In 2020, GSRC reported no filed or concluded lawsuits against the company or any employee for corruption.

(IV) Integrity Operation

1. Operation Management

In 2020, GSRC strengthened operation management and deepened expenditures conservation and consumption reduction. Besides, it issued 45 documents concerning management systems, abolished 29 documents, and summarized 104 valid system measures, further standardizing the work on funds, assets, budget, statistics, technologies, cyber-security, comprehensive governance, internal security, legal affairs, and business performance assessment. In this year, GSRC finished 547 major repair projects, 240 fixed-asset investment projects, and signed 4,080 economic contracts.

2. Dividends

GSRC implements the long-term steady cash dividend policy to create profits for shareholders. Since its listing in 1996, GSRC has cumulatively distributed RMB 12.31 billion of cash dividends (including taxes), representing a dividend payout ratio of 56.6%. In August 2020, it finished paying out the cash dividends for 2019 to domestic and international shareholders, totaling approximately RMB 425 million calculated by RMB 0.06/share (including taxes). The Board of Directors proposed not paying out the final dividends of 2020.

3. Information Disclosure

GSRC is committed to improving information disclosure quality, implements the *Administrative Measures for the Information Disclosure*, strictly adheres to domestic and international information disclosure supervision rules, and conducts fair, impartial, and open information disclosure. In 2020, the company published 97 regular reports and temporary announcements in domestic and overseas markets. For more information, please visit SSE's official website www.sse.com.cn, HKEXnews website www.hkexnews.hk, and the company's official website www.gsrc.com.

4. Investor Relations

The company strictly implemented the pandemic control measures at the Shareholders Meeting and made it a success through offline and online voting, guaranteeing minority shareholders' rights to participate and vote. It has maintained communication with investors through diverse channels. In 2020, GSRC received 150 phone calls, 20 e-mails and 5 visits from investors, answered 31 questions in the "E-interaction Zone" of SSE, prepared and held global telephone conferences concerning the annual performance of 2019 and the semi-annual performance of 2020.

5. Legal Affairs

GSRC has amended the *Administrative Measures for Legal Affairs*,

standardized the lawyer recruitment process, and demonstrated the “Three-major and One-large” decision-making system. Throughout the year, the company issued 75 opinions on the legal argument of major decisions. GSRC has actively prevented legal risks and safeguarded the rights and interests of both the company and employees. In 2020, it concluded 29 cases, avoiding/retrieving economic loss of about RMB 6.73 million. GSRC has actively advanced corporate management and the construction of the legal affairs information system. This system was officially launched on January 1, 2021, realizing digitized management of contracts.

6. Cooperation and Development

Amid the COVID-19 pandemic, GSRC has steadily stuck to the coordinated development of economy, society and environment, striven to maintain cooperation and communication with interested parties, and practically fulfilled its corporate social responsibilities.

Company and government: The company has cooperated with the government to fully implement pandemic containment and transportation security measures and help regional work resumption. It has received letters of thanks from the CPC Longgang District Committee and the People’s Government of Longgang District in Shenzhen Municipal Transport Bureau for its efforts in pandemic prevention and control. The company paid taxes of RMB 559

million in accordance with law throughout the year.

Company and shareholders: GSRC has cumulatively paid shareholders RMB 12.31 billion of cash dividends (including taxes). The company has strictly performed the information disclosure duty, managed investor relations, exerted the supervision role of the Audit Committee and independent directors, guaranteed shareholders' right to know and maintain their interests.

Company and creditor: Currently, the company has no long-term bank loans and maintains a good partnership with the bank in other corporate businesses.

Company and suppliers: The company has developed fair and open cooperation with suppliers, strictly standardized bidding and tendering procedures, and further strengthened the management of the supply chain and optional warehouses. In 2020, the company organized 68 tendering or negotiation projects and 114 non-tendering procurement projects and approved 498 large-amount procurement projects of its units. In the same year, there were 65 suppliers that won the company's bidding, including 36 suppliers inside Guangdong Province and 29 suppliers outside Guangdong. The purchase amount of the top five suppliers accounted for 21.55% of the annual total.

