



恒大健康产业集团  
EVERGRANDE HEALTH INDUSTRY GROUP

Evergrande Health Industry Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 0708)

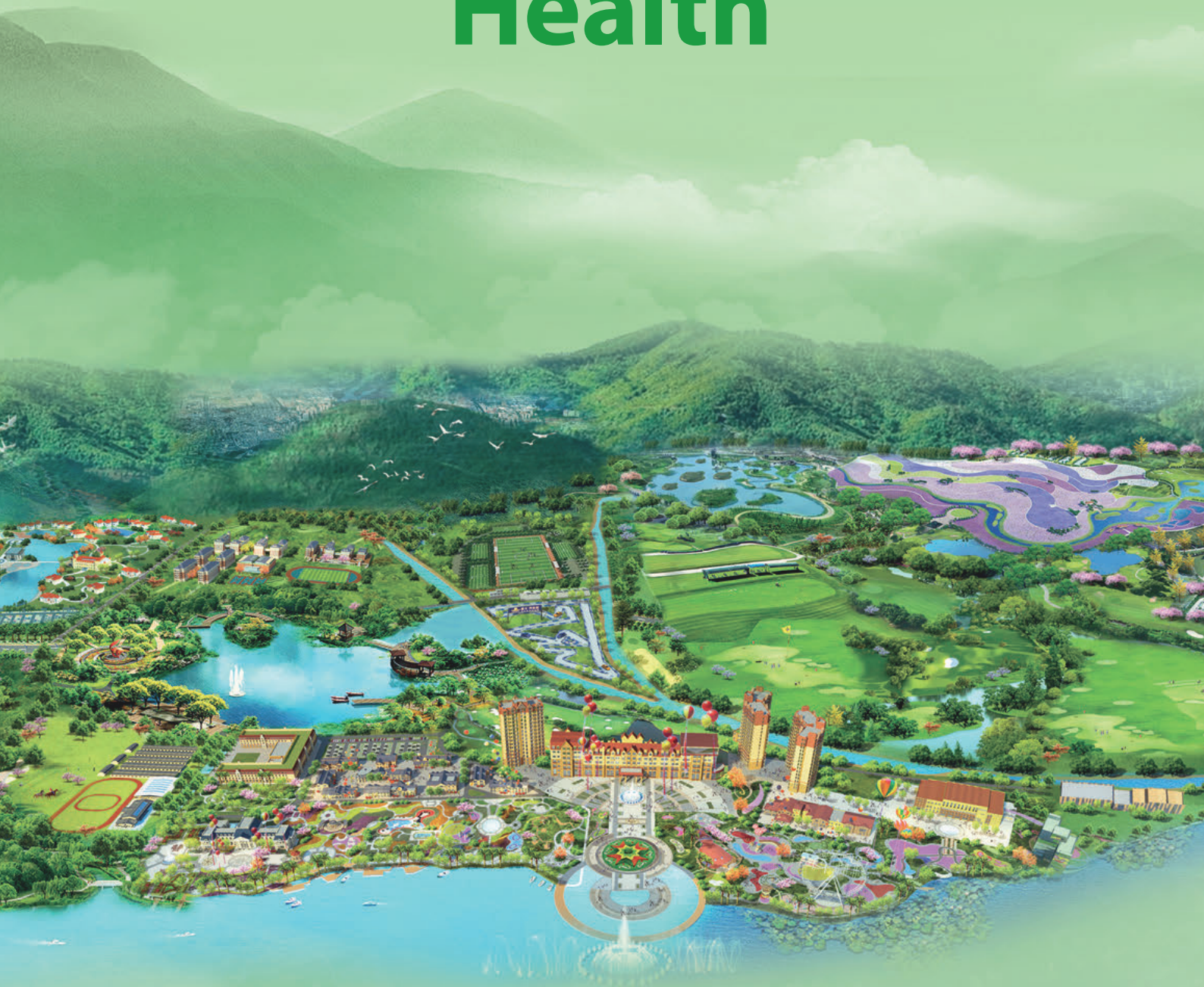
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



# Perfection

For **Supreme**

# Health



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# Environmental, Social and Governance Report

## I. ABOUT THIS REPORT

### Introduction

Evergrande Health Industry Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are pleased to publish the environmental, social and governance report of 2019 (the “**Report**”) to describe the Group’s policies, practice and performance in the fulfillment of its environmental and social responsibilities. It is the intention of the Group to respond to the stakeholders’ concerns and expectations with transparent and objective information disclosure, and pave the way for the Group’s sustainable development by joining hands with all sectors of society.

### Scope of Reporting

The general disclosure and key performance indicators of social issues contained in the Report cover the Group’s principal businesses<sup>1</sup>, while key performance indicators of environmental issues cover all businesses in the health management segment and certain businesses in the new energy vehicle segment<sup>2</sup>, in order to reflect the substantive nature of the Group’s operating performance during the year.

The reporting period of the Report is 1 January 2019 to 31 December 2019, which is consistent with the Group’s financial year, with appropriate extensions forward or backward in certain parts.

### Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance (ESG) Reporting Guide (the “**ESG Reporting Guide**”) in Appendix 27 to the Rules Governing the Listing of Securities on Main Board of the Stock Exchange of Hong Kong Limited, in strict compliance with the disclosure obligations under the “comply or explain” provisions and selectively makes disclosures under the “recommended disclosures” in accordance with the business nature of the Group.

The index of subject areas, aspects, general disclosures and key performance indicators under the ESG Reporting Guide is set out in detail in “Appendix I: Directory for the ESG Reporting Guide” of the Report for quick reference.

<sup>1</sup> The principal business activities of the Group include “Internet+” community health management, international hospitals, elderly care and rehabilitation (collectively, the “**health management segment**”), as well as the investment in high technology new energy vehicle manufacture (collectively, the “**new energy vehicle segment**”).

<sup>2</sup> Further details on the coverage of key performance indicators of environmental issues are set out in the section headed “Protect the Environment and Safeguard our Home” of the Report.

# Environmental, Social and Governance Report

## Principle of Reporting

The Report upholds the following principles for reporting: materiality, quantitative and consistency.

Principle	Meaning	Response from the Group
<b>Materiality</b>	The Report shall focus on ESG issues with material impact on the investors and other stakeholders.	The Report identifies material ESG topics through communication with the stakeholders and takes into consideration the business nature, mode of operation and location of operation of the Group.
<b>Quantitative</b>	Key performance indicators shall be quantitative.	Where feasible, the Report provides key performance indicators in a quantitative manner with explanations for ease of assessment and verification of the Group's ESG policies, practice and performance.
<b>Consistency</b>	The Report shall apply consistent methods for statistical disclosures for meaningful comparison of ESG statistics in the future.	The Report has compared current and historical key performance indicators and information in different aspects for ease of conducting year-by-year comparisons of the Group's performance.

## Source of Information

All data and materials contained in the Report are derived from the Group's official internal documents, statistical reports and third party questionnaire survey results. The Report is reviewed and published by the board of directors, who is responsible for the truthfulness, accuracy and completeness of its contents. The Group warrants that there are no false representations or misleading statements contained in, or material omissions from the Report.

# Environmental, Social and Governance Report

## II. CONSOLIDATE THE FOUNDATION AND BACKBONE FOR RESPONSIBILITY

Being socially responsible is in the gene of a quality enterprise's sustainable development. The Group firmly believes that sustainable development and an evergreen foundation are only attainable through giving back to the public and creating profits simultaneously, as well as existing in harmony and unity with the society and the environment.

### 1. Concept of Sustainable Development

The Group bases itself on the practical needs of China and the world for sustainable development, and mankind's dream of a sustainable future. Actively responding to the national strategies of "Healthy China" and "Empowerment through Technology" in China, the Group maps out its development with the goal of contributing to human well-being and achieving a better life, lays out planning on the healthcare industry and the new energy vehicle industry, actively integrates and introduces quality resources both at home and abroad, leads a healthy lifestyle through tangible corporate actions, and creates social value to reduce and lighten the burden on the government, with dedication to becoming an outstanding corporate citizen.

#### Social Responsibility

The Group adheres to the concept of contributing to the country with efforts in doing business, integrates "prioritize responsibilities, be accountable and benefit the society" into the corporate culture, and creates social value through tangible corporate actions to reduce and lighten the burden on the government, with dedication to becoming an outstanding corporate citizen.

#### Global Vision

Adhering to the tenet of "giving play to each party's advantages to achieve mastery", the Group proactively introduced leading international medical teams and advanced medical technology to strengthen the international development of its healthcare services and new energy vehicle products. The Group aims for in-depth integration and localization of international healthcare service models with local resources, explores innovative and personalized ways to provide healthcare services and resolve major healthcare issues in a systematic and differentiated manner, in order to satisfy people's increasing needs for upgrading in health consumption.

#### Build and Share Together

Leveraging the Internet, high-tech and other measures, the Group promotes the rational allocation and sharing of domestic and international quality resources, while also initiating research and development (R&D) cooperations to increase the rates of contribution and achievement transformation of technical innovation for the healthcare industry and the new energy vehicle industry, thereby contributing to mankind's health and green development.

#### Health Dream

The Group will integrate more medical resources, ceaselessly explore innovative service models, and strive to improve domestic livelihood while promoting the prosperity of the healthcare industry, in order to achieve the common vision of a better life in terms of both physical and spiritual health and contribute to the early realization of the "dream of health".

# Environmental, Social and Governance Report

## 2. Sustainable Development Governance Structure

The Group's corporate governance structure provides a solid safeguard for its sustainable development practices on an organizational level. Through top-down hierarchical planning, the Group is able to implement its sustainable development policies effectively and ensure the integration of performance of environmental and social responsibilities into its management decisions, business operation and corporate culture.

The Group has established an ESG risk management and internal control system. As the highest decision-making body, the board of directors is responsible for the Group's ESG matters, and guides the sustainable development efforts by way of regular monitoring and assessing relevant strategies. The leadership of the Group, headed by the chairman of the board of directors, forms the leading body, and is responsible for the risks and opportunities in the ESG aspects faced by the Group, and incorporates the relevant identification, analysis, evaluation, response and reporting mechanisms into the management strategy. The Group's management at the headquarters, together with the management of its subordinate segments, forms the coordinating body, and is responsible for designing specific implementation rules, procedures and controls according to relevant management strategies, coordinating various resources and supervising the implementation of various business units in the ESG fields.

### Sustainable Development Governance Structure



## Environmental, Social and Governance Report

With its continuous business expansion, the Group will continue to improve the above risk management and internal control systems and deepen the sustainable development strategies in various areas including compliance, environmental protection, labor practices, product responsibility, supply chain sustainability, social investment and brand building, in order to adequately guide its own sustainable development as well as that of its partners, and effectively safeguard the interests of the stakeholders.

### 3. Compliance Operation

With the trend of diversified development and cross-regional operation of the Group, effective control of compliance risks throughout all operating segments and locations has become one of the focal points of governance. In view of the characteristics and risk exposure of different businesses, each business segment of the Group has formulated a contract management system, which regulates critical issues such as contract legal review and contract signing, and provides guidelines for procedures for legal affairs such as litigation and engagement of external lawyers, to actively avoid the risk of non-compliance with laws and regulations. To further strengthen its compliance management capability, the Group carried out a number of performance improvement initiatives in 2019, including establishing an online contract legal knowledge base, streamlining administration and instituting decentralization and optimizing services of business departments.



For laws and regulations relating to ESG issues with significant influence on the Group's business operations, please refer to "Appendix II: List of Applicable Laws and Regulations" of the Report.



# Environmental, Social and Governance Report

## III. ESTABLISHING A STRONG CHANNEL OF COMMUNICATION WITH ENGAGEMENT FROM MULTIPLE PARTIES

The Group maintains close communication with stakeholders with an honest and open attitude, and takes into account stakeholders' concerns and suggestions in devising sustainable development direction and strategies, and as a guideline for information disclosure.

### 1. Stakeholder Communication

The Group has established a multi-channel communication mechanism which includes a complaints hotline, an official website and WeChat Official Accounts, and organizes, among others, industry seminars, stakeholders' online questionnaire surveys and employee communication activities to understand and respond to the demands and expectations of various stakeholders in a timely manner. A mechanism for increasingly regular stakeholder engagement helps the Group regularly review the impact of business operation on the environment and society, which is conducive to reinforcing the mutual trust and win-win relationship between the Group and stakeholders, and contributes to the achievement of the Group's vision of sustainable development.

Stakeholders	Related issues	Communication and response
Employees	<ul style="list-style-type: none"> <li>• Equal employment and talent team building</li> <li>• Occupational health and safety</li> <li>• Employee training and development</li> <li>• Remuneration, welfare and employees' rights protection</li> <li>• Prevention of child labor and forced labor</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure employment compliance</li> <li>• Improve training mechanism</li> <li>• Ensure fair promotion</li> <li>• Provide competitive remuneration</li> <li>• Comply with labor standards</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product R&amp;D and technological innovation</li> <li>• Product safety and quality management</li> <li>• Health management service and experience</li> <li>• Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a global automotive research institute</li> <li>• Develop standard quality management processes</li> <li>• Carry out customer communication and research</li> <li>• Implement strict customer information confidentiality regulations</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Comply with laws and regulations</li> <li>• Anti-corruption and anti-commercial bribery</li> </ul>	<ul style="list-style-type: none"> <li>• Improve compliance management</li> <li>• Conduct anti-corruption supervision and training</li> </ul>
Industry associations	<ul style="list-style-type: none"> <li>• Promote healthy industry development</li> <li>• Protect intellectual property rights</li> <li>• Establish industry quality benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in industry seminars</li> <li>• Apply for patent protection</li> <li>• Participate in the development of industry standards</li> </ul>

## Environmental, Social and Governance Report

Stakeholders	Related issues	Communication and response
Shareholders	<ul style="list-style-type: none"> <li>• Protect shareholders' rights</li> <li>• Obtain return on investment</li> <li>• Disclose important information</li> </ul>	<ul style="list-style-type: none"> <li>• Convene general meetings</li> <li>• Enhance profitability</li> <li>• Publish regular reports</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Achieve mutual development</li> <li>• Supply chain management and sustainable development</li> <li>• Anti-corruption and anti-commercial bribery</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent tendering and procurement process</li> <li>• Carry out continuous supplier evaluation</li> <li>• Sign letters of integrity</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Social public welfare</li> <li>• Resource saving and recycling</li> <li>• Disposal of waste water, waste gas and other wastes</li> <li>• Ecological environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out charity activities</li> <li>• Recycle resources</li> <li>• Compliant processing of emissions and wastes</li> <li>• Green building and green manufacturing</li> </ul>

### 2. Materiality Assessment of ESG issues

The Group recognizes that the focal concerns of the stakeholders can improve the effectiveness and materiality of the Group's ESG information disclosure. In 2019, the Group conducted research on stakeholders through online questionnaire surveys, face-to-face interviews and other methods to determine the extent of importance each stakeholder community attaches to the material ESG issues, in order to obtain their opinions and suggestions on the Group's environmental and social policies, practices and performance, accurately identify the reporting focus for the year and effectively respond to demands and expectations.

# Environmental, Social and Governance Report

The procedure of the materiality assessment for ESG issues for the year is as follows:



## Step 1: Identify ESG issues

According to the Group's business development in 2019 and taking into account the national policies, industrial trends and disclosure requirements in the ESG Reporting Guide, identify 20 material ESG issues in the four aspects, namely environment, employment and labor practices, operation management and social investment.



## Step 2: Conduct research

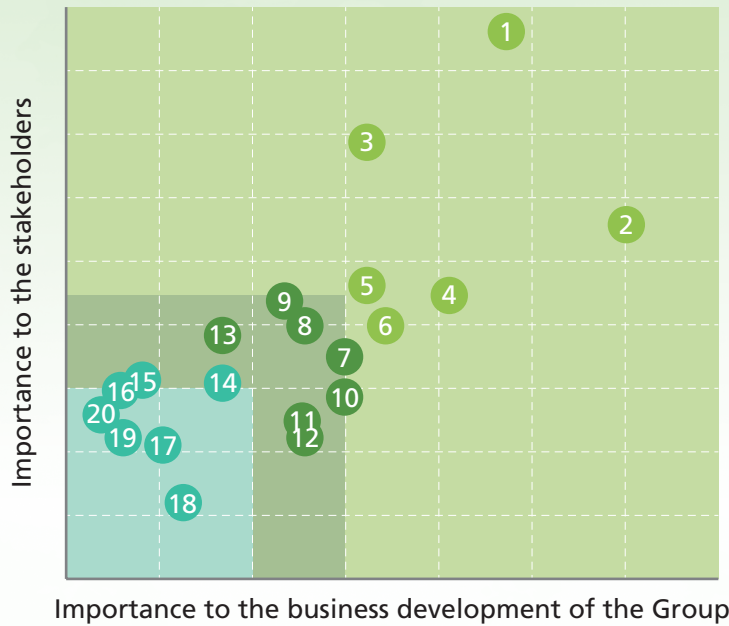
Invite internal and external stakeholders to participate in surveys through anonymous online questionnaires, and collect their ratings of the 20 material ESG issues, as well as their evaluations, suggestions and expectations for the Group in the environmental and social areas.