Company and community: In 2020, the company continued the

separation and transfer of “three ‘supply’ and one property (water, power and heat supply, and property management)” in the dependants’ areas of state-owned enterprises. The company has strengthened safety protection along the railways, organized safety publicity activities, reconstructed/constructed two culverts and one footbridge to guarantee the travel safety of residents along the railways.

IV. Pandemic Combat and Transport Security

(I) Pandemic Combat

In 2020 when the COVID-19 pandemic swept the country, GSRC resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council, seriously executed the requirements for pandemic prevention and control in the railway system, adhered to the principle of “combating inbound cases and domestic resurgences”, built a solid line against the pandemic, and made contributions to stopping the pandemic spread and facilitating work resumption.

1. Regular Epidemic Prevention and Control

In 2020, GSRC practically combined regular targeted prevention and control with local emergency disposal, actively communicated with the local government, fulfilled entity

responsibilities, effectively strengthened the prevention and control at stations, ports, and freight yards and on trains, implemented relevant measures such as health quarantine, closed management, and disinfection, strictly conducted the full-chain closed management of inbound travelers, and enhanced the control over the transportation of cold-chain food. GSRC cumulatively transferred more than 2,500 inbound travelers, passed more than 1,200 travelers with fever to medical institutions, and traced and managed 290 close contacts. The company persisted in the pandemic monitoring and reporting system and prepared the prevention and control measures against clusters of infection. This year, the company organized 27 emergency drills with more than 10,000 participants.

2. Personal Protection

In terms of passengers' pandemic prevention, GSRC has strengthened directing passengers, purchased handheld temperature guns and large infrared temperature measuring equipment, seriously worked on temperature measurement, identify and health code verification, reminded passengers to keep social distancing and correctly wear masks at the security check and check in to prevent

In terms of employees' pandemic prevention, the company has strictly implemented such measures as scattered dining, keeping social distancing, and temperature measurement, provided 3,355

protection suits and 9,027 goggles for employees at frontlines and windows, and cumulatively distributed more than 6.16 million masks. The company has arranged regular nucleic acid testing for employees on the frontline of transportation and organized employees to receive the COVID-19 vaccination to meet the national requirement for the vaccination of key groups. So far, its 24,813 employees have been vaccinated.

3. Anti-pandemic Personnel and Supplies Transportation

By taking advantage of punctual, fast, and mass transit of the railway, the company has spared no efforts to guarantee the safety of anti-pandemic personnel and supplies transportation, including transporting medics to support Hubei as well as corresponding medical and living materials.

(1) GSRC established the anti-pandemic Party member team at the Guangzhou-Kowloon section. Only in nine days between January 27 and February 4, 2020, it delivered medical supporters and 882 boxes of epidemic prevention supplies to Wuhan four times.

(2) On February 17, 2020, GSRC's passenger train G76 (North Shenzhen - Wuhan) safely delivered medics including 60 medics from Guangdong and a lot of supplies along the stations such as North Shenzhen, South Guangzhou, and South Changsha to Wuhan Station.

(3) On March 20, 2020, GSRC's passenger trains G4348 (Jingzhou - South Guangzhou) and G4117 (Wuhan - South Guangzhou) delivered 1,087 medics back to Guangzhou.

(4) GSRC adhered to the principle that priority was given to anti-pandemic supplies in transportation, loading, and transferring to guarantee the transportation of badly-needed medical supplies and living materials such as vegetables. Shenzhen Station, Guangzhou Station, and Guangzhou Passenger Section delivered 36.6 tons, 545 tons and 54.2 tons of anti-pandemic supplies respectively.

4. Anti-pandemic Donation

The company's Party members actively responded to the call of the Central Committee. Altogether 9,635 Party members donated RMB 806,000 to support the anti-pandemic efforts.

(II) Transport Security

1. Line Security

The company has continued to promote major renewal and reconstruction projects such as line signals, traction power supply, centralized scheduling control, and video monitoring, and deeply carried out workplace safety inspections to guarantee the realization of the annual goal of transport security.

GSRC Line Operations (Including Entrusted Lines) in 2020

Project	Work unit	Workload
Rail replacement	km	11.675
Replacement of tangential grinded rail	km	54.225
Tamping	km	554.08
Installation and replacement of switches	Set	337
Maintenance of public works section	km	1,087.234
Repair of flood damage to railroads	Case	31

GSRC has fully implemented flood relief measures, initiated emergency response for the typhoon, and strengthened inspection on the lines. In 2020, the company built and renovated 14,400 m barrier fences and 350 m walls, and installed razor barbed wires on 50,335 m walls, so as to ensure the security along the railways.

2. Personal Safety

While implementing epidemic prevention and control measures, GSRC has strictly carried out safety checks together with subway security check agencies. To ensure public health safety the company has also carried out food safety inspection in the stations and on the trains and provided safe drink for the passengers, thus making travels safe.

**2020 Security Screening Equipment and Forbidden Objects
Confiscated in Major Stations of GSRC**

Station	Security scanner	Detector	Forbidden objects confiscated
Guangzhou Railway Station	19	60	262,408
Guangzhou East Railway Station	43	136	152,246
Shenzhen Railway Station	14	48	147,490
Sum	76	244	562,144

Death Toll of Negligence in GSRC 2018-2020

Year	2018	2019	2020
Death toll of negligence	0	1	0
Death due to negligence/Mortality	—	0.023‰	—

In 2020, 51 employees were injured in their posts, and altogether 4,045 workdays were wasted due to work-related injuries.

3. Technology Security

The year 2020 witnessed GSRC's investment of RMB 679 million in 162 fixed assets related to traffic safety. Through the application of science and technology on equipment, the level of security has been improved, which powerfully promotes the smooth transport production. For example, vehicle depot in North Guangzhou railway section has made a good use of automatic bogie cleaning technology, automatic bearing-performance monitoring and bearing-matching technology and independently developed

automatic bearing measurement instrument, significantly improving the traffic volume and ensuring the safe operation. And power depot in Guangzhou railway section has improved the intelligent level of monitoring, constructed 21 centralized monitoring stations for general speed railway and 68 monitoring station for switches, so when there are abnormal situation there will be auto-alarm.

4. Other Responsibilities

Policies regarding privacy, complaints and intellectual property rights related to its services:

(1) Protection of passengers' private information: GSRC has complied with relevant laws and regulations to protect passengers' privacy. In accordance with relevant provisions of the real-name train ticket system, GSRC has strictly taken some measures in information security, protecting passenger personal data, carefully managing the credit records of travelers, and recording and reporting passengers who had dishonest conduct.

(2) Complaint channels: Publish contact numbers in the stations and on the trains, and accept complaints about traffic through 12306 and 95306 (both websites and telephone numbers). In major stations, there are service rooms to answer passengers' questions, provide service and accept complaints. GSRC also handles investor-related inquiries through channels such as SSE e-interaction, hotline, fax

and email.

(3) Intellectual property rights: GSRC implements a cultural assets management system to better deal with the registration, management and protection of the cultural assets in the company. The company attaches great importance to the protection of intellectual property rights, the purchase of computers and the installation of official software for IT security. The company has established a science and technology project management system, which regulates on the establishment, implementation, evaluation and application of science and technology. In 2020, GSRC established nine new science and technology management projects.

(III) Passenger and Freight Service

1. Passenger Service

In 2020, the passenger volume reached 42.85 million, and the revenue reached RMB 4,115 million. GSRC has taken the initiative to adapt to the epidemic control requirement and changes in passenger flow, released daily timetable of high-speed trains and arranged staggered departure of general speed trains and high-speed trains, fully implemented e-tickets system, and renovated Guangzhou South Railway Station, Guangzhou Railway Station, Shenzhen Station and other stations to provide better service. By December 31, 2020, GSRC had got 2,307 passenger vehicles and 36

sets of multiple units. Altogether 243 ticket vending machines, 202 automatic ticket gates, 219 reimbursement voucher outlets and 51 identification information verification devices had been set up at the stations under the control of GSRC. Passengers realized a transaction volume of more than 1.35 million through WeChat, Alipay and UnionPay.