## Step 3: Determine materiality

Classify the stakeholders into internal and external stakeholders, and prepare the ESG materiality matrix based on the average rating of each category and determine the priority ranking. Management of the Group reviews the materiality assessment results and stakeholders' opinions and determines the disclosure focus for the year, which will form the basis for the ESG management objectives for the next year.

# Environmental, Social and Governance Report



Very Important	Important	Less Important
1 Safety and quality management	7 Occupational health and safety	14 Health management service and experience
2 Protection of intellectual property rights	8 Ecological environmental protection	15 Green operation
3 Anti-corruption and anti-commercial bribery	9 Information security and privacy protection	16 Compliance management and anti-unfair competition
4 Product R&D and technological innovation	10 Employee training and development	17 Promote industry development
5 Supply chain management and sustainable development	11 Remuneration, welfare and employees' rights protection	18 Resource saving and recycling
6 New energy power	12 Equal employment and talent team building	19 Disposal of waste water, waste gas and other wastes
	13 Prevention of child labor and forced labor	20 Social public welfare

According to the results of the 2019 materiality assessment, "safety and quality management", "protection of intellectual property rights", "anti-corruption and anti-commercial bribery", "product R&D and technological innovation", "supply chain management and sustainable development" and "new energy power" were rated as the six most material ESG issues. The Report discloses relevant information on each ESG issue in the subsequent sections and elaborates on the ESG issues that are relatively more material. At the same time, based on the materiality assessment results, the Group will continue to step up its efforts to enhance the Group's ESG management capabilities and resource investments, in order to better fulfill its corporate civic responsibilities and deepen its sustainable development practices.

# Environmental, Social and Governance Report

## IV. ACTIVE PLANNING TO BUILD A HIGH-QUALITY BRAND

Based on national strategic planning, the Group seizes the development opportunities in the healthcare industry and the new energy vehicle industry. With the mission of building a strong national enterprise and contributing to the well-being of mankind, the Group is committed to creating excellent product quality, explores innovative service models, facilitates the integration and sharing of resources, maintains a transparent business environment and operates with a high sense of responsibility.

### 1. Committed to Creating Excellent Product Quality

People's livelihood is the ultimate priority. As an experienced cultivator in the strategic development of health management and new energy vehicle, both areas concerning people's livelihood, the Group has an in-depth understanding of the unique importance of quality and safety in people's livelihood, and regards high-quality products as the solid cornerstone for sustainable operation.

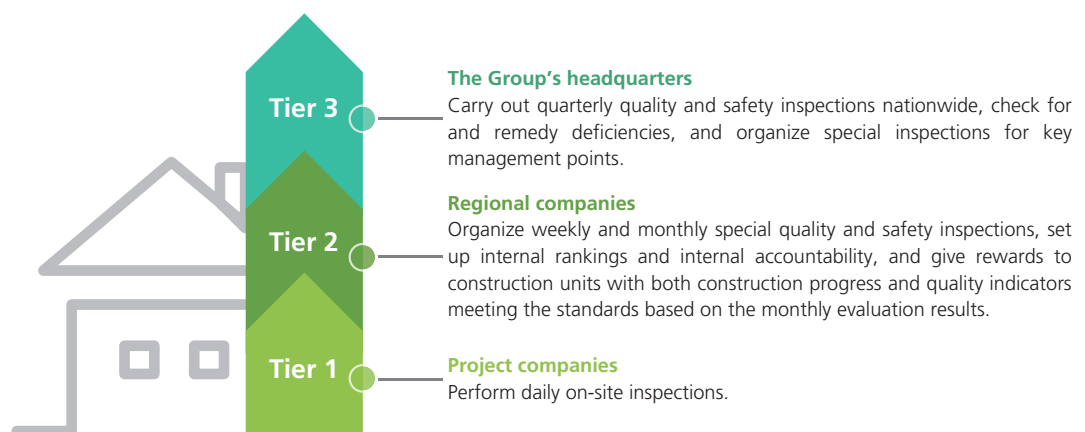
#### (1) Construction of high-quality buildings

The development and construction of the main body of the health projects is the carrier of the Group's health management business. To ensure project quality, the Group strictly complies with the national and regional laws and regulations of its places of operation, including the Construction Law of the People's Republic of China and the Regulations on the Quality Management of Construction Projects. The Group has formulated and implemented policies such as the "Project Construction Management System", "Project Construction Management Manual", "Management Measures for Large-scale Earthworks" and "Implementation Measures on Construction Quality Hammer", as well as guidelines such as the "Guidelines for the Construction of Four Gardens" and "Guidelines for the Construction of Standard Henghe Hospitals" for specific projects. At the same time, the Group has formulated and implemented local standards and rules according to requirements of local authorities such as the housing and construction departments, in order to effectively ensure compliance, safety and high quality of the construction projects.

#### *Three-tier quality management structure*

In order to ensure implementation of the project quality and the safety management and control system, the Group has established a bottom-up three-tier quality management structure composed of project companies, regional companies and the Group's headquarters in the health management segment, and set up project departments in the project companies, project management departments in the regional companies and the project management and supervision center at the Group's headquarters, forming a designated line for construction project management policy formulation, implementation guarantee and implementation supervision:

#### Three-tier quality management structure of construction projects



## Environmental, Social and Governance Report

### *Full-process risk management and control*

With a comprehensive system and sound management structure, the Group is able to achieve full-process risk management and control over construction projects:



In 2019, the Group formulated the "Quality Hammer Mechanism" and established an internal "Quality Hammer" team composed of professional engineers in the health management segment. The "Quality Hammer" team focused on the supervision of six quality issues, namely structural safety, water leakage, hollow cracks, false or inferior materials, irregular concentric reducers and sizes, and poor decoration details. If a substandard product is identified, it will be demolished and re-constructed immediately, and it will be reflected in the monthly quality compliance rate.

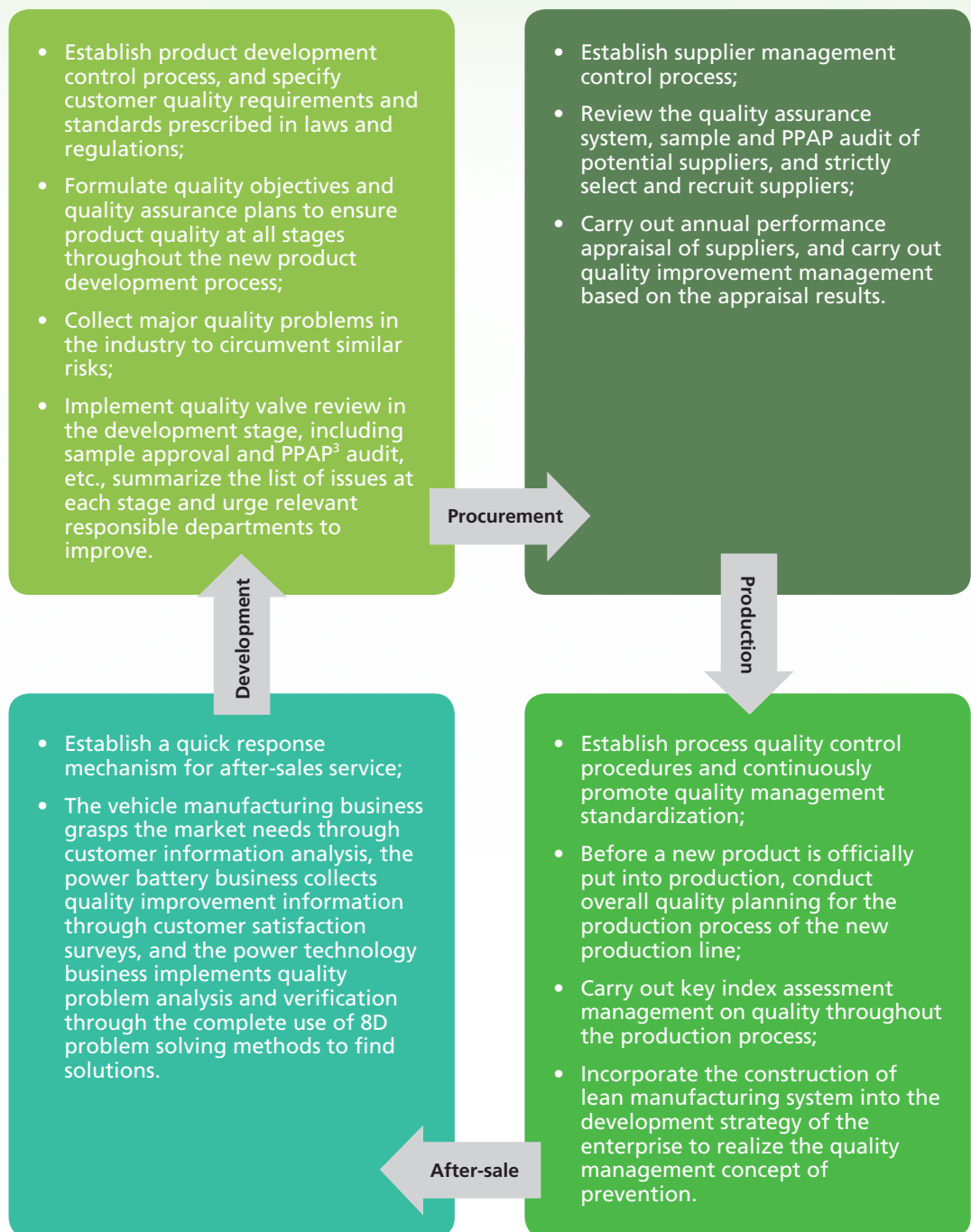
### (2) Manufacturing first-class vehicles

With the development orientation of "product quality must be world-class" and the quality policy of "safety-oriented, technology-leading, excellent quality and continuous improvement", the Group adopts the concept of whole life cycle quality management and conducts quality control throughout every key segments of the new energy vehicle industry layout.

# Environmental, Social and Governance Report

## Whole life cycle quality management

The Group strictly abides by the laws and regulations of the countries and regions where it operates, such as the Production Safety Law of the People’s Republic of China, the Product Quality Law of the People’s Republic of China and the Management Regulations on the New Energy Vehicle Manufacturing Enterprises and Product Access, and has implemented the whole life cycle quality management of new energy vehicles.



<sup>3</sup> Production part approval process, which specifies the general requirements for the approval of production parts including production parts and bulk materials.

## Environmental, Social and Governance Report

### *Quality management system construction*

The Group actively implements the construction of quality management system. In particular, the vehicle manufacturing business is based on ISO 9001:2015 and IATF 16949:2016 standards, integrating the related requirements of ISO 26262:2016 automotive active functional safety and Aspice embedded software development guidelines to carry out quality system construction; the power battery business has obtained ISO 9001:2015 and IATF 16949 quality management system certification; the power technology business has obtained TUV LOC certification, and is also carrying out IATF 16949:2016 quality management system construction.

The Group has formulated performance evaluation standards for the new energy vehicle quality management system and established an internal audit team with extensive experience in quality system management to conduct multiple internal audits of the quality management processes, including annual internal audits, rolling system internal audits, process audits and product audits, promptly and proactively discover quality control issues, and realize systematic and standardized quality control. Through the annual management review meeting organized every year, the Group regularly reviews and evaluates the current status of the quality management system and identifies opportunities for improvement of the quality management system to ensure the adaptability, effectiveness and adequacy of the operation of the quality management system.

In 2019, the Group established a senior expert team for quality management of the power battery business. The team is mainly composed of foreign experts and is responsible for tackling key quality issues arising from the R&D and manufacturing of new energy vehicle battery as well as continuous quality improvement. The research on quality issues is carried out in forms of research group, horizontally covering different fields such as technology R&D, techniques, quality and production. The scope involves quality problems commonly found during the production and manufacturing process of products. At present, five special topics in relation to quality improvement have been established, and a number of expert training sessions has been carried out to improve the ability to analyze and solve quality problems.

### *Risk management and control mechanism for defective products*

The Group attaches great importance to the quality and safety of sold products, and has established a comprehensive risk management and control mechanism for defective products to resolve the problems as fast as possible and mitigate their impact to the greatest extent.

In response to the actual operation of each business, the Group separately formulated targeted policies to provide specific guidelines for the management of defective product risks: the "Vehicle Recall Management Measures" and the "Major Market Quality Problem Management System" of the vehicle manufacturing business clearly specify the reporting level, feedback time and response mechanism for different quality problems to ensure that such quality problems, especially major quality problems, are quickly responded to, analyzed and resolved rapidly, and ensure the safety of customers' vehicles; the "Storage and Transportation Management System" of the power battery business ensures that defective products identified after sales can be returned through the customer service department and can be repaired or replaced in a timely manner, providing customers with a smooth and efficient product quality solution channel; the power technology business puts into practice the "Unqualified Product Control Program", implementing corrective and preventive measures, establishing a ledger system to systematically track and manage the quality problems, and organizing monthly quality meetings to analyze and report on a monthly basis, so that the quality problems can be managed and improved. In addition, the Group has also established a leading team and a special team in respect of vehicle product recalls to follow up on and handle vehicle product recalls.

In 2019, there were no sold and shipped products of the Group that required recalling due to safety and health issues.



# Environmental, Social and Governance Report

## 2. Explore innovative service models

The Group adheres to the corporate mission of improving the people’s happiness index and focusing on the actual needs of the society. With a comprehensive service system, lean service standards, multi-dimensional interactive channels and comprehensive safeguards, the Group creatively builds an excellent and progressive service support system.

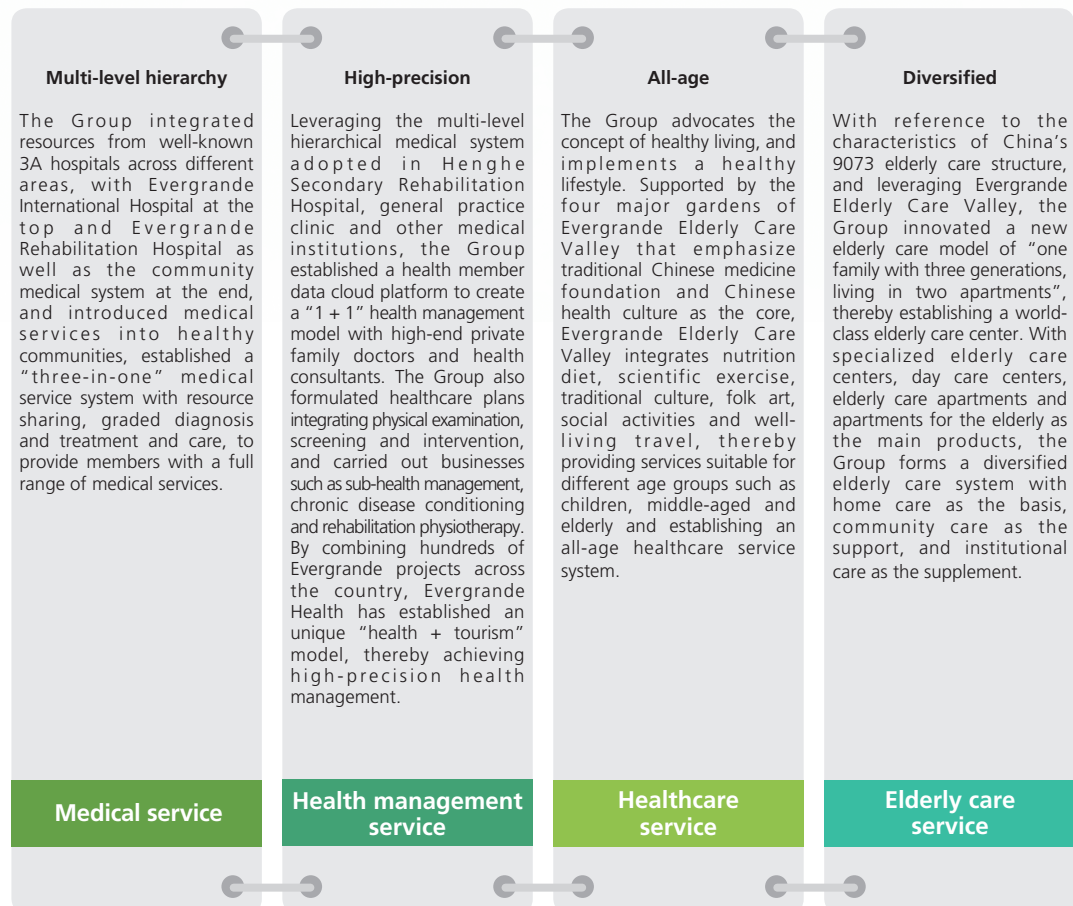
### (1) Build a healthy life

The Group actively engages in the healthcare industry and advocates the innovative service concept integrating preventative, medical, healthcare and health insurance services. With the six major systems comprising medical treatment, health management, healthcare, elderly care, medicine and medical devices, and life sciences, a service system consisting of all-age healthcare, multi-level hierarchical medical services, high-precision health management and a diversified elderly care system, and a membership service model, the Group proactively shares the medical pressure in the society, focuses on improving the quality of people’s healthy life, helps people realize the “dream of health ” as soon as possible, and strives to build a harmonious society that provides with “education, medical care, housing, and old-age support” for all.

#### *Comprehensive service system*

By integrating resources such as first-class elderly care and healthcare, health management, and medical insurance, the Group has innovatively created the leading product “Evergrande Elderly Care Valley” and used it as a carrier to design a whole life cycle, all-round and all-age health service system from pre-pregnancy, infants to centenarians.

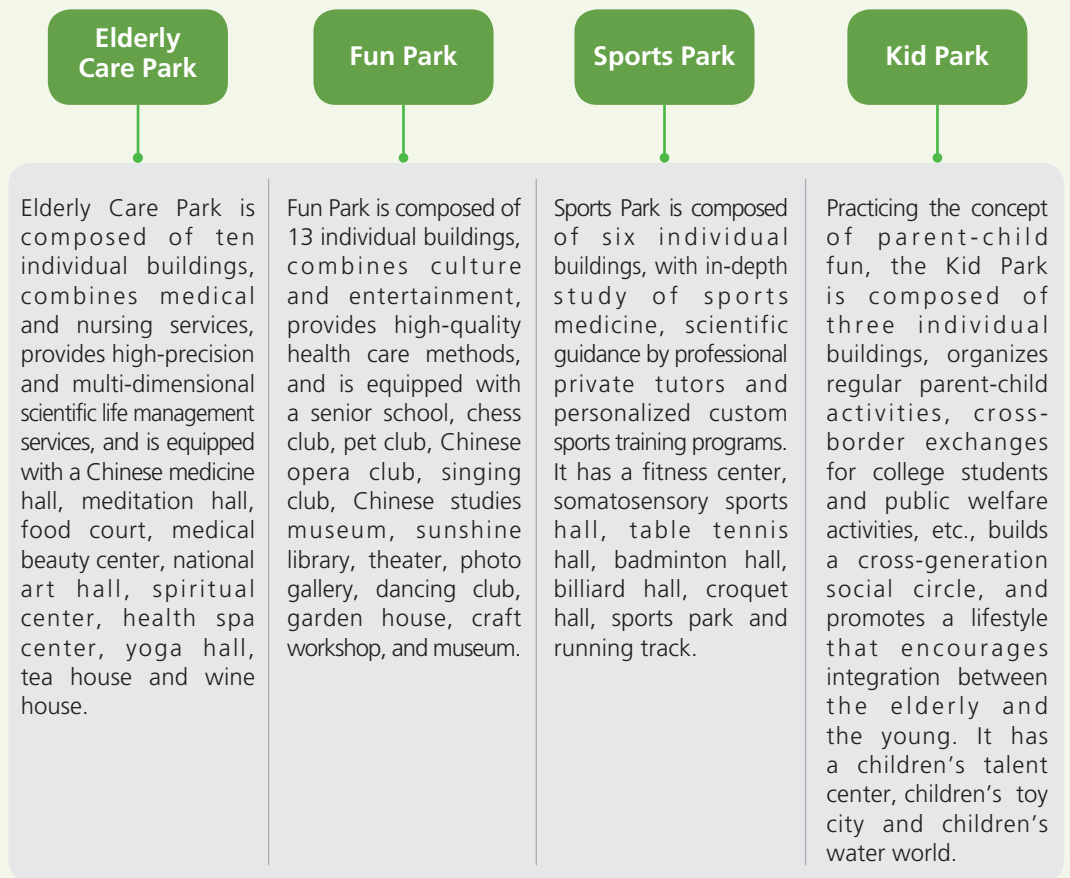
### All-round and all-age health service system



## Environmental, Social and Governance Report

### Four major gardens of the Evergrande Elderly Care Valley

The four major gardens of the Evergrande Elderly Care Valley include the Elderly Care Park (頤養園), the Fun Park (長樂園), the Sports Park (康益園) and the Kid Park (親子園). Equipped with service facilities that are suitable for all ages, the four gardens provide a good foundation for the elderly to live peacefully in old age, harmonious and amicable family life, and healthy life for all ages.

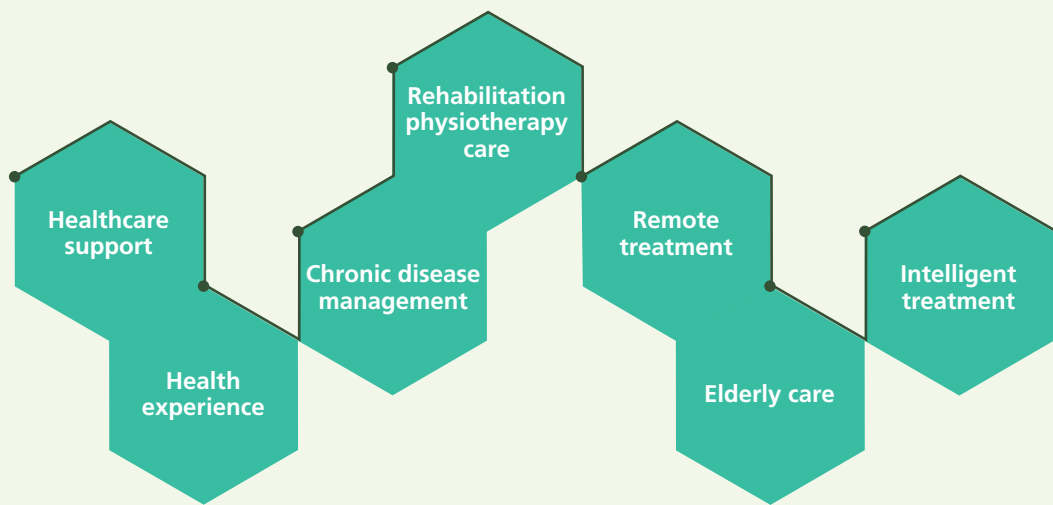


As at 31 December 2019, the Group had established Evergrande Elderly Care Valley in 23 livable cities such as Sanya, Xi'an and Zhengzhou, and completed the organization of the seven major service projects, i.e. healthy and wellness living, elderly care, education, lifestyle, leisure, spirit and travel. And the four major gardens, i.e. Evergrande Elderly Care Valley in Nanjing, Xiangtan, Yuntai Mountain and Shenfu, had entered the service exhibition stage, where some services became available for experience.

## Environmental, Social and Governance Report

### “Three-in-one” medical service system

The Group is extending the medical network led by international hospitals to the community, integrating high-quality medical resources such as talents, technology and equipment, constructing a community health management service system covering “medical, catering, living, travelling, studying, exercising, caring and insurance” and providing community medical and health services, including traditional wellness living, basic diagnosis and treatment, physical examination and chronic disease management; in regard to the elderly, the Group offers services including home care, nursing and rehabilitation, creating a “15-minute health service circle”. In the future, the Group will rely on Evergrande’s platform to establish a “three-in-one” nationwide medical service system comprising information exchange, graded diagnosis treatment, and integration of medical and health caring, as supplemented by medical beauty and anti-aging, to create a brand new experience of life nourishment.



Boao Evergrande International Hospital, invested in and constructed by the Group, being the only overseas affiliated hospital of Brigham and Women’s Hospital in the United States, officially commenced operation in February 2018. In November of the same year, Boao Evergrande International Hospital was rated as a class three oncology specialist hospital. Through gathering outstanding medical experts worldwide and consolidating medical resources such as technology, equipment and the latest medicament, and introducing the advanced multi-discipline comprehensive diagnosis and treatment model, Boao Evergrande International Hospital offers leading international cancer screening, diagnoses, treatments and rehabilitation services. In addition, Boao Evergrande International Hospital also takes advantage of the policy advantages of the pioneer zone and draws on the outstanding achievements of Brigham and Women’s Hospital in the field of medical research to create a high-standard clinical research and conversion platform. On 8 August 2019, Boao Evergrande International Hospital and a large 3A hospital, the First Affiliated Hospital of Hainan Medical University, formally established a medical consortium cooperative relationship to share high-quality domestic and international medical resources. The two parties will establish a two-way collaborative mechanism to carry out cooperative projects such as two-way referral, remote pathology, imaging consultation, physician training, expert sit-in patrol and nursing practice training base. In addition, the two parties will also jointly carry out clinical researches specializing in phase I drug clinical trial wards.

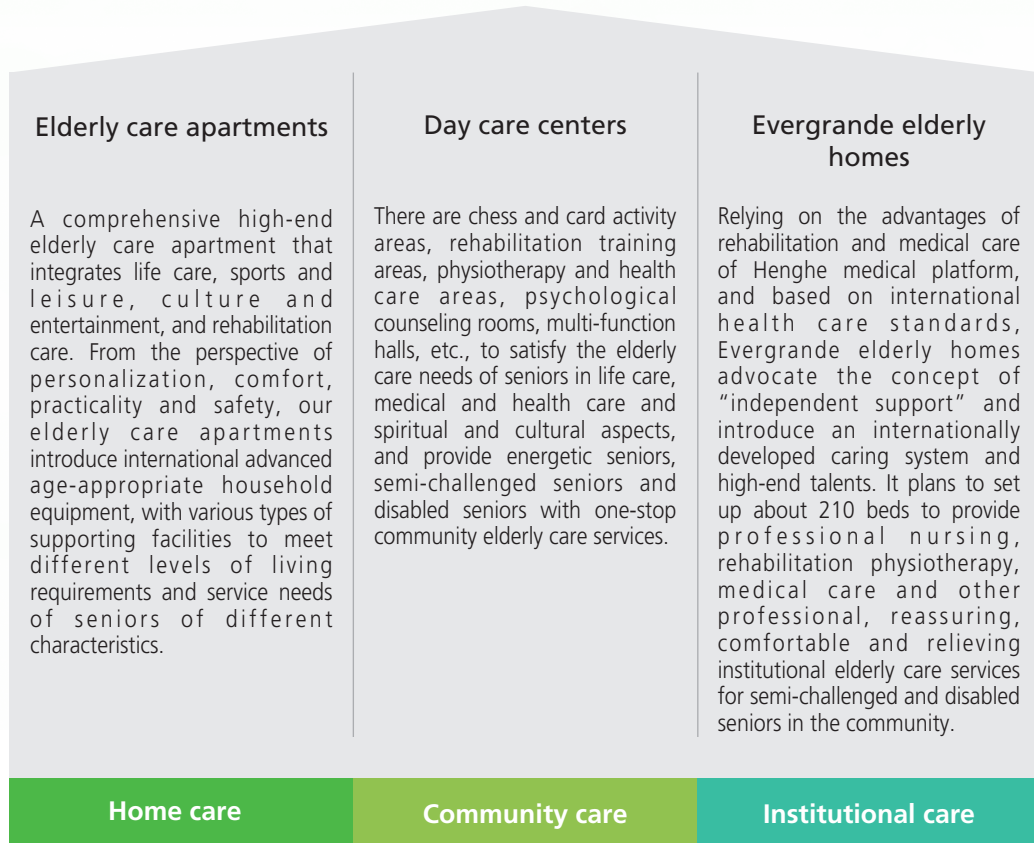


Opening ceremony for the signing of the consortium cooperation agreement between Boao Evergrande International Hospital and the First Affiliated Hospital of Hainan Medical University

# Environmental, Social and Governance Report

## Multi-level health care service system for the elderly

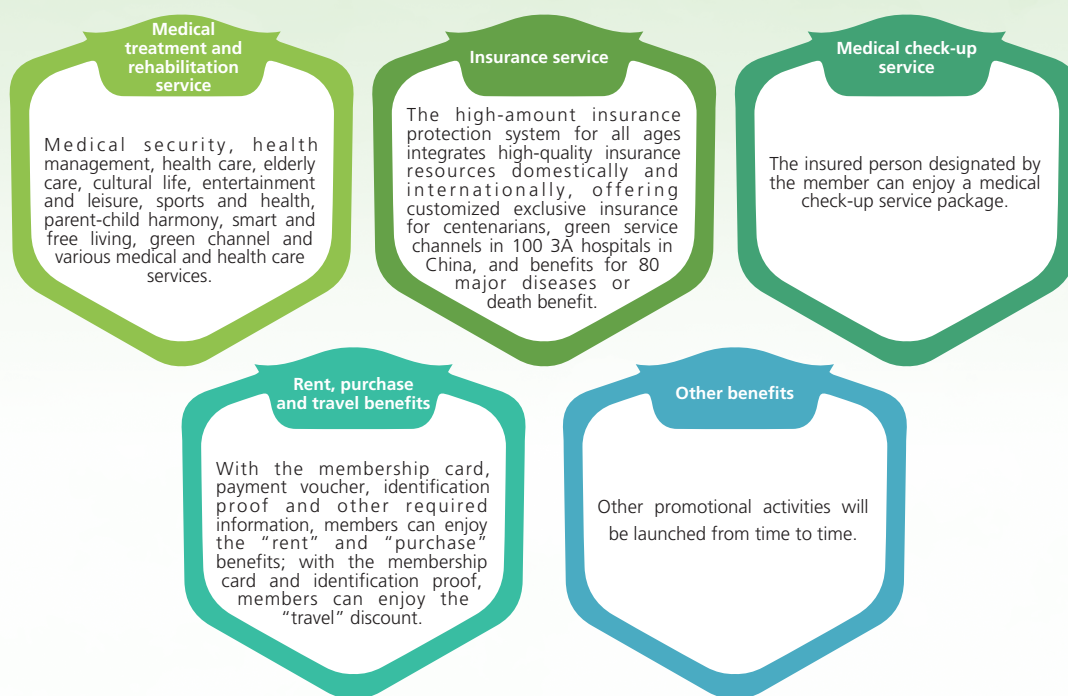
The Group combines the international developed elderly care model and builds a multi-level elderly care service system which is home-based, supported by the community and supplemented by the integration of medical and health care services; with elderly care apartments, day care centers and Evergrande nursing homes as service carriers, the Group provides 90 elderly care services in 5 categories spanning over home elderly care, community elderly care and institutional elderly care, which comprise 50 professional nursing services, 20 general care services, 7 leisure and entertainment services, 2 nutrition and diet services and 11 other services. The Group wishes to make due contributions through concrete actions in the process of dealing with the country’s increasingly severe population aging problem.



The Group has created a high-end health membership service mechanism to ensure full implementation of a comprehensive all-age health service system. It is the Group’s vision to improve the quality of healthy lives of its members. To this end, the Group has built a “rent, purchase and travel” membership service model, and designed five membership rights and interests, which provides customers with flexible ways to become members, and meets the diverse needs of the members.

## Environmental, Social and Governance Report

### Membership rights system of Elderly Care Valley



#### Lean service standards

In order to ensure the high service level of all-round all-age health services, the Group has formulated and implemented the "Management Measures for Elderly Care Valley Management Company", "Health Operations Work Guidelines", "Operation Service Quality Standards for Elderly Care Valley" and other systems to establish a standardized management framework for Elderly Care Valley services and specify its service standards. Meanwhile, for projects that have currently commenced service experience, the Group also formulated and implemented the "Service Quality Standards for Medical Care Exhibition and Experience Centers" and the "Guidance for the Connection Between Medical Care Exhibition and Experience Centers and the Four Major Gardens", providing further guidance on the service output of the medical care exhibition and experience centers.

In 2019, the Group held a number of expert consultant review meetings, in which the expert review team evaluated the technical processes and technical instrument forms, sorted out the high-risk points of the service, put forward suggestions for improvement, and improved the product plan based on the evaluation results to ensure the service quality and safety, and prevent potential risks.

On the other hand, Boao Evergrande International Hospital was built to a high standard with the participation of experts from Brigham and Women's Hospital. A world-renowned architectural design company was responsible of the overall design of the hospital. According to the international JCI<sup>4</sup> certification standards, the design of the hospital medical service flow fully reflects the principle of centering on the patients. At the same time, the hospital is equipped with international advanced hardware facilities and information systems to ensure safe and high-quality medical services and humanistic care for patients. The hospital has formulated and implemented management systems such as the "Medical Quality Assessment Measures", the "Core Medical Rule", the "Core Nursing Rule", the "Interim Measures for Medication Management", the "Management Measures for Medical Devices and Supplies" and the "Emergency Plan for Medical Safety Incidents" to specify the responsible institutions and requirements for medical treatment quality and safety management, formulated 18 work flow guidelines for appointments, outpatient reception, and sterilization and cleaning of medical devices, appliances, and items, and specified the work requirements, processes, and standards in all aspects of medical service work.