To carry out epidemic prevention and control, the company has used infrared temperature detectors at the entrances, exits and transit channels in major stations to ensure no suspected COVID-19 passengers. At the same time the sanitary work has been carefully carried out in both stations and trains. Central air conditioners, bathrooms, door handles, elevator buttons and other public facilities are regularly disinfected and all spaces are kept ventilated to create a clean and safe environment.

During the 2020 Spring Festival (January 10 to February 18), GSRC prioritized the needs of passengers and fully implemented the measures of epidemic prevention and control, making passengers safe during their Spring Festival travels.

2020 Departing Passenger Volume in Major Stations of GSRC

Station	2020 Departing passengers (million)	2020 Departing passengers during Spring Festival Holiday(million)
Guangzhou Railway Station	1,386.4	214.6
Guangzhou East Railway Station	1,102.1	151.7
Shenzhen Railway Station	627.7	174.5
Sum(million)	3,116.2	540.8

2. Cargo Service

In 2020, GSRC carried out a plan of increasing freight volume, achieving a total freight volume of 16.27 million tons and revenue of RMB 1,699 million. In response to the decrease of cargo transporting demand brought by the pandemic and the loss of customers due to the free expressway policy during certain periods, GSRC has implemented a “key customers” strategy, deepening cooperation with large factories, mines and ports, actively promoting “expressway-rail” combined transport, vigorously implementing container transport projects, and making efforts to expand service coverage.

GSRC has actively innovated the development mode of joint yard, explored the cooperation between Changsheng yard and Pinghu-Yantian railway to build an inland port, renovated nearly 30,000 m² of container yard, so as to comprehensively improve the

container throughput capacity of Changsheng yard. The company has striven for the support from Shenzhen government to include the Changsheng-Pingyan inland port project into Shenzhen's Inland Port Cluster construction planning. Since April 2020, GSRC has successively launched 18 new domestic freight lines, of which Wuxi Line, Changsha Line, Xi'an Line and several other lines have been operated stably at a high frequency. In response to the "Belt and Road" initiative, on top of the original China-Europe freight train lines from Dalang, Guangzhou and Shilong, Dongguan, GSRC launched a line starting from South Pinghu, Shenzhen in September 2020, marking the first line of the China-Europe freight trains departing from Shenzhen; another line was launched in Changping, Dongguan in November, 2020. As thus, the outgoing stations for China-Europe freight trains under GSRC's control reached four.

3. Railway Network Liquidation and Other Transport Services

Meanwhile, GSRC is entrusted to provide railway operation services for some railways, such as Wuhan-Guangzhou Railway, Guangzhou-Zhuhai Intercity High Speed Railway, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Guangzhou-Zhuhai Railway, Xiamen-Shenzhen Railway, Ganzhou-Shaoguan Railway, Nanning-Guangzhou Railway, Guiyang-Guangzhou High-speed Railway, the Pearl River Delta

Metropolitan Region Intercity Railway System, Maoming-Zhanjiang Railway, Shenzhen-Maoming Railway, and Meizhou-Shantou Railway. In 2020, GSRC's revenue from railway network liquidation and other transportation services reached RMB 9,572 million.

4. Other Services

In 2020, other services GSRC has provided mainly included train maintenance, catering, leasing, inventory management and sales, commodity sales and other railway transportation-related businesses, with the annual revenue up to RMB 964 million.

V. Environmental Protection & Energy Conservation and Emission Reduction

In 2020, GSRC has implemented various environmental protection measures, combining resources conservation and emission reduction with saving cost to achieve green development. All pollutant emissions dropped significantly.