<sup>4</sup> JCI is a subsidiary of the Joint Commission on Accreditation of Healthcare Organizations (the "JCAHO"), which certifies medical institutions outside of the U.S. At present, JCI has provided guidance to and evaluation of public and private medical and health institutions and government departments in more than 40 countries in the world. 89 medical institutions in 13 countries including China have passed the international JCI certification.

## Environmental, Social and Governance Report

### (2) Listening to market voices

In order to respond to and resolve customer complaints in a timely manner and improve customer satisfaction, the Group has formulated and implemented the “After-sales Service Management Measures” and the “Management Measures for the Pre-control over After-sales Risk and Complaint Handling”, establishing the defining standards of complaints at all levels and the requirements for the supervision orders and the demand dispatch forms, which stipulate the time limit for return visit, entry and required time for completion of customer complaints at all levels, and the complaint can only be closed upon handling of such complaint and when the client has no objection. The after-sales service department of the regional companies in relation to the health management segment will conduct a daily return visit, with a coverage reaching 100%, to the closed complaints by telephone, and the after-sales service center at the Group’s headquarters will conduct a weekly return visit, with a coverage of more than 10%, to the closed complaints by telephone as a random inspection to verify the authenticity of the conclusion of cases. If customer complaints have not been effectively resolved for a long time, the supervision level will be further escalated, and the rectification of improper behaviors such as failing to conduct return visit, enter, complete the complaint handling within the required time limit, or fraud or shirking responsibility will be supervised.

The Group has developed and launched the Elderly Care Valley membership service system. It publishes service news and notifications to members through the WeChat port. It conducts member surveys from time to time to understand the needs and expectations of members for better improvement of services. At the same time, the Group assigns dedicated customer service staff to respond to customer comments and suggestions, and to create smooth and convenient communication channels for members and owners.

#### **Market research on Elderly Care Valley**

In July 2019, the Group conducted an online survey on members and associate members across the country through the WeChat port of the Elderly Care Valley membership service system to sort out the pain points and needs of different groups of people and to obtain valuable opinions for the continuous improvement of high-precision and multi-dimensional services. A total of 3,633 valid customer questionnaires were collected in this survey, which covered 8 Elderly Health Valleys in Nanjing, Zhengzhou, Yangzhou, Xiangtan, Xi’an, Yuntai Mountain, Sanya and Shenfu, with the geographical distribution of respondents mainly in Henan, Jiangsu, Hunan and other provinces, except Tibet and Qinghai. The Group sorted out a total of 178 demands according to the three customer groups of elderly, middle-aged and children, which effectively assisted the refinement and deepening of health management services.

### (3) Protect customers’ rights and interests

The Group is fully aware that with regard to the success of its operations, a prudent attitude towards customer information and privacy and external dissemination of information is as important as the growth of its results, and it is the foundation for establishing a corporate image of integrity.

#### *Protection of customers’ information and privacy*

In order to protect the security of customer information and privacy, the Group continues to comply with the “Confidentiality System of Evergrande Group” and the “Information Security Management Measures of Evergrande Group” and other relevant systems, and carries out training of information security and privacy for employees of all ranks who may access or manage customer information to strengthen relevant employees’ awareness of customer information and privacy protection so that they are very familiar with the standard procedures for accessing, handling and reporting on relevant information. In addition, employees must sign a confidentiality agreement when signing their employment contract. The confidentiality agreement specifies the confidentiality requirements that employees must follow during and after employment.

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In response to the information and privacy of members of the Elderly Care Valley, the Group has specially formulated and implemented the "Management Measures for Membership Management System for Elderly Care Valley", which stipulates that the account permissions of the membership system shall be centrally assigned by the information center at the Group's headquarters to strictly keep member information and data confidential, closely monitors the scope of the use of any account that has the permission to modify or export customer information, strictly prohibits unauthorized access and unauthorized lending system accounts to others; if members' information and data are found to be leaked or misused, the Group will hold the responsible person accountable. Those who cause economic losses to the Company will be held accountable for legal liabilities. Regarding paper files of customers, a dedicated person is appointed for each project for the management thereof. The Group strictly complies with the management principle of "archiving before using". Should the need of extracting relevant files arise, it must be approved by the person in charge of the competent department at the Group's headquarters. In case any violation is found, the Group will issue warnings, or impose penalties, deductions of bonuses or salary reductions and other sanctions on the responsible person and the head of the relevant department depending on the severity of the circumstances.

In 2019, the Group piloted the confidentiality management system for information security in the pilot units of the new energy vehicle segment, and implemented and checked the implementation of the system through training of system content and confidentiality and assessment of information security. At present, the new energy vehicle segment is conducting further research, preparation and revision of the information security management system and the code of conduct of information security.

### *Compliance marketing and promotion*

The Group strictly abides by the laws and regulations of the countries and regions where it operates, such as the Advertising Law of the People's Republic of China, formulated and implemented the "Management Measures for Marketing Planning", the "Brand Management Measures" and the "Management Measures for Official Self-media" and other systems, and strictly reviews publicly released promotional words, materials and sales commitments to ensure that the trademarks of the Group are not misused. The Group also ensures that external dissemination of financial, legal, technical and other information is true and accurate and that the description of products or services, promotion of development plans and visions are in line with the current development and reasonable development expectations of the Group in order to prevent the misrepresentation or exaggeration of publicity content and to prevent consumers, investors and other stakeholders from being misled.

## 3. Integrate and share resources

By means including investment, mergers and acquisitions and cooperation, the Group promotes the rational allocation and integration and sharing of high-quality resources at home and abroad. Meanwhile, the Group carries out R&D cooperation to help increase the growth contribution rate and achievement conversion rate of technological innovation for the new energy vehicle industry, contributing to the sustainable development of mankind.

### (1) Leading core technology

In accordance with the self-positioning of "core technology must be world-leading" and the forward-looking layout, the Group has quickly established the first domestic new energy vehicle industry chain of "automobile R&D and manufacturing + core EIC technology + marketing channel" and equipped each link throughout the automobile industry chain with the world's top new energy vehicle technology.

## Environmental, Social and Governance Report

In the automobile R&D and manufacturing process, the Group inherited Saab Automobile AB's brand genes of "driver and vehicle in one, flying on the ground (人車合一、貼地飛行)" by acquiring a controlling interest in NEVS in Sweden. Meanwhile, the Group established a joint venture with Koenigsegg, which is a world-class leading supercar manufacturer and has gained the world's leading position in terms of light-weighting, electrification, smart driving and other technologies. With respect to EIC system link of "electric-machinery systems, battery systems and electric-control systems", the Group has world-leading power battery technology and international advanced top-class electric in-wheel powertrain technology of e-Traction in the Netherlands and Protean in Britain. In addition, through cooperation with BENTELER and FEV Group in Germany, the Group has obtained the world-leading intellectual property rights of new energy auto 3.0 chassis architecture.

### NEVS: Electric for the future

NEVS has a number of independent R&D intellectual property rights, as well as strong new energy vehicle R&D capabilities which can only be found only in a handful of counterparts, possessing strong new energy vehicle technology advantages.

The NEVS Phoenix series pure electric vehicle independent R&D platform has invested more than 2 million hours in development, making NEVS one of a few of the world's leading companies with positive new energy vehicle R&D capabilities. With the in-depth cooperation with Mimer in Sweden and Phantom Auto in the United States, NEVS's automatic driving technology has also achieved mass-production application.

NEVS Sweden has the world's top-level electric smart car R&D center, a global R&D team with more than 500 people and a diversified international management team, with more than 1,800 employees.

NEVS has been approved by the National Development and Reform Commission and the Ministry of Industry and Information Technology in China for new energy vehicles. There are 487 electric vehicle companies in China, and only 10 companies have obtained such license.

Independent R&D platform

Independent intellectual property rights

Top R&D center

Saab bloodlines

Leading qualification

NEVS's independent R&D of intellectual property rights cover the EIC power systems, Internet of Vehicles, production and manufacturing, and other fields, such as battery cooling systems, vehicle safety systems and vehicle air purification systems, all of which are the world's leading technologies.

Saab is the only car brand in the world with all models which meet the Euro NCAP five-star safety standard. Saab launched its first car model as early as in 1947. Saab is known for its sophisticated technology, strong power and outstanding safety performance in the era of fuel vehicles.



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### *Progressively promote the construction of independent R&D capacity*

In order to further deepen the achievements of high-tech transformation, the Group has actively invested in R&D. At the same time, the Evergrande New Energy Automotive R&D Institute Global Headquarters was established, which integrates a globally integrated R&D model with collaborative R&D in countries including China, Sweden, Germany, the United Kingdom, the Netherlands, Austria, Italy, Japan and South Korea, and continues to strengthen independent R&D capabilities.

### **Evergrande New Energy Automotive R&D Institute Global Headquarters**

On 22 October 2019, the inauguration of the Evergrande New Energy Automotive R&D Institute Global Headquarters and the signing of the Evergrande New Energy Automobile Project were held in Shanghai. The New Energy Automobile Institute Global Headquarters aims to build a full R&D business value chain that covers forward-looking technology research, product planning, concept design, engineering design, and trial production verification. It is expected that 3,000 persons will be recruited for the domestic and foreign senior R&D and management teams of high-end new energy vehicles for the first phase.



The unveiling ceremony of New Energy Automotive R&D Institute Global Headquarters

At the same time, the Group has also established the Global Battery Research Institute, built three major R&D bases, and established a world-leading R&D team comprising foreign experts, thus developing a top class R&D center which integrates technological R&D, product innovation and nurtures high-end talents. By improving the standardized design standards and design development process systems of various products, the Group comprehensively optimizes the technical level and independent R&D strength.

## Environmental, Social and Governance Report

### Evergrande New Energy Technology Global Battery Research Institute

In 2019, the Group established the Global Battery Research Institute with research areas including four technology sectors, namely battery cell design, battery pack system, production technology and advance development. At the same time, the Group set up China Research Institute and Japan Research Institute. The Global Battery Research Institute is committed to technology research for the development of battery cells, power battery pack, battery management system, equipment, manufacturing engineering, core production technology, development quality and test research in the full industry chain of power battery of new energy vehicle. It is also responsible for research on cutting-edge technologies such as new battery system development, advanced technology development, battery technology, solid-state batteries, hydrogen fuel cells, battery materials, and next-generation materials. In the next three years, it plans to invest RMB3 billion, and increase the number of staff to 3,000, 50% of whom have doctorate degrees or master degrees, and 50% of whom have undergraduate degrees.

### *Strategic cooperation for co-building of industrial ecology*

The Group adheres to the tenet of “giving play to each party’s advantages to achieve mastery”, introduces top international resources with a broad international perspective, and actively cooperates with all parties to create world-class products.

### Strong alliance with international automotive engineering leaders

On 2 September 2019, Evergrande New Energy Automobile Group, a subsidiary of the Group, signed an agreement with BENTELER Group and FEV Group in Germany on the transfer of intellectual property rights for 3.0 chassis architecture. This move can save R&D efforts for more than three years, greatly shorten the R&D and manufacturing cycle of new vehicles, and will further consolidate the Group’s strong technical advantages in the field of new energy vehicles.



Intellectual Property Rights  
Transfer Ceremony of  
Evergrande New Energy  
Auto 3.0 Chassis Architecture

# Environmental, Social and Governance Report

## Comprehensive cooperation with automotive technology giant

On 25 September 2019, Evergrande New Energy Automobile Group, a subsidiary of the Group, held a signing ceremony for the strategic cooperation in R&D design with world's leading automotive engineering technology giants in Shenzhen. They will conduct simultaneous R&D covering 14 new car models and key technologies for the whole series from the top type to the classic type.

The five major giants which signed the agreement are all leading companies in the field of automotive engineering technology. They possess the world's top engineering technology in the entire process of vehicle R&D, such as chassis, body-in-white, powertrain, electronic appliances, vehicle integration, and interior and exterior body decoration. In particular, FEV, one of the world's three most authoritative internal combustion engine R&D institutions, has a 41-year history and a R&D team of 6,500 people in 45 countries; Magna Steyr, one of the world's three major auto parts suppliers, has a 120-year history and an automotive engineering R&D team of 13,000 people in 28 countries; EDAG, an independent automotive design company in Germany, has a 50-year history and a R&D team of 8,600 people in 18 countries; IAV, an automotive engineering technology company in Germany, has a 36-year history and a R&D team of 8,100 people in 12 countries; AVL has a 71-year history and a R&D team of 10,400 people in 34 countries. Over the past few decades, these companies have developed countless classic car models for Ferrari, Porsche, BMW, Mercedes-Benz, Audi, Toyota, Ford and other world-renowned car companies.



Signing ceremony of R&D design strategic cooperation of Evergrande New Energy Auto

This strategic cooperation is not only an important milestone for the Group's new energy vehicle business, but also a milestone for China's new energy vehicle industry, and it is of epoch-making significance in the history of the world's automobile industry.

## Environmental, Social and Governance Report

### *Manufacturing-academy-research for R&D technology reserves*

The Group also provides technology reserves for the R&D of advanced battery systems and new material systems through the cooperation of manufacturing, academic, and research institutions, with the help of professional R&D forces from research institutions and universities.

- From 1 May 2017 to 1 May 2020, the Group commissioned Shanghai University to carry out a three-year project on “R&D of Key Materials for High Specific Energy Lithium Ion Batteries”. Up to now, a number of research results of this project have been published in top international energy journals such as *Journal of Power Sources*, *ACS Sustainable Chemistry & Engineering*, and *Journal of Materials Chemistry*.
- From 1 November 2017 to 30 October 2019, the Group commissioned the Shanghai Advanced Research Institute of the Chinese Academy of Sciences to conduct a two-year R&D project on the “Development and Application of Fuel Cell High Performance Non-precious Metal Catalysts”. The Group applied for two invention patents and published two SCI papers with the use of the research results. The above results were shared by the Group and the Shanghai Advanced Research Institute of the Chinese Academy of Sciences.

In addition, the Group is accumulating power and expanding its production and research base. In addition to the three production bases located in Trollhättan in Sweden, and Tianjin and Shanghai in China, the Group has also carried out strategic cooperation with Guangzhou and Shenyang to construct new bases that include the three major industries of new energy vehicles, namely the new energy vehicle R&D production bases, new energy battery R&D production bases, and motor R&D production bases, by making full use of automobile industry foundation and cluster advantages in Guangzhou, as well as solid equipment manufacturing foundation, strong component support capabilities, and a complete automotive industry system strength in Shenyang.

## (2) Protection of intellectual property rights

The Group strictly abides by the laws and regulations of the countries and regions where it operates, such as the Trademark Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China, and the Patent Law of the People’s Republic of China, and has formulated and implemented a series of intellectual property rights management systems to regulate application, registration, filing, change of ownership and related information management of intellectual property rights. Moreover, the Group has implemented relevant regulations through training promotion and continuous monitoring.

### *Intellectual property rights management policies and systems*

According to the actual operation of each business, the Group has separately formulated intellectual property rights management standards and established intellectual property rights management policies and systems.

- The “Contract Legal Affairs Management System” of the health management segment stipulates that employees should promptly declare trademarks, domain names, copyrights and patents in a timely manner, and related matters such as acquisition, change, renewal, license use, transfer, and cancellation thereof must be subject to strict review. At the same time, special management systems for trademarks, domain names, copyrights, patents and others were also formulated, which comprehensively and systematically regulated the division of labor at all levels and the management level system, and application for registration, authorization, protection, supervision and inspection of intellectual property rights.

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- The Group has formulated the “Intellectual Property Rights Management System” and “Patent Reward System” for the new energy vehicle segment to regulate the creation, protection, use and management of intellectual property rights, specify the responsibilities of each unit of intellectual property rights management, and formulate the daily maintenance and management process including applications, transfers, and daily search analysis. The Group also controls the relevant information not to be leaked with the confidentiality clauses of commercial secrets, and promotes technological innovation by rewarding R&D results. The above systems also regulate the work flow of the internal power battery R&D project, related patent applications, and infringement case handling.

### *Increase awareness of intellectual property rights protection*

The Group cultivates the awareness of intellectual property rights protection of relevant personnel through activities such as training on interpretation of intellectual property rights system, special training on intellectual property rights, and training on patent submission process. The Group also strengthens the intellectual property rights management capabilities of key personnel with specific focuses. For example, for personnel involved in trademarks, the Group conducts practical training from time to time, including legal practice of trademark registration application, follow-up management of trademark application approval, legal analysis and interpretation of trademark classic rights protection cases, etc.; for employees involving in R&D, the Group cultivates their patent awareness through training and communication to help them understand the characteristics of patents, learn how to explore the patent features from R&D results, how to prepare patent technology submissions, and how to apply for patents and other process knowledge.