The company has adopted a series of environmentally-friendly facilities and technologies: strengthening the treatment of industrial wastewater and domestic sewage, recycling reclaimed water and improving the efficiency of water utilization; adopting new environmentally friendly raw materials for production and

centralized distribution, controlling cost, and reducing harmful gas emissions; reducing noises in the production by discharging compressed air underground and introducing low-noise production equipment.

The company has protected the environment: protecting the green landscape along the railroads, implementing garbage classification action and “paperless office” action to reduce the environmental pressure; installing devices to reduce the horns of trains to reduce noise pollution; removing 6,034 tons of garbage along the line and in the stations and removing 1,444 tons of hazardous waste.

The company has saved energy and reduced pollutants: introducing natural ventilation and lighting in the plants, reasonably setting the lighting in public areas and platforms of the station and using energy-saving and environment-friendly lighting equipment to reduce the waste of electricity; carrying out “June 5th” World Environment Day, Energy Saving Publicity Week and other activities to arouse the awareness of saving electricity and water.

Emissions in GSRC

Project	2020	2019	2020 on the basis of 2019
Industrial wastewater (kT)	1249.44	1560.35	-19.93%
SO2 (t)	0.525	0.591	-11.17%
Chemical oxygen demand (COD) (t)	33.219	38.335	-13.34%
Smoke (t)	0.176	0.219	-19.63%
Oil-related emission (t)	1.194	1.796	-33.52%

To increase resource use efficiency, GSRC has planned to implement budget management on materials and energy so as to provide the necessary resources and energy for transportation production and to reduce non-productive consumption of resources. In 2020, the company spent RMB 1,297 million on materials, water and electricity, down by 25.34% over the same period of the previous year. In 2020, GSRC did not encounter any problems in finding suitable water sources, and the industrial water consumption was 1,487,770 tons, a decrease of 16.50% over the same period of the previous year. One subsidiary of GSRC-- Guangzhou Maintenance Team was listed as a key target under emission supervision by the environmental protection authorities. Please refer to the “Environmental Information” part of GSRC’s annual report 2020 for more information.

By December 31, 2020, the company had been equipped with 175 diesel locomotives and 60 electric locomotives. The energy

consumptions of the locomotives are shown below:

Energy Consumption of Locomotives in GSRC

Indicators	Diesel locomotive		Electric locomotive	
	2020	2019	2020	2019
Diesel fuel (t)	48,678.378	51,968.82	—	—
Diesel fuel consumption	34.98	34.33	—	—
Electricity (kWh)	—	—	316,233,764	409,697,270
Electricity consumption intensity(kWh/10,000 ton	—	—	139.52	142.44
Oil and grease consumption	334.00	241.74	26.77	60.43

As GSRC provides passenger and cargo service, there is no statistics about the use of packaging materials for end-products, except for the protective and reinforcement materials necessary for the transportation.

VI. Social Welfare and Employee Rights & Benefits

(I) Social Welfare

In 2020, GSRC took active part in social welfare activities. Consolatory visits were paid to employees in need 5,723 person times; employees were aided through the public welfare programs of the railway industry 5,495 person times. Besides, the company organized employees to watch films themed on poverty alleviation, etc. Employees of GSRC played an active role in promoting public welfare, donating RMB 806,000 to support the prevention and

control of COVID-19, and participating in voluntary activities such as passenger service, environment cleaning, and public welfare publicity 16,000 person times.

(II) Employee Rights & Benefits

1. Employees

By December 31, 2020, GSRC had altogether 41,286 employees. Details are shown in the following table.