### **Training for Intellectual Property Rights**

On 22 August 2019, the Group conducted a special patent search training for more than 60 new energy vehicle R&D personnel in Guangzhou, Shanghai and Tianjin to help R&D personnel understand and master the use of the patent search database, prompting R&D personnel to use patent information in the automotive industry in a reasonable way to find suitable innovation areas.



Special training for intellectual property rights

### *Intellectual property rights management and monitoring system*

The Group has established an online and offline, comprehensive and timely monitoring system of health management business intellectual property rights and emergency response mechanism to help the branding and legal departments and related business departments of the Group to detect, respond to and handle intellectual property rights infringement incidents in a timely manner, crack down on counterfeiting and inferiority, trademark infringement and other illegal acts, maintain market order and its own legitimate rights and interests. Regarding the new energy vehicle business, the Group stipulates that for new products, new materials, new technologies and new designs which the development before and after the launch is involved in patent matters, the legal department will conduct a patent search; only those without infringing on the patent rights that others have applied may proceed with the subsequent patent development.

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### (3) Support industry development

The Group regards industry development and its growth as one community with shared future, and promotes the industry development with the major goal and sense of mission as a strong national enterprise.

#### *Participating in industry seminars*

The Group has joined industry associations such as China Automotive Engineering Society, China Mobile Robot And AGV Industry Alliance, Power Battery Testing Alliance Seminar, and is actively participating in industry discussions, exchanging technological developments, and paying attention to industry trends.

#### **China International Mobile Robot (AGV) Industry Development Summit Forum**

On 23 October 2019, the 2nd China International Mobile Robot Industry Development Summit Forum was held at Shanghai New International Expo Center. Evergrande New Energy Automobile Group participated in this forum as an industry association unit like China Mobile Robot and AGV Industry Alliance. The forum brought together representatives of outstanding entrepreneurs, experts and scholars in the industry, focusing on the current status and trends of the mobile robot market. With the development of Industry 4.0, smart manufacturing, and smart logistics, the global AGV robot market has achieved significant development; the output value and volume have increased by leaps and bounds; the application market has been continuously expanded; and the technical performance has been continuously improved. The topics of this forum included the current status and development trends of mobile AGV robot technology, innovative applications of warehousing robots, industry trends of internal functional logistics warehousing construction, and research on AGV robot natural navigation innovation technologies, which are closely related to the intelligent development of mobile robot related industries.



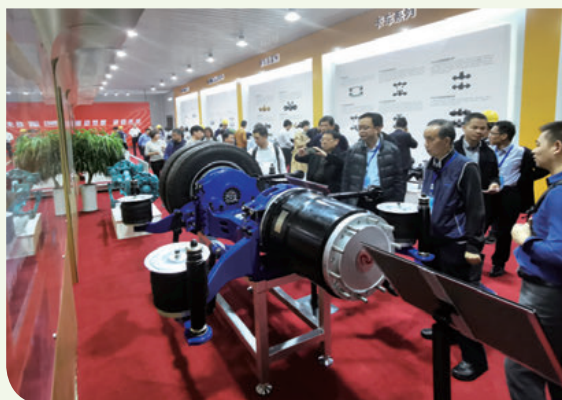
China International Mobile  
Robot (AGV) Industry  
Development Summit  
Forum

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### **“Passenger Transport and its Development” of 2019 China Passenger Car Academic Annual Conference**

On 6 January 2020, the 2019 China Passenger Car Academic Annual Conference, hosted by the Passenger Car Branch of the China Highway & Transportation Society and with the theme of “passenger transport and its development”, was grandly opened in Liuzhou, Guangxi. Nearly 200 leaders and guests from China Communications Construction Co., Ltd., Passenger Car Branch of the China Highway & Transportation Society, Science Research Institute of the Ministry of Transport, industry experts, as well as bus manufacturing companies and manufacturing companies of related parts, universities, research institutes and testing institutions, and representatives of the unit attended the meeting.

At the meeting, He Chun of the Group gave a keynote speech on “Electric In-wheel Powertrain and Decentralized Drive Technology”, and introduced an electric in-wheel powertrain drive system that uses a direct drive mode and removes a series of components such as transmission systems with a series of advantages such as higher mileage, optimized vehicle structure, good vehicle stability, high comfort level, good reliability, and economical maintenance. After the meeting, the staff of the Group accompanied all participants including representatives from Yutong Bus, Jinlong Bus, Yinlong Bus, BYD Auto and other participants to visit Liuzhou Fangsheng Axle Plant and the electric in-wheel powertrain drive axle.



The Group took the opportunity to show its technology and promote its products to the passenger car industry, upstream and downstream industries, and government management departments. The participants also had a strong interest in the Group’s sharing and products, actively participated in exchanges, and put forward their respective suggestions and opinions on the product and technical fields. It enabled the development of Evergrande’s electric in-wheel powertrain drive axle to receive more support and encouragement, and the Group also received more useful opinions from industry experts.

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### *Participate in the drafting of industrial standards*

In response to the call of the Ministry of Industry and Information Technology of the People's Republic of China, Evergrande Neoenergy Technology Group under the Group, together with 23 companies and institutions including China Automotive Research Center (中國汽車研究中心), SAIC Motor Corporation Limited and Shenzhen BYD Auto Co., Ltd., co-drafted multiple industrial standards for power storage batteries tests and experiments in 2009, including "GB/T 34014 Coding Rules for Automotive Power Storage Battery" (《GB/T 34014汽車動力蓄電池編碼規則》) and "GB/T 31485 Safety Requirements and Test Methods for Power Batteries for Electric Vehicles" (《GB/T 31485電動汽車用動力蓄電池安全要求及試驗方法》). Such set of standards was integrated and issued by the National Technical Committee of Auto Standardization, and became important standards in the new energy vehicle industry.

## 4. Maintain a transparent business environment

Adhering to the principle of strict control, integrity and self-discipline, the Group actively promotes the supply chain's commitment to environmental and social responsibilities, and maintains an honest and trustworthy business environment along with its partners.

### (1) Forge a healthy supply and demand chain

The Group strictly complies with the laws and regulations of the countries and regions where it operates, including the Bidding Law of the People's Republic of China and the Government Procurement Law of the People's Republic of China, and formulated and implemented the "Bidding and Tendering Management Rule" and "Supply Control Procedures" and other systems, to ensure effective supply of the Group's production, living materials and services based on the Group's development strategies and environment policies and establish mutually beneficial development and equal cooperation relationship with suppliers.

#### *Full life-cycle management of suppliers*

The Group selects suppliers by way of "recruitment first, bidding later". Based on different levels of authority, the Group sets up the bidding leading team and invitation team to procure suppliers according to the "back-to-back" principle, forbidding any individual recommendations. Recruited suppliers need to pass, among others, the qualification review and on-site inspections before being entered into the cooperation unit list.

The Group sets up recruitment period and quality assurance conditions for suppliers, carries out monthly, quarterly and yearly evaluations, and assesses and ranks all suppliers on the cooperation unit list, the results of which will be one of the factors determining the future scope of cooperation. After the completion acceptance of each construction project, the Group will hold an evaluation meeting on the performance quality and performance capability of the construction unit. Based on evaluation results of the meeting, suppliers with poor team financial ability, poor management, low technical level, serious delay in construction period, poor quality materials, non-compliance behaviors such as bidding collusion and major quality or safety incidents will be included in the "Temporary Non-cooperative Unit List" and publicized in the internal system. The suppliers on the list are not allowed to undertake any project of the Group and the internal responsible person of the Group will be subject to administrative penalties.



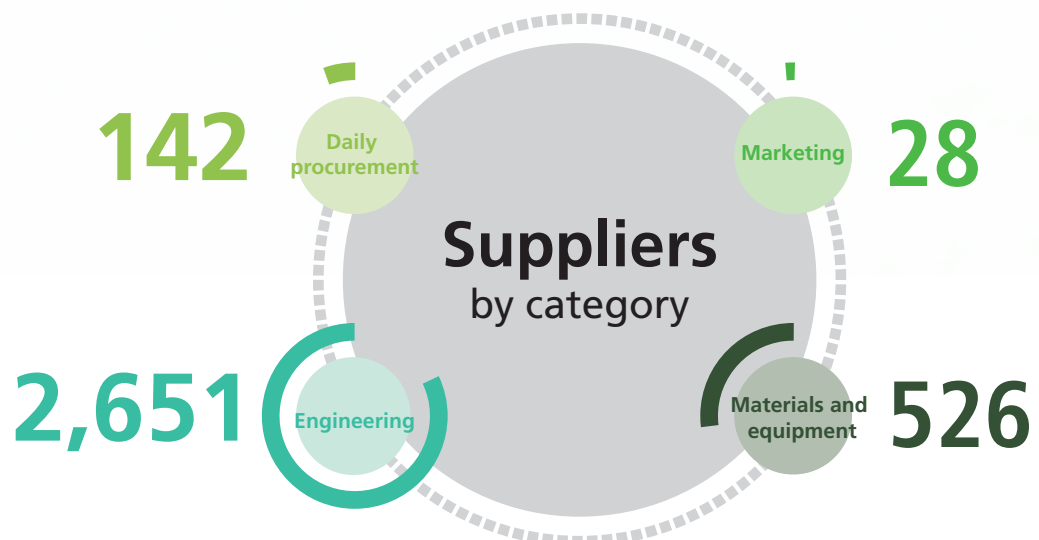
## Environmental, Social and Governance Report

### *Environmental and social responsibility requirements of the supply chain*

By entering into the “Undertaking to Never Use Prohibited Substances” with suppliers for the new energy vehicle business, the Group requires the “control of prohibited substances (lead or its compounds, mercury or its compounds, cadmium or its compounds, hexavalent chromium, polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs)) to be in accordance with the requirements under BT/SGMWJ 0849 ‘Requirements for Prohibited Substances in Automobiles’ (《汽車禁用物質要求》) for all materials used for supplied parts”. In addition, the Group has a special clause in the annual contract, stipulating that “the products supplied and raw materials used must comply with the national/regional/industry environmental standards (specifications, regulations), and it is forbidden to use any materials explicitly prohibited and restricted for use by the national/regional/industry environmental standards (specifications, regulations)”, to ensure the suppliers meet national, regional and industry environmental requirements.

The Group has formulated and implemented the “Management Measures for the Rights and Interests of Migrant Workers”, regularly performing a comprehensive inspection of the labor contract signing and salary payment of the construction units, and implementing the accountability for risk management of the rights and interests of migrant workers to the general manager of the project and the general manager of the construction department to supervise the management and supervision of the compliance of the construction units, thus effectively protecting the rights and interests of migrant workers. In the contracts with the new energy vehicle business suppliers, the Group stipulates that they are “responsible for the acts (including but not limited to intentional, negligent and other breaches of contract) of all subcontractors, subcontract agents, service personnel and staff of subcontractors” to urge suppliers to strictly control their social impact.

As at 31 December 2019, the Group had 3,347 suppliers, including 3,327 based in Mainland China and 20 overseas. Details of which are as follows<sup>5</sup>:



<sup>5</sup> Scope of disclosure of suppliers include: all domestic companies of the Group and certain overseas companies, including Shanghai CENAT New Energy Company Limited (日本卡耐新能源株式會社) and Evergrande CENAT New Energy Japan Research Institute (株式會社恒大新能源日本研究院).

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### (2) Establish a clean business atmosphere

The Group strictly complies with laws and regulations of the countries and regions where it operates, including the Anti-Unfair Competition Law of the People's Republic of China and Anti-Monopoly Law of the People's Republic of China, opposes any form of corruption and fraud, and requires each employee to follow the core work requirement of "integrity and self-discipline". The Group has formulated and implemented the "Management Measures for Supervision Against Corruption" and "Management Measures for Cash Gifts and Gifts" to regulate the procedures of supervision against corruption, and ensure quality and efficient supervision. Under the direct leadership of the chairman of the board of directors, each segment inspection office of the Group independently exercises the supervision right and disposition right according to laws and regulations, and is responsible for the supervision against corruption on each unit's operating and management activities, as well as lawfully investigating and punishing internal and external personnel suspected of major violations, corruption or infringement of the Company's interests, in order to strengthen risk prevention and control and plug management loopholes.

Through integrity training and notification, daily supervision, setting up the reporting channel and strictly tracing reported clues, the Group strengthens its prevention and control of the risks of corruption from the perspectives of ex-ante, ongoing and ex-post, in order to establish a corporate atmosphere of integrity and fairness.

#### Ex-ante control

##### Explicit and honest work principle

- Give speeches on honest culture and warning education training for employees and promote an honest and fair work style.
- "**Integrity clauses**" are required to be set out in all bidding documents and contracts of all units under Evergrande Health.
- The Supervision Office at the Group's headquarters is responsible for supervising and implementing the setting up of "**Report Channel Notification Letter**" **bulletin boards** at prominent locations of the office area and business premises. Units and individuals are prohibited from altering, covering or damaging the contents.

#### Ongoing control

##### Conduct daily supervision and reporting

- The Inspection office at each level conducts daily supervision on operation and management, enhances procedure supervision on sensitive businesses and key positions, and proposes rationalized advice on operation and management after summarizing the management loopholes detected during supervision, and traces and implements the rectifications to promptly cease violations.
- The Inspection Office at the Group's headquarters sets up a **centralized reporting hotline, email, KK (instant communications software) and other channels** to receive whistle-blowing reports and complaints related to internal and external major violation, corruption and infringement of the Company's interests.

#### Ex-post control

##### Investigate suspicious behavior and transfer to the law office in serious cases

- The Inspection Office at the Group's headquarters performs unified standardization and management of received whistle-blowing reports and complaints, which are sent to inspection office branches for preliminary investigation according to content of the clues. The branches shall report the results from preliminary investigation within **three business days** to the Inspection Office at the Group's headquarters.
- Subject to approval by the chairman of the board of directors, the Group carries out case investigation against internal and external personnel who infringe the Company's interests and are suspected of committing crimes, and send them to the public security and judiciary authorities for investigation of their criminal responsibility according to relevant laws.

# Environmental, Social and Governance Report

The Group carefully works through risk points in the process of management and performance of key positions, and carries our regular anti-corruption publicity and education training by drawing on the common features and experiences in major cases to enhance employees' sense of integrity. Special anti-corruption training is conducted for sensitive segments to raise awareness for anti-corruption of personnel in sensitive positions and prevent corruption in high-risk areas through key explanations on internal and external economic crime cases, functions of the supervisory department and channels for complaints and reports.

## Education Training on Integrity

From 10 to 13 June 2019, the Group carried out education training sessions on integrity for the whole Group and at each level, participated by a total of more than 3,600 employees. The education training on integrity was divided into two major themes, namely Integrity Warning Education Film and Integrity Seminar, used edited videos of seven past internal corruption cases to enable the participants to have an intuitive, in-depth understanding of the severity of the consequences of corruption, lectures from the four aspects of the meaning of anti-corruption, brief introduction on the functions of the supervisory department, internal and external cases of economic crime and how to maintain integrity and self-discipline, introduced the connotation of the anti-corruption culture with a clear-cut red line, encouraged determination and confidence in participants to fight against corruption and raised overall awareness for anti-corruption.



Integrity cultural training of the health management segment

For risks of corruption in the supply chain, the Group sets out the integrity clause in all bidding documents and contracts, and requires any unit or individual not to alter, cover or damage the terms, reminds the suppliers to prevent the risks associated with corruption and bribery and report any non-compliance found during the cooperation process to avoid corruption in the supply chain. At the same time, the Group has set up reporting channels to encourage internal and external personnel to report corruption incidents, and strictly investigates on the clues obtained. The Group also regularly carries out anti-corruption training sessions for key positions such as procurement, to raise awareness of anti-corruption of internal and external personnel and keeps risks of corruption strictly in check.

## Environmental, Social and Governance Report

### V. RESPONSIBLE EMPLOYMENT AND CARING FOR EMPLOYEES' WELL-BEING

"People-oriented" is the development philosophy and corporate culture of the Group, as well as represents the Group's commitment as an employer. The Group strictly complies with laws and regulations of the countries and regions where it operates, including the Labor Law of the People's Republic of China, to effectively protect the employees' legal and development needs with sound rights protection, effective talent management and safe working environment, in order to continuously stimulate the inherent potential of human capital and achieve common development with employees.

#### 1. Sound rights protection

Basing its value on diversity, equality and reasonable remuneration, the Group has created a rights protection system for employees of respect, equality and mutual trust.