Project	2020	2019	Change percentages of 2020 on the basis of 2019
Total number of employees	41,286	42,583	-3.05%
——Male	31,412	32,273	-2.67%
——Female	9,874	10,310	-4.23%
By age			
——Below 30	12,960	14,415	-10.09%
——31-40	8,522	7,790	9.40%
——41-50	10,209	10,616	-3.83%
——Above 51	9,595	9,762	-1.71
By education degree			
——Master degree and above	157	160	-1.88%
——Bachelor degree	4,826	4,862	-0.74%
——Junior college degree	15,686	15,229	3.00%
——Others (secondary technical school, senior high school, vocational technical school, etc.)	20,617	22,332	-7.68%
By region			
——Shenzhen (location of employer)	3,152	3,153	-0.03%
——Other regions (location of employer)	38,134	39,430	-3.29%
By specialty			
—— Passenger and freight transportation	19,214	19,808	-3.00%

Project	2020	2019	Change percentages of 2020 on the basis of 2019
personnel			
——Maintenance personnel	5,491	5,578	-1.56%
——Vehicle personnel	3,497	3,717	-5.92%
——Labor personnel	3,422	3,624	-5.57%
——Electric service personnel	1,841	1,870	-1.55%
——Power and water supply personnel	2,138	2,126	0.56%
——Building construction personnel	1,246	1,221	2.05%
—— Staff of diversified operations and other subsidiaries	114	124	-8.06%
——Technical and administrative staff	4,323	4,515	-4.25%

The company terminates and cancels labor contracts with employees in accordance with relevant labor laws and regulations. In 2020, 168 employees of the company had their employment contracts terminated or canceled according to the labor law, accounting for 0.41% of the total number of employees. The company has never employed child labor and forced labor.

2. Salary and Benefits

In 2020, the company's wage and welfare expenses amounted to RMB 7,684.43 million. The company substantially safeguards the rights and interests of employees, signing collective or individual labor contracts, establishing a perfect human resources management system, and formulating provisions for promotion, working hours, holiday, equal opportunities, diversity, affirmative actions and other

treatment and benefits. The company adopts a salary distribution policy that closely relates labor remuneration to economic benefits, labor efficiency and personal performance, and closely relates the total remuneration of the staff to the company's operating benefits. The salary distribution of employees is based on post labor evaluation and employee performance assessment. The company increases the income of front-line employees, pays full social insurance fees and housing fund for employees, and implements the income tax policy overhaul and the leave management system.

In 2020, the company carried out the national requirements on the socialized management for retirees in state-owned enterprises, completed the socialized transfer of 20,933 retirees, effectively protected the rights and interests of retirees, and ensured that retirees can share new achievements in the construction of a moderately prosperous society in all respects.

3. Team Building

The company employs graduates in various professional fields according to its needs of business development, and organizes post standardization training, adaptive training and qualification training. The company provides assistance to existing employees in continuing education and diploma education, conducts qualification appraisals for professional titles, carries out talents and experts

selection projects, implements talent introduction policy of local governments, and regularly organizes a variety of professional training courses and forums to improve the quality of employees.

The company recruited 433 new graduates in 2020, including six students who have master’s degrees or above, 90 undergraduates and 337 junior college graduates, improving the overall quality of its staff. As of the reporting date, the company had 118 full-time managers of vocational education, and 844,189 person times participated in various vocational training programs, completing 100% of the annual training plan, with the training expenditure reaching about RMB 51.09 million.

Teaching schedule for GSRC administrator training in 2020

Personnel sorts	Quantity (persons)	Average number of training hours (h)
Senior executives of the company	6	198
Leaders of railway sections	181	142
Other middle-level managers	1638	106

National, provincial or ministerial-level prizes awarded to teams and individuals of GSRC in 2020

Groups	Affiliated units	Honorary titles
Shenzhen North Railway Station	Shenzhen Railway Station	Advanced Collective in the Fight Against COVID-19 of National Transportation System