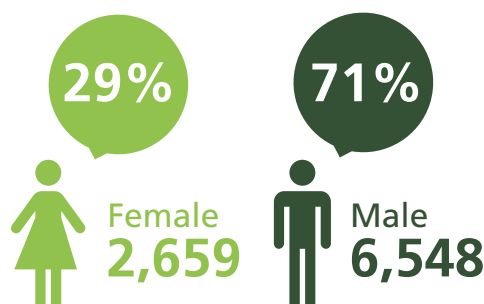
##### (1) Employment diversity and labor rights

The Group strictly complies with laws and regulations of the countries and regions where it operates, including the Labor Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Minors and the Decision of the State Council on Revising the Provisions of the State Council on Working Hours of Workers and Staff, and strictly prohibits minors under the age of 18, and strictly supervises the compliance of subordinate units and contractors. The Group requires the relevant units to check the identity documents of all candidates to ensure that their age meets the employment requirements; for the employee information to be completed through the internal system of the Group's works under construction, non-compliance must be corrected immediately if found during inspection. The Group does not approve of any forced labor practices, any overtime or work to be committed against the will of employees, and pays statutory overtime payment for voluntary overtime employees. In 2019, the Group did not find any cases related to the use of child or forced labor.

The Group has formulated and implemented the "Recruitment and Introduction Entry Management Rule", "Management Rule for New Employee Becoming Permanent", "Employee Resignation Management Rule" and "Labor Discipline Management Rule", recruits talents through multiple means including internal recruitment, internal promotion, online recruitment and job fairs, and ensures fair selection process. The Group strives to create a good working atmosphere of "the capable ascends while the mediocre retires", requires standardized regulations for the selection and appointment of employees, strictly prohibits the appointments, promotions and dismissal of employees from being treated differently on the basis of gender, ethnicity, origin and other aspects, so as to protect the legitimate rights and interests of employees on equal employment.

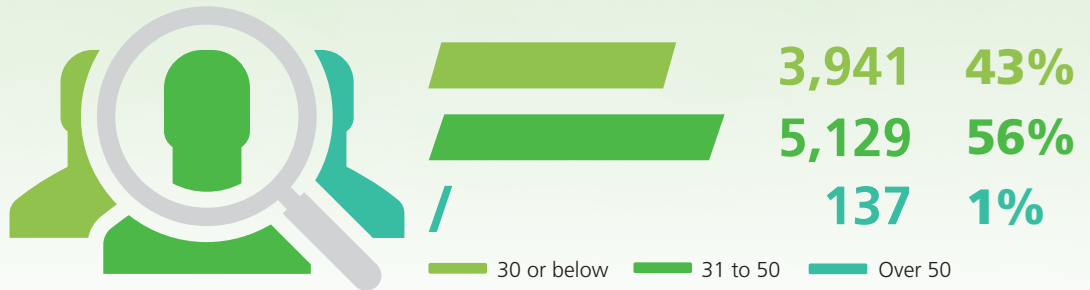
As at 31 December 2019, the Group's key employment performance indicators were as follows:

#### Number of employees by gender



# Environmental, Social and Governance Report

Number of employees by age group



Number of employees by position rank



## Environmental, Social and Governance Report

### (2) Employee remuneration and benefits

The Group has formulated and implemented rules such as the “Salaries Calculation Management Regulation”, the “Labor Contract Management Rule” and the “Management Rule for Social Security and Housing Provident Fund”, provides employees with remuneration and benefits that are in compliance with laws and regulations of the country or region where it operates and competitive in the industry, and purchases social insurance, medical assistance for major illnesses, and housing provident fund for all employees in accordance with law and regulations. The Group also purchases supplementary medical insurance for employees, and commercial insurance such as employer liability insurance for special staffs (eg. employment of retired staff, part-time staff, etc.), to provide comprehensive protection for employees. The Group complied with the statutory working time requirements and guarantees employees statutory holiday and adequate rest time according to relevant regulations, providing paid annual leave, sick leave, marriage leave, maternity leave, etc., to protect the legal rights of employees. The Group formulated corresponding vacation systems for special groups such as foreign personnel in accordance with the policies of their countries to enhance the sense of belonging. Meanwhile, the Group provided excellent benefits for employees in respect of food, housing, travel and other aspects, such as free self-served staff meals and meal subsidies, complimentary hotel-style staff apartments, complimentary shuttle bus transfer to and from work, holiday welfare gifts (such as shopping cards, book buying cards, mooncakes, etc.) and daily benefits (tickets discount, water benefit cards in summer, etc.).



Free self-served staff meals or meal subsidies



Complimentary hotel-style staff apartments



Complimentary shuttle bus transfer to and from work



Holiday welfare gifts



Daily benefits

### (3) Equal promotion opportunity

The Group has formulated and implemented rules and systems such as the “Personnel Transfer Management Rule” and the “Leading Cadre Selection and Appointment Management System”, and has constantly optimized the mechanism of employee performance appraisal, incentive and promotion, to guarantee the open and fair promotion of employees and to meet the needs of employees on career development.

In 2019, the health management segment commenced post fixing and streamlined organizational structure and staffing standards, and initiated the new post and staff system in May 2019. Meanwhile, it regularly organized and reviewed talents, held employee seminars and provided career guidance to employees to standardize promotion management, maintain close communication with the employees, promptly understand and respond to employees’ career development and demands and maintain a fair and healthy employment relationship.

In 2019, the new energy vehicle segment commenced annual evaluation of leading cadres, which assessed them in terms of comprehensive quality, work style, work performance, etc., and promoted outstanding talents based on the annual talent inventory results.

# Environmental, Social and Governance Report

## 2. Effective talent management

The Group has formulated and implemented the "Training Management Rule". In light of the characteristics of positions and practicality, the Group uses a combination of internal and external training which aims at enhancing the capabilities and technical expertise of our staff and building a healthy supply chain of talent, so as to guarantee the achievement of the Group's strategic goals. According to the current organizational development status of each business segment and the requirements for the formation of personnel echelons, the Group has designed a targeted talent training system, which formed a combination of training courses consisting of "Star Program" (恒星計劃), "Quality Talent Program" (優才計劃), "Command Talent Program" (將才計劃) and "Outstanding Talent Program" (英才計劃).

### Talent development system of the health management segment



Meanwhile, the Group enhanced the composition of internal trainers and the professional level of internal personnel, implemented talent echelon construction, and formed a "healthy, people, team and responsibility" training system. In 2019, the Group's achieved a major breakthrough in the quantity of training provided, with 5,765 training courses of various types throughout the year, covering corporate culture, system construction, engineering management and investment and financing, and with over 110,000 participants, representing an increase by 4.6 times compared with the corresponding period of last year.

## Environmental, Social and Governance Report

### “Star Program” fresh graduate development program

The three-year “Star Program” is a special training program for the Group’s health management segment staff recruited on campus.



“Star Program” Sparks Training Camp in 2019

### Training new staff from communities recruitment

The Group organizes a four-day introduction training for fresh employees from communities recruitment bi-monthly to help them familiarize with the Group’s corporate culture quickly.



Introduction training for fresh employees from communities recruitment in 2019



# Environmental, Social and Governance Report

## General manager training for the reserve projects

With the gradual distribution of the Elderly Care Valley program across the nation, the health management segment carried out special training for general managers for the reserve projects (phase I).



General manager training for the reserve projects (phase I) in 2019

## Internal trainer training

Aiming to enhance the professional level of internal personnel and implement talent echelon construction, the Group launched the development and certification of the first batch of internal trainers in 2019.



Development and certification of the first batch of internal trainers

## Environmental, Social and Governance Report

During the year, the Group's key performance indicators related to training and development of employees<sup>6</sup> were as below:



### 3. Safe working environment

The Group strictly complies with laws and regulations of the countries and regions where it operates, including the People's Republic of China Law on the Prevention and Control of Occupational Diseases, the People's Republic of China Fire Protection Law and the Production Safety Law of the People's Republic of China, and regards "safe construction, safe production, safe service" as the first principle, in order to provide safe working environment and protect the occupational health and employees.

#### (1) Health and safety of the occupational environment

According to the characteristics of working environment and occupational health risk exposure of various businesses, the Group has separately formulated special policies and work processes to ensure the health and safety of various posts under all working scenarios.

<sup>6</sup> Average training hours = total training hours during the year ÷ [(number of employees at the beginning of the year) + (number of employees at the end of the year) ÷ 2]

Due to the different definitions of the hierarchical division of the employment system and the training system of the Group, the division of employment categories for key performance indicators for employee training and development does not have a corresponding relationship with the division of key performance indicators for employment.

# Environmental, Social and Governance Report

## *Health and safety of the production environment*

Safety is the bottom line of corporate production. The Group has formed a sophisticated production safety system to ensure that each stage of production and construction remains behind the red line.



### Health Management Segment

#### Safe and Civilized Construction Standards

#### Admission Guidelines of Construction Unit

#### Safe and Civilized Management Guideline

#### Management Measures for the Rights and Interests of Migrant Workers

- Establish an on-site comprehensive hidden hazard investigation mechanism, including daily inspections, weekly joint inspections, pre-holiday inspections, and regular management inspections;
- Strengthen the approval of dangerous operations, promote the construction safety weekly meeting and inspection evaluation methods, and put problem rectification in place through inspection reports and special meetings;
- Organize targeted special safety training, regularly select benchmark projects such as "Excellent Project" and "Safe and Civilized Demonstration Project" to ensure that the construction site safety management is carried out in an orderly manner, and achieve the goal of "zero" serious injuries or above accidents during construction.



### New Energy Vehicle Segment

#### Safety and Environmental Responsibility System

#### Hazardous Operations Approval Management System

#### Safety Management System of Hazardous Chemicals

#### Temporary Hot Work Management System

#### Environment Occupational Health and Safety Manual

- Establish a responsible safety department;
- Formulate the approval process for dangerous operations and clarify the safety requirements for dangerous operations;
- Regulate the procurement, storage, use and disposal of hazardous chemicals;
- Specify temporary hot fire safety requirements.

The Group actively promotes the construction of health and safety management system. Evergrande New Energy Automobile Group has established a safety and environment committee as the top organization for safety and environmental issues that is responsible for the formulation of safety and environment policies as well as the supervision and guiding of safety and environmental efforts, with the aim to safeguard employees' occupational safety by adhering to the national safety policy of "safety first, prevention-oriented and comprehensive management". In addition, Evergrande New Energy Automobile Group has been carrying out occupational health and safety management system construction to prevent production safety risks since July 2019. Evergrande New Energy Technology Group has obtained the ISO 45001:2018 occupational health and safety management system certification and territorial Level-3 safety standardization certification, and set out secondary and tertiary rules such as the Safety Education Training Management Regulations, Safety Inspection and Hidden Danger Management System, Fire Safety Management System and Special Personnel Operation Management System under the Environment Occupational Health and Safety Manual to specify safety operation standards.

## Environmental, Social and Governance Report

The Group adheres to the production principle of “safety first” in organizing various production activities. Each production base periodically conducts safety training courses, with full participation from all employees in the identification and troubleshooting of hidden dangers in the work environment, and invites social fire protection units to conduct fire safety knowledge lectures and organize fire drills. The Group sets up safety knowledge bulletin at prominent locations in the factories, ensures that the production equipment meet safety standards by installing mis-operation protective cover, linkage switch, infrared curtain, overload alarm and other protective devices, and performs daily checking on the electrical systems, structural functions, cleaning and rust prevention of such equipment before use. Meanwhile, the Group assesses the qualifications of personnel in special positions, performs medical examinations for employees in contact with noise or dust before, during and after appointment, and re-appoints employees whose health may be effected to prevent the occurrence of occupational hazards. In 2019, Evergrande New Energy Technology Group conducted standard implementation training and operation standardization knowledge training to continuously raise awareness for environment and health and the operating skills of all employees.



Fire training 2019

### *Health and safety in the medical environment*

Boao Evergrande International Hospital has set up safety management agencies such as quality and safety management committee, radiation safety and protection management committee, safety production management committee, hospital infection control committee and hospital emergency response leading group, established a medical safety and risk management system to strictly investigate and rectify hidden dangers of safety accidents, required medical personnel to perform medical and nursing work in accordance with operating procedures to prevent medical staff from suffering occupational hazards such as nosocomial infections and radiation hazards, to systematically ensure effective response to possible major medical safety events.

The Group’s key performance indicators related to employee health and safety during the year were as below:

Number of work-related injuries	26
Lost days due to work injury	619
Number of work-related fatalities	0



# Environmental, Social and Governance Report

## (2) Caring for employees' physical and mental health

In order to prevent and promptly discover diseases and ensure the health of employees, the Group organizes annual medical examinations for all employees. Employees enjoy professional and personalized guidance through various healthcare consulting and services provided by professional institutions, and are able to keep abreast of their health and have a healthy and stable career.

The Group has established a staff club to provide employees with various facilities and equipment such as fitness equipment, table tennis table and a library, enabling employees to relax their body and mind outside of their busy work. To enrich employees' sports and cultural life and promote the comprehensive development of employees' physical and mental health, the Group regularly organizes badminton, football, basketball and other sports activities.



2019 Sports Event Group Photo

### Good health and a happy life: Evergrande Health's League of Badminton Masters

In 2019, the Group organized the "Evergrande Health's League of Badminton Masters" series badminton event, with nearly 100 employees from various departments actively signing up. The event adopted a mixed doubles elimination system to encourage the participation of departments. Sweating from exercise on the court was beneficial for the heart and stress relief, and enabled employees to enjoy good health and thus a happy life.



Evergrande Health's  
League of Badminton  
Masters Photo

# Environmental, Social and Governance Report

## VI. PROTECT THE ENVIRONMENT AND SAFEGUARD OUR HOME

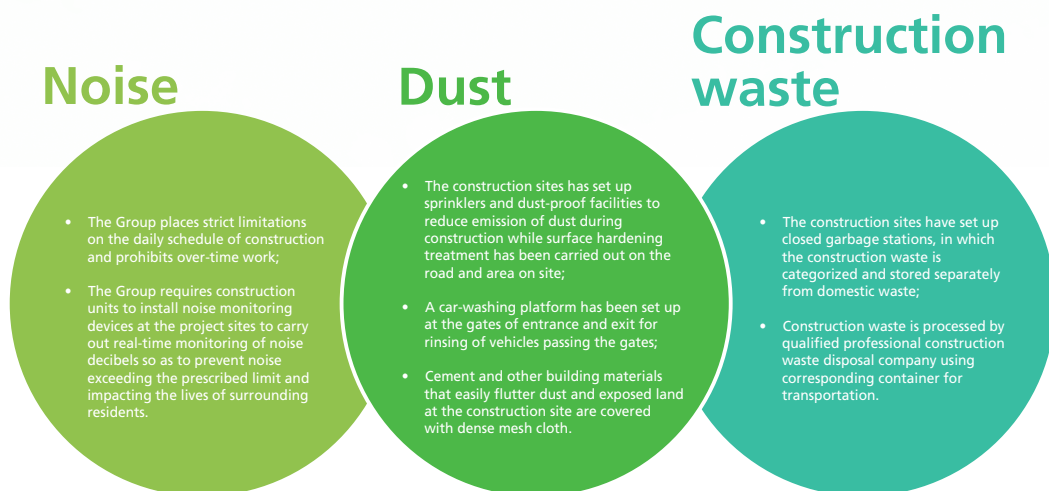
The Group is committed to creating a green and sustainable society, making positive changes for the present and the future, and making unremitting efforts to create a good environment for present and future generations. We strictly abide by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Soil Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste and other laws and regulations of the countries and regions where we operate, and always adhere to the concept of resource-friendly and environmental protection throughout construction, production, product and service design and office operations, which is a practical way for the Group to safeguard the environment with various stakeholders.

### 1. Green construction

The Group strictly complies with the Regulations on the Administration of Construction Project Environmental Protection and other laws and regulations and building construction codes of the regions where it operates, as well as formulated and supervised the implementation of the "Safe and Civilized Construction Management Standards", "Air Pollution Emission Management System", "Management System for Exhaust Dust", "Water Pollution Discharge Management System" and "Solid Waste Discharge Management System" for construction units. The Group clearly defines standards for safety and civilized construction to mitigate the adverse impact on the environment.

#### (1) Supervise safety and civilized construction

The Group has set up group level inspection teams to oversee the implementation of environmental requirements on site. The inspection team carries out special inspection of safety and civilized construction on weekly and monthly basis according to the progress of each project and supervises the generation and treatment of dust, noise and construction waste generated during construction. If illegal matters and violating issues are found during inspection, it would order construction units to rectify within a time limit and follow up the result of rectification.



# Environmental, Social and Governance Report

## **Nansha Factory of the Automobile Industry**

The Nansha Factory of the automobile industry uses zero-emission technology as one of the bidding standards. In the construction stage, the site adopts 25mg/m<sup>3</sup> as the emission standard of exhaust VOCs, which is far better than the national standard of 120mg/m<sup>3</sup>. At the same time, the paint factory adopts dry paint mist treatment technology, therefore no waste water is generated. Carton paint mist has strong absorption ability, simple on-site operation and convenient maintenance, and it also reduced the operating cost by 30%. On the other hand, the structural design of the factory uses the optimal steel structure system, which meets the requirements of technology and public power, and consumes less resources and has less environmental impact.

In addition, the Nansha Factory uses high-efficiency and low-energy consumption LED lamps, and achieves an energy saving rate of 30% to 40% through intelligent lighting control; it has a solar photovoltaic panel installation area of 76,752 square meters, which generates about 6 million degrees of power annually. The dormitory of the factory uses solar energy system to prepare hot water, which is used for daily life washing and showering, to save energy; uses miscellaneous water for greening and watering in the factory area, toilet flushing and road sprinkling; uses industrial water for painting workshops and replenishment for towers cooling water and artificial lakes. Through the above design, it is estimated that about 1,598 cubic meters/day of recycled water can be realized.

## **(2) Industrialized building construction**

During the construction of the residence and supporting facilities of "Evergrande Elderly Care Valley", the Group widely promotes the integrated construction of thermal insulation and decoration and the construction process of autoclaved lightweight concrete type finished wallboard, that is, the use of industrialized production to produce finished materials through industrialized customization, and then the transfer to the site for fixation and installation for various on-site construction processes. Industrialized production has the advantages of uniform product performance, uniform standardized size, and no difference in appearance quality. Only a small amount of cutting work is required on site, and wet cutting can be used to avoid dust pollution. Compared with traditional processes, noise and dust pollution from material cutting and installation are greatly reduced.

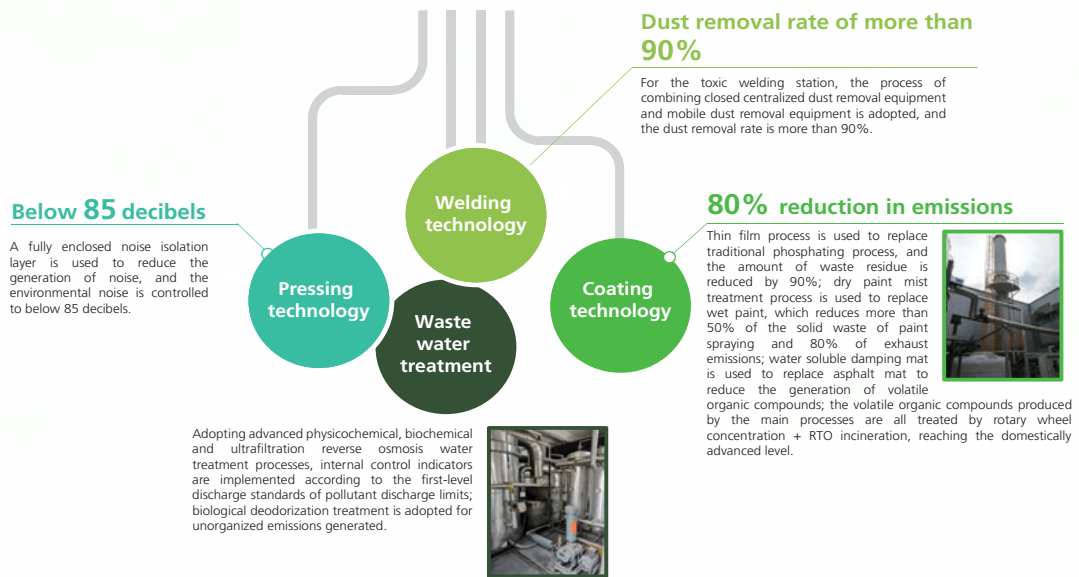
# Environmental, Social and Governance Report

## 2. Green production

The Group prudently manages emissions from factories during production, and discharges the environmentally harmful emissions and wastes through professional means after reaching harmless standards, and then professional institutions recycle the production wastes with recycling value to improve resource utilization efficiency.

### (1) Reduce the impact of emissions

The Group has formulated and implemented the “Energy and Resource Control Procedures”, “Energy or Material Use Management Measures”, “Air Pollution Emission Management System”, “Management System for Exhaust Dust”, “Water Pollution Discharge Management System”, “Sewage Management System” and “Solid Waste Management System” and other systems, using new environmental protection technology to reduce the emissions, waste water and waste residue produced in the production process at the production bases, or to transform them into harmless and resourceful matters; for waste that is difficult to deal with by itself, the Group engages professional treatment companies for regular treatment. At the same time, the Group established the “EHS Monitoring and Measurement Control Procedures”, and annually engages qualified third-party testing agencies to conduct environmental testing and issue testing reports. In 2019, the results of the Group’s waste water and emissions discharge testing meet the standards of the country and region where it operates.



### New energy vehicle production bases under high standard environmental management system

NEVS under the Group established an environmental monitoring system based on environmental and product quality policies and industrial production standards. At the same time, an internal control department monitoring system was set up to continuously monitor the entire life cycle of products to reduce their impact on the environment.

Based on the GRI G4 guidelines and the UN Global Sustainable Development Compact, the factory of NEVS in Trollhättan has established an environmental management system and strives to meet the ISO 14001:2015 standard. The design and construction of the production bases of NEVS in Tianjin and Shanghai also fully considered the impact on the environment, for example, they are equipped with rainwater collection and recycling systems, energy efficiency monitoring systems, etc.

Through meticulous resource input management and emissions and waste output management, all production bases of NEVS have established a high standard and long-term environmental management system in order to provide solutions for green travelling in a more environmental friendly way.



# Environmental, Social and Governance Report

## (2) Resource recycling

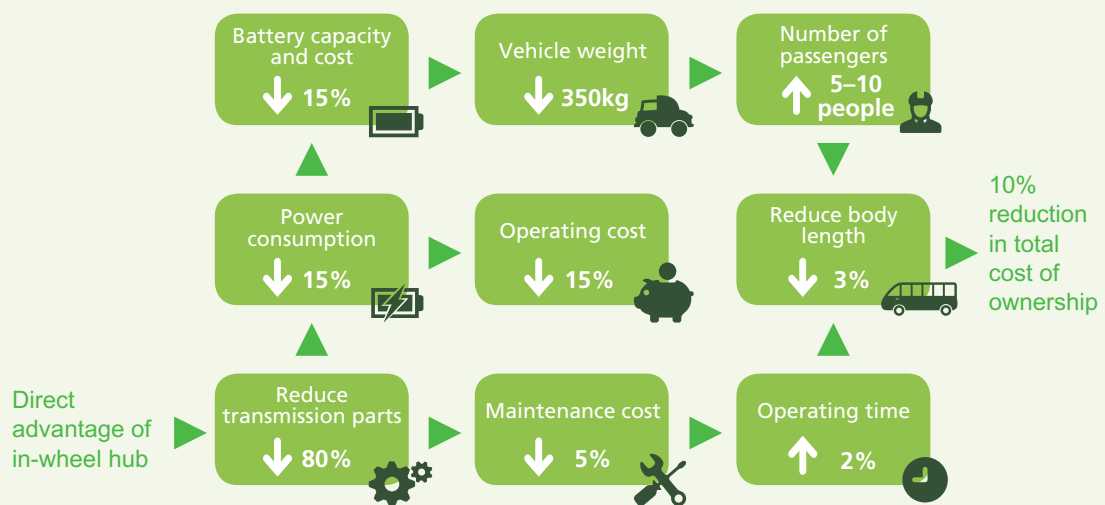
The Group's power battery production base classifies and stores 24 types of production waste such as positive and negative electrode slurry, positive and negative electrode scraps, copper and aluminum foil, copper parts and aluminum parts, which are regularly collected by professional recycling companies to be reused after processing.

At the same time, the Group actively develops environmentally friendly products with high operating efficiency, low material usage, and low operation and maintenance costs to help mitigate the impact on the environment during the manufacturing and use of products.

### V1.1 in-wheel motor drive system for commercial vehicles

The V1.1 in-wheel motor drive system for commercial vehicles produced by the Group not only brings higher degrees of freedom, driving suitability and riding experience to users, but also mitigates the adverse impact on the environment.

- Higher efficiency: The efficiency of the drive system increased by 15% as compared with other new energy vehicles, which can increase the mileage by 15%, or recharge 15% less power under the same mileage.
- Less resources: Eliminated the gearbox, transmission shaft, differential and a large number of mechanical transmission components, thereby saving the consumption of special steel, machine tools, tools, etc.
- Lower cost: Reduced vehicle operation and maintenance costs.
- More environmentally friendly: Zero emissions and low noise.



During the year, the Group recovered 430.77 kg of solid waste.

## Environmental, Social and Governance Report

### 3. Green mobility plan

The Group is actively committed to green mobility and building a sustainable future together. By producing new energy vehicles and providing green and smart mobility solutions, the Group regards building a healthy and green urban environment and its own development as one, providing unlimited room of development and opportunities for a better quality of life.

#### (1) Create a green mobility ecosystem

With the support of Tianjin Binhai High-tech Zone, NEVS launched an urban sharing mobility project in Tianjin. The project will provide Tianjin with smart and green integrated mobility services that combine car sharing and Internet of Vehicles and other dimensions through National Energy 93 pure electric series products. The service aims at responding to environmental challenges, making differences, and paving the way for new mobility solutions in sustainable urban planning through green technology collaboration.

Combined with the city vision of sustainable development in Tianjin, and relying on the complete new energy industry chain of Binhai High-tech Zone, the Group will actively play the leading role as a leading enterprise in the new energy automobile industry in the high-tech zone through this urban sharing mobility project to help Tianjin build a green mobility ecosystem in the smart city in Jingjinji Region.

#### (2) Layout of smart mobility solutions

NEVS actively explores the business model and behavior innovation of smart mobility, and strives to create a free, flexible and convenient mobility experience for users, and at the same time help users make their own contributions to promote road circulation, release more urban space, and build green and safe cities. Through smart mobility, the Group expects to reduce the number of vehicles needed in the city, thereby reducing pollution and congestion.

After various strategic partnerships and framework cooperation agreements established in recent years, NEVS has built a resource network for smart mobility solutions: State Grid undertakes infrastructure supply; Panda New Energy uses vehicles for car sharing; Poly Group, Century Golden Resources and other companies provide scenarios for usage; Renesas provides technical support for Internet of Vehicles and smart driving; Mimer is responsible for big data analysis support, providing consumer experience feedback in use to NEVS for product improvement, and user behavior data can be applied to smart transportation.

### 4. Green medical services

Boao Evergrande International Hospital strictly complies with the relevant Chinese laws and regulations such as the Regulation on Medical Waste Management, the Regulation on the Measures for Medical Waste Management and the Administrative Measures for Hazardous Waste Transfer Manifests. The hospital has formulated and implemented the "Clinical Waste Management Rule" and the "Emergency Plan for the Loss, Leakage, Spread of Medical Waste and Accidents" to regulate the collection, transportation, temporary storage and disposal of medical waste, to prevent the pollution of medical waste to the environment and to reduce the possibility of disease transmission.

Boao Evergrande International Hospital has all its departments equipped with medical waste categorization and collection containers in accordance with the national requirements of the Regulations on Special Packing, Vessel Standard and Warning Sign for Medical Waste, and requires medical waste to be categorized and collected separately from domestic waste while health care staffs are prohibited from reusing or mixing use of bags or other containers for waste collection. For handling of harmful medical waste which is infectious, radioactive or sharp-ended or contains heavy metals or other characteristics relating to potential environmental pollution or personal injury, the hospital would promptly notify professional recycling workers to transfer it to the living environment harmless treatment center or qualified professional company for processing.

# Environmental, Social and Governance Report

## 5. Green office

The Group advocates the concept of “energy saving and consumption reduction” in response to the national energy conservation and environmental protection policy, by facilitating the green office concept and enhancing the employee’s awareness of energy saving and environmental protection:

- The Group adopts the concept of green office, aims to minimize paper consumption in the process of management, contract approval and document issuance, through an integrated management system. The Group requires the use of paper and office supplies in daily office and business operations to follow the principles of on-demand use, economical use and reuse, to eliminate extravagant waste.
- Taking advantage of the network, the Group convenes video conference meetings instead of physical meetings and reasonably controls the frequency of travel, in order to realize a modern office while reducing resource consumption and greenhouse gas emissions arising from travelling. Meanwhile, the Group has strengthened the management of company vehicle travel, and reduced the scope of use of company vehicles by strictly reviewing travel requirements, so as to reduce unnecessary vehicle travel.
- The Group strictly manages resource consumption within the office area, and requires employees to turn off their monitors when leaving their working positions and establish a regional responsible person system. Lighting and appliances such as computers, air conditioners and copy machines should be turned off when there is nobody in the appropriate area and there should be daily monitoring thereof. Automatic faucets and water-saving taps are also installed to avoid wasting of energy resources.
- The Group carries out green office training, strengthens energy conservation and emission reduction promotion, and promotes green office and lifestyle. For example, environmental tips are posted beside faucets and power switches, encouraging staff to take every small step to strengthen awareness of conservation and practice the environmental protection concept.

During the year, the water resources which were required by the Group to facilitate its operation and production were supplied by the government. The Group had no concern about the purchase of water resources.

# Environmental, Social and Governance Report

## 6. Key environment performance indicators

Code	Key Environment Performance Indicators	Unit	Emission/ Consumption
A1.1	SOx emissions	Kg	3.43
	NOx emissions	Kg	3,770.32
	Particulates	Kg	33.32
A1.2	Total greenhouse gas emissions	Tonne	29,333.78
	Greenhouse gas emissions (Scope I)	Tonne	4,213.25
	Greenhouse gas emissions (Scope II)	Tonne	25,120.54
A1.3	Hazardous waste	Tonne	10.99
A1.4	Non-hazardous waste	Tonne	388.23
A2.1	Total energy consumption	GJ	178,200.83
	Direct energy consumption	GJ	71,067.69
	Indirect energy consumption	GJ	107,133.14
	Energy consumption intensity	GJ/RMB'000	0.0316
	Total electricity consumption	kWh	29,759,205.01
	Gasoline consumption	Liter	219,958.66
	Diesel consumption	Liter	15,048.47
	Pipeline natural gas consumption	m <sup>3</sup>	1,778,020.56
	Liquefied natural gas consumption	Kg	9,353.00
A2.2	Water consumption	m <sup>3</sup>	461,098.99
	Water consumption intensity	m <sup>3</sup> /RMB'000	0.0818
/	Office paper consumption	Kg	46,418.60

Notes:

- (1) The time frame for disclosure of key environment performance indicators covers 1 January 2019 to 31 December 2019.
- (2) The geographical scope of key environment performance indicators disclosed includes, the headquarters of Evergrande Health, five headquarters in east China, south China, central China, north China and western region, and 22 subordinates offices of "Evergrande Elderly Care Valley" projects, a cosmetology center and a health management center; the Boao Evergrande International Hospital; headquarters of Evergrande New Energy Technology Group Co. Ltd. and 2 subordinates production bases in Nanchang, Jiangxi and Liuzhou, Guangxi; and the headquarters of Evergrande New Energy Automobile Group.
- (3) Source of emission factors: ① When calculating emissions, the emission factors of natural gas of the health management segment were accounted for with reference to 2017 Calculation Methods of Pollutants Discharge Coefficient and Material Balance for Industries not Classified in Pollutants Discharge Permitting Administration; the emission factors of natural gas of new energy vehicle segment were accounted for with reference to Calculation Methods of Pollutants Discharge Amount for Seventeen Industries Classified in Pollutants Discharge Permitting Administration; others referred to the Reporting Guidance on Environmental KPIs issued by Stock Exchange; ② While calculating greenhouse gas emissions, the emission factors for purchased electricity were accounted for with reference to China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2017 (《2017年度减排项目中国区域电网基准线排放因子》) issued by the Ministry of Ecology and Environment, while calculating natural gas greenhouse gases, the conversion factor were accounted for with reference to the IPCC National Greenhouse Gas Inventory Guidelines (《IPCC国家温室气体清单指南》) issued by the Intergovernmental Panel on Climate Change; other energy emission factors referred to Reporting Guidance on Environmental KPIs issued by Stock Exchange; ③ Consumption unit conversion factor for various types of energy were accounted with reference to national "GB2589-2008T General Principles of Comprehensive Energy Consumption Calculation".
- (4) The greenhouse gas emissions in 2019 (Scope 1) come from automobile gasoline, automobile diesel, fixed source diesel (such as diesel generators, forklifts, etc.), pipeline natural gas (used in restaurants and natural gas boilers), and LNG direct combustion emissions; greenhouse gas emissions (Scope 2) come from the indirect emissions of greenhouse gases from purchased electricity.
- (5) Non-hazardous waste is office waste generated by administrative offices.
- (6) Hazardous wastes include medical wastes generated in the medical operation site of the health management business, sulfuric acid-containing sludge generated during the production process of the power battery business, and waste activated carbon used to adsorb production waste gas.
- (7) Energy and water consumption intensity are calculated based on the Group's sales revenue in 2019 (unit: RMB'000) as the denominator.