5T Operation Workshop Dynamic Monitoring Class Three	Guangzhou Train Depot	National Quality Trustworthy Team
Party Branch of Second High-Speed Train Fleet	Guangzhou-Kowloon Passenger Traffic Section	Advanced Party Organization in the Fight Against COVID-19 of National Railway System
Power Supply Workshop of High-Speed Trains in Shaoguan	Guangzhou Power Supply Section	“Locomotive Trophy” of Federation of Railway Labor Unions
Guangzhou Passenger Traffic Section	Guangzhou Passenger Traffic Section	National Railway Civilized Unit
Guangzhou Train Operation Depot	Guangzhou Train Operation Depot	
Guangzhou-Kowloon Passenger Traffic Section	Guangzhou-Kowloon Passenger Traffic Section	
North Guangzhou Train Depot	North Guangzhou Train Depot	
Guangzhou Train Depot	Guangzhou Train Depot	National Standardized Rail Transit Depot
‘Depot Day Shift’ QC Group of Guangzhou Depot Examination Workshop	Guangzhou Train Depot	Excellent Quality Management Group in the Railway Industry
Communist Youth League of Guangzhou Passenger Traffic Section	Guangzhou Passenger Traffic Section	National Railway “May 4th” Red Flag Communist Youth League Committee
Communist Youth League of Guangzhou Locomotive Depot	Guangzhou Locomotive Depot	
Communist Youth League Branch of Guangzhou Servicing Workshop	Guangzhou Locomotive Depot	National Railway “May 4th” Red Flag Communist Youth League Branch

Communist Youth League Branch of Second Beijing Crew of Beijing-Guangzhou Rail Fleet Communist Youth League Branch of Guangzhou-Shandong Rail Fleet	Guangzhou Passenger Traffic Section	
Communist Youth League Branch of Guangzhou South Operation Workshop	North Guangzhou Train Depot	
Communist Youth League Branch of Guangzhou Servicing Workshop	Guangzhou Locomotive Depot	Advanced Youth League Branch of National Railway Safety Production
Class One of Group One of First High-speed Train Fleet	Guangzhou-Kowloon Passenger Traffic Section	“May 1st” Labor Medal of Guangdong Province
First Repair Zone of Power Transformation and Distribution Maintenance Workshop in Guangzhou	Guangzhou Power Supply Section	Winner of “Well-being Cup” Competition in Guangdong Province
QC Group of Technology Group of Shenzhen Operation Workshop QC Group for Business Management of the Administrative Office	Guangzhou Train Depot	Guangdong Excellent Quality Management Group
Female Staff Committee of Guangzhou Locomotive Depot Trade Union	Guangzhou Locomotive Depot	Advanced Collective of Female Staff Work of Guangdong Federation of Trade Unions
Individuals	Affiliated units	Honorary titles
Zhou Shuqiang	Guangzhou Locomotive Depot	National Labor Model
Zhao Jiyong	Guangzhou Electricity Section	National Youth Post Expert

Xie Linke	Shenzhen Railway Station	Advanced Individual in the Fight Against COVID-19 of National Transportation System and National Railway System
Si Lintao	Guangzhou South Railway Station	Advanced Individual in the Fight Against COVID-19 of National Railway System
Hou Changshun	Guangzhou Passenger Traffic Section	
Ju Zhaozhao	Guangzhou Track Maintenance Division	Advanced Individual in National Railway Flood Control and Relief Work
Xu Chunying	Guangzhou Passenger Traffic Section	
Li Haotian	Jiangcun Railway Station	“Locomotive Medal” of Federation of Railway Labor Unions
Deng Dongbo, Wu Ting	Guangzhou Railway Station	
Xu Mai	Guangzhou Electricity Section	
Lin Pan	Guangzhou South High-Speed Track Maintenance Division	
Chen Huihui	North Guangzhou Train Depot	
Cai Chao	Guangzhou Passenger Traffic Section	National Railway Excellent Party Worker
Fu Dong, Xie Zezhi	Guangzhou Locomotive Depot	National Railway Outstanding Communist Youth League Cadre
Xu Bujia, Guo Junheng	Guangzhou Electricity Section	National Railway Excellent League Member
Ye Xinfu, Guo Qi, Liu Baomin, Zhang Jiaxing	Guangzhou Locomotive Depot	National Railway Youth Post Expert

Wu Zhenyu	Guangzhou Track Maintenance Division	
Chen Zhengjun, Li Xukai	North Guangzhou Train Depot	
Wang Bo, Deng Xiaofei	Guangzhou Passenger Traffic Section	National Railway Youth League Committee “Aggressive and Kind Youth”
Xia Wenbo	North Guangzhou Train Depot	
Zhang Mingxing	Guangzhou Building Construction Section	First Prize in the Vocational Competition of Building Plumbers in National Railway System
Sun Bo	Guangzhou Electricity Section	National Railway Sports Advanced Individual
Hu Shuanghong	Guangzhou Power Supply Section	“May 1st” Labour Medals in Guangdong Province
He Yiwen	Guangzhou Train Depot	Labor Model of Guangdong Province
Yang Xuetong	Guangzhou-Kowloon Passenger Traffic Section	
Feng Ji	Guangzhou-Kowloon Passenger Traffic Section	Advanced Female Worker of Guangdong Province
Lin Guixiang	North Guangzhou Train Depot	

4. Improvement of working and living conditions

In 2020, the company built two new apartments, and renovated three single apartments and one canteen. The company promotes the construction of safe and high-quality standard lines, improves the working environment, builds “smart apartments”, launches the train crew dormitory and the WeChat food ordering platform, and

constructs the staff training base, and recreational and sports activity venues. The company strengthened measures to protect the physical and mental health of its employees during the pandemic, and provided epidemic prevention and control health kits (including masks, hand sanitizer, disposable gloves, and thermometers) to frontline employees in transportation production and railway construction. It also improves health facilities for employees by renovating laundry rooms, adding water purifiers, air conditioners, bedding and medicine chests, and provides staff with mental health counseling and lectures.

In 2020, the company arranged 65,560 physical examinations for employees, including 18,167 occupational health examinations, 39,406 health examinations, and 7,987 gynecological examinations.

VII. Report Specification

(I) Report scope

If not otherwise stated, the data and information in this report are obtained from GSRC and its subordinate stations and sections. Unless otherwise specified, this report primarily describes the economic, environmental and social work about the passenger and freight transportation and other operations of GSRC from January 1, 2020 to December 31, 2020, and briefly reviews previous related

activities. Unless otherwise stated, the financial data in this report shall be computed in Renminbi (RMB).

(II) Data collection

In order to collect the data and information on fulfilling CSR, GSRC sent relevant questionnaires to all units (departments). Relevant data and information are collected mainly through the company's intranet, realizing the "paperless data collection".

This report tries to provide a comprehensive picture of what the company has done to fulfill its social responsibilities. The company will continue to refine and improve the disclosure content and format of the CSR report in the future, and update the report annually.

(III) Compilation foundations

This report was compiled by taking the following documents as the references: *the Compilation Guidelines on Fulfilling the Corporate Social Responsibility*, *the Review Working Papers on Fulfilling the Corporate Social Responsibility*, and *the Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange*, which are released by the Shanghai Stock Exchange, as well as *the Appendix 27 of the Main Board Listing Rules: Environmental, Social and Governance*

Reporting Guide issued by the Hong Kong Stock Exchange.

In case of discrepancies in the two versions, the Chinese version shall prevail.

(IV) Social contribution value per share

According to *the Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange*, and *the Compilation Guidelines on Fulfilling the Corporate Social Responsibility*, GSRC continues to disclose its social contribution value per share as well as its calculating caliber in this report. In 2020, the company's social contribution value per share was RMB 1.21 (2019: RMB 1.59 per share ^[Note]). Specifically, the basic earnings per share of shareholders was RMB -0.08, and the added value per share created for society reached RMB 1.29 (RMB 534.01 million of tax revenue contributed to the state in the whole year + RMB 7,684.43 million of wages and welfare paid to employees + RMB 679.29 million of major traffic safety investment + RMB 230.52 million of passenger and security service input + RMB 806,000 of charitable donations - RMB 3.6 million of pollution discharge cost as a key pollution supervision entity)/the total number of shares (7,083,537,000 shares).

[Note]: The calculation terms for the social contribution value

per share 2020 added the item of “passenger and security service”. Accordingly, the social contribution value per share 2019 is adjusted from RMB 1.47 to RMB 1.59.

(V) Contact Information

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