# Environmental, Social and Governance Report

## VII. CARE FOR THE SOCIETY AND ASSUME CORPORATE RESPONSIBILITY

The Group actively engages in community charity activities, pays attention to and participates in charitable activities for community residents' health, commits to take up the social responsibilities as a corporate citizen, and promotes the development of harmonious society.

### 1. Carry out community charity activities

The Group is committed to establishing a harmonious relationship with the community where it operates, and actively carrying out community charity activities such as free breast cancer screening for women of appropriate ages, "Fighting cancer with science, caring for life" cancer knowledge promotion and other public welfare activities to enhance community residents' understanding and attention to health and safety knowledge to help develop healthy communities.

#### (1) Free breast cancer screening for women of appropriate ages

The popularity of breast cancer screening is one of the important reasons for the decline in breast cancer mortality in recent years. On 8 August 2019, Boao Evergrande International Hospital announced the official launch of the "Free Breast Cancer Screening Charity Event in Hainan Province", through which it would regard every Wednesday as a "Free Breast Cancer Screening Day" and provide free breast cancer screening for women of the appropriate ages (35-75 years old) in Hainan Province for a period of three years to increase the early detection rate of breast cancer and protect the health of women. Boao Evergrande International Hospital is the first hospital in the country to conduct free breast cancer screening for the whole province.

#### (2) "Fighting cancer with science, caring for life" cancer knowledge promotion

On 20 April 2019, Boao Evergrande International Hospital launched a public welfare campaign named "Fighting cancer with science, caring for life" to provide free cancer knowledge and consultation services to community residents, popularize the awareness of cancer prevention and control in the whole society, and create a national anti-cancer atmosphere.



"Fighting cancer with science, caring for life" public welfare promotion activity

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### (3) Contribution to “Firefighting Open Day”

In order to enrich the summer vacation of primary and middle school students, promote fire safety publicity and education, and enhance the fire safety awareness and self-defense and self-help ability of minors, on 30 July 2019, Yuhu Fire Brigade and the Blue Ribbon Charity Public Welfare Association jointly organized a summer vacation theme Firefighting Open Day. During the activity, the Xiangtan “Evergrande Elderly Care Valley” of the Group presented supplies such as rice, oil and mineral water to firefighters. The open day event included visits to the firefighter barracks and fire brigade honor room, fire rescue, rescue tools and special fire vehicle display.



“Firefighting Open Day” activity

## 2. Help disadvantaged groups

The Group cares for the disadvantaged groups in the society and tries its best to provide assistance from economic, technological and other aspects to help the disadvantaged groups get out of plight and regain happiness.

### (1) Support poor leukemia patients

The popular movie “Dying to Survive” has caused widespread concern in the community to provide help for leukemia patients. On 11 November 2019, Hainan Boao Lecheng Leukemia Relief Charity Foundation was officially established in Haikou. The main production team of “Dying to Survive” participated in the unveiling ceremony and donated RMB10 million. Boao Evergrande International Hospital promised to support and allocate funds to the foundation by reducing or exempting examination and surgery fees or providing free medicines, and donated medical services worth RMB3 million.



Donation to Leukemia Relief Charity Foundation

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### (2) Treat thalassemia patients

Thalassemia is a hereditary anemia disease, which is common in Guangdong, Guangxi and Sichuan in China. Children with moderate thalassemia will show symptoms such as anemia, fatigue, and edema after infancy. Children with severe thalassemia cannot even live to adulthood. In 2019, in response to the appeal of Hainan Boao Lecheng, Boao Evergrande International Hospital assisted the China Stem Cell Group Affiliated Hospital in preparing for thalassemia treatment, and will continue to provide medical resources and medical staff assistance for the treatment of thalassemia children. At the same time, in order to solve the financial problems of thalassemia patients in poor families, Boao Evergrande International Hospital donated RMB7.6 million to the Chinese Red Cross for the treatment of thalassemia in children.

### (3) Targeted poverty alleviation

On 8 July 2019, in response to the implementation of targeted poverty alleviation policy of Xiangtan City Housing and Urban-Rural Development Bureau, and giving play to the synergy from the collaboration between enterprises and the government, the Group specially donated RMB30,000 to the Sijing Villagers Committee of Qingshanqiao Town, Xiangtan County, a poverty-stricken village designated by the City Housing and Urban-Rural Development Bureau, to help the villagers in poor villages to repair dilapidated houses and improve their living standards.



Photos of donation to the Sijing Villagers Committee of Qingshanqiao Town, Xiangtan County

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### 3. Support the front line of Hubei in fighting COVID-19 pandemic

Since the fight against COVID-19 started, Boao Evergrande International Hospital has actively responded to the call and dispatched four capable medical personnel on 14 February 2020 to go with the fourth batch of medical aid teams in Hainan sent to assist in Hubei. The team consisted of more than 100 members and went to Jingzhou, Hubei to support its counterparts. They worked tirelessly for 36 days and nights on the front line, and assisted in the treatment of 106 suspected and confirmed patients, all of whom were ensured smooth transfer and discharged after rehabilitation.



Gu Gang, the director of the Administration of International Medical and Tourism Pioneer District of Boao Lecheng, and the hospital see-off representative took a group photo with the medical team sent to assist in Hubei

On the frontline of fighting against the pandemic in Jingzhou City, the medical team of Boao Evergrande International Hospital was assigned to one of the local important treatment points — Jingzhou District Traditional Chinese Medicine Hospital and demonstrated its professional expertise, fulfilled its duties of benevolence as medical practitioners, and assisted the hospital in the diagnosis and treatment of patients.



Working site of medical unit

Due to the need for quarantine in the pandemic, each ward only had medical staff and patients. Therefore, in addition to the daily work of receiving and treating patients, the staff also played multiple roles as care workers, cleaning staff, and food delivery staff together with their peers in disinfecting wards, delivering meals, cleaning, sorting and transferring garbage and transporting goods. Although the work was complicated and arduous, the medical staff united together and sincerely cooperated, and made rapid and efficient communication, to ensure accurate treatment of each patient and reduce the critical illness and mortality of patients as much as possible.



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Medical unit transporting goods

In particular, with the assistance of Boao Evergrande International Hospital, the medical protection materials of Brigham and Women's Hospital and Alliance Medical in the United States were promptly sent to the front line of Jingzhou, Hubei through the Administration of International Medical and Tourism Pioneer District of Boao Lecheng of Hainan and the Hainan Association of Non-public Medical Institutions.



Brigham and Women's Hospital in the United States donated medical protective materials

During the 36 days of battle against the pandemic in Jingzhou, the members in the medical team of Boao Evergrande International Hospital rolled up their sleeves and worked round the clock to assist the Jingzhou District Traditional Chinese Medicine Hospital to achieve the rescue task of "zero patient death, zero medical staff infection, and zero patient relapse". Fortunately, the team returned with the main team sent by Hainan to assist in Hubei in a peaceful triumph. These staff are heroes, warriors, and the pride of Boao Evergrande International Hospital and Evergrande Health.

# Environmental, Social and Governance Report

## APPENDIX I: DIRECTORY FOR THE ESG REPORTING GUIDE

General Disclosure and Key Performance Indicators of ESG Guide		Disclosure Status	Corresponding Chapter
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Disclosed	Consolidate the Foundation and Backbone for Responsibility Protect the Environment and Safeguard Our Home
A1.1	The types of emissions and respective emissions data	Disclosed	Protect the Environment and Safeguard Our Home
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Disclosed	Protect the Environment and Safeguard Our Home
A1.3	Total hazardous waste produced and, where appropriate, intensity	Disclosed	Protect the Environment and Safeguard Our Home
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Disclosed	Protect the Environment and Safeguard Our Home
A1.5	Description of measures to mitigate emissions and results achieved	Disclosed	Protect the Environment and Safeguard Our Home
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Disclosed	Protect the Environment and Safeguard Our Home
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Disclosed	Protect the Environment and Safeguard Our Home
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Disclosed	Protect the Environment and Safeguard Our Home
A2.2	Water consumption in total and intensity	Disclosed	Protect the Environment and Safeguard Our Home
A2.3	Description of energy use efficiency initiatives and results achieved	Disclosed	Protect the Environment and Safeguard Our Home
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Disclosed	Protect the Environment and Safeguard Our Home
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable	For the Group's business activities, the packaging material used for finished products is not significant
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Disclosed	Active Planning to Build a High-quality Brand Protect the Environment and Safeguard Our Home
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Disclosed	Active Planning to Build a High-quality Brand Protect the Environment and Safeguard Our Home
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Consolidate the Foundation and Backbone for Responsibility Responsible Employment and Caring for Employees' Well-being
B1.1	Total workforce by gender, employment type, age group and geographical region	Partially disclosed	Responsible Employment and Caring for Employees' Well-being
B1.2	Employee turnover rate by gender, age group and geographical region	Not disclosed	

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General Disclosure and Key Performance Indicators of ESG Guide		Disclosure Status	Corresponding Chapter
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Disclosed	Consolidate the Foundation and Backbone for Responsibility Responsible Employment and Caring for Employees' Well-being
B2.1	Number and rate of work-related fatalities	Disclosed	Responsible Employment and Caring for Employees' Well-being
B2.2	Lost days due to work injury	Disclosed	Responsible Employment and Caring for Employees' Well-being
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Disclosed	Responsible Employment and Caring for Employees' Well-being
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; description of training	Disclosed	Responsible Employment and Caring for Employees' Well-being
B3.1	The percentage of employees trained by gender and employee category	Disclosed	Responsible Employment and Caring for Employees' Well-being
B3.2	The average training hours completed per employee by gender and employee category	Disclosed	Responsible Employment and Caring for Employees' Well-being
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	Disclosed	Consolidate the Foundation and Backbone for Responsibility Responsible Employment and Caring for Employees' Well-being
B4.1	Description of measures to review employment practices to avoid child and forced labor	Disclosed	Responsible Employment and Caring for Employees' Well-being
B4.2	Description of steps taken to eliminate such practices when discovered	Disclosed	Consolidate the Foundation and Backbone for Responsibility
General Disclosure	Policies on managing environmental and social risks of the supply chain	Disclosed	Active Planning to Build a High-quality Brand
B5.1	Number of suppliers by geographical region	Disclosed	Active Planning to Build a High-quality Brand
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Disclosed	Active Planning to Build a High-quality Brand

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General Disclosure and Key Performance Indicators of ESG Guide		Disclosure Status	Corresponding Chapter
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Disclosed	Consolidate the Foundation and Backbone for Responsibility Active Planning to Build a High-quality Brand
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Disclosed	Active Planning to Build a High-quality Brand
B6.2	Number of products and service related complaints received and how they are dealt with	Partially disclosed	Active Planning to Build a High-quality Brand
B6.3	Description of practices relating to observing and protecting intellectual property rights	Disclosed	Active Planning to Build a High-quality Brand
B6.4	Description of quality assurance process and recall procedures	Disclosed	Active Planning to Build a High-quality Brand
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Disclosed	Active Planning to Build a High-quality Brand
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Consolidate the Foundation and Backbone for Responsibility
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Not disclosed	
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Disclosed	Consolidate the Foundation and Backbone for Responsibility
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Disclosed	Care for the Society and Assume Corporate Responsibility
B8.1	Focus areas of contribution	Disclosed	Care for the Society and Assume Corporate Responsibility
B8.2	Resources contributed to the focus area	Disclosed	Care for the Society and Assume Corporate Responsibility

# Environmental, Social and Governance Report

## APPENDIX II: LIST OF APPLICABLE LAWS AND REGULATIONS

ESG Index	Compliance with Laws and Regulations	Policies of the Group
A: Environment	<p>Environmental Protection Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</p> <p>Integrated Emission Standard of Air Pollutants</p> <p>Emission Standard of Air Pollutants for Boilers</p> <p>"The 13th Five-Year Plan" for Greenhouse Gas Emission Control</p> <p>Water Pollution Prevention and Control Law of the People's Republic of China</p> <p>Marine Environment Protection Law of the People's Republic of China</p> <p>Prevention and Control Regulations on Pollution Damage to the Marine Environment from Land-based Pollutants of the People's Republic of China</p> <p>Comprehensive Wastewater Discharge Standard</p> <p>Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</p> <p>National Hazardous Wastes List</p> <p>Administrative Measures for Hazardous Waste Transfer Checklist</p> <p>Standard for Pollution Control on Hazardous Waste Storage</p> <p>Management Specification for Waste Secondary Battery Recycling</p> <p>Prevention and Control Technology Policy for Waste Battery Pollution</p> <p>Interim Measures for the Traceability and Administration of Recycling Traction Batteries of New Energy Vehicles</p> <p>Interim Measures for the Administration of Recycling Traction Batteries of New Energy Vehicles</p> <p>Requirements of the Industry Standards for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles</p> <p>Interim Measures for the Administration of the Announcement of the Industry Standards for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles</p> <p>Standard for Pollution on the Storage and Disposal Site for General Industrial Solid Wastes</p> <p>Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</p> <p>Emission Standard for Industrial Enterprises Noise at Boundary</p> <p>Consumption Limits for Passenger Vehicle Fuel</p> <p>Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle</p> <p>Cleaner Production Promotion Law</p>	<p>Safe and Civilized Management Guideline of Evergrande Health (Trial)</p> <p>Safe and Civilized Construction Management Standards of Evergrande Health</p> <p>Management System for Exhaust Dust of Evergrande Health</p> <p>Noise Management Measures of Evergrande Health</p> <p>Clinical Waste Management Rule of Boao Evergrande International Hospital</p> <p>Emergency Plan for the Loss, Leakage, Spread of Medical Waste and Accidents at Boao Evergrande International Hospital</p> <p>EHS Monitoring and Measurement Control Procedures of Evergrande New Energy Technology</p> <p>Air Pollution Emission Management System of Evergrande New Energy Technology</p> <p>Solid Waste Discharge Management System of Evergrande New Energy Technology</p> <p>Water Pollution Discharge Management System of Evergrande New Energy Technology</p> <p>Energy and Resources Control System of Evergrande New Energy Technology</p> <p>Energy Management System of Evergrande New Energy Vehicle</p> <p>Energy or Material Use Management Measures of Evergrande New Energy Technology</p> <p>Finished Product Packaging Management Measures of Evergrande New Energy Technology</p> <p>Waste and Sluggish Material Management Measures of Evergrande New Energy Technology</p> <p>Abnormal Material Management System of Evergrande New Energy Technology</p> <p>Storage and Transportation Management System of Evergrande New Energy Technology</p>

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ESG Index	Compliance with Laws and Regulations	Policies of the Group
B1: Employment	<p>Labor Law of the People's Republic of China</p> <p>Labor Contract Law of the People's Republic of China</p> <p>Implementing Regulations of the Labor Contract Law of the People's Republic of China</p> <p>Employment Promotion Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Provisions on Minimum Wages</p>	<p>Recruitment and Introduction Entry Management Rule of Evergrande Health</p> <p>Management Rule for New Employee Becoming Permanent Personnel Transfer Management Rule</p> <p>Leading Cadre Selection and Appointment Management System</p> <p>Employee Resignation Management Rule</p> <p>Labor Contract Management Rule</p> <p>Labor Discipline Management Rule</p> <p>Salaries Calculation Management Regulation of Evergrande Health</p> <p>Management Rule for Social Security and Housing Provident Fund</p> <p>Personnel Files Management Rule of Evergrande Health</p>
B2: Health and Safety	<p>Labor Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases</p> <p>Occupation Disease Classification and Catalogue</p> <p>Regulation on Work-Related Injury Insurance of the People's Republic</p> <p>Production Safety Law of the People's Republic of China</p> <p>Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents</p> <p>Interim Regulations on the Investigation and Treatment of Hidden Dangers in Safety Production Accidents</p> <p>Fire Control Law of the People's Republic of China</p> <p>Emergency Response Law of the People's Republic of China</p> <p>Regulations on the Safety Administration of Hazardous Chemicals</p> <p>Provisions on the Supervision and Administration of Occupational Health at Work Sites</p>	<p>Safe and Civilized Management Guideline of Evergrande Health (Trial)</p> <p>Safe and Civilized Construction Standards of Evergrande Health</p> <p>Project Construction Management System of Evergrande New Energy Vehicle (Trial)</p> <p>Safety and Environmental Responsibility System of Evergrande New Energy Technology</p> <p>Hazardous Operations Approval Management System of Evergrande New Energy Vehicle</p> <p>Environment Occupational Health and Safety Manual of Evergrande New Energy Technology</p> <p>Admission Guidelines of Construction Unit of Evergrande Health</p> <p>Safety Management System of Hazardous Chemicals of Evergrande New Energy Vehicle</p> <p>Management Measures for the Rights and Interests of Migrant Workers Evergrande New Energy Technology</p> <p>Management Measures of the Rights and Interests of Migrant Workers of Evergrande Health</p> <p>Temporary Hot Work Management System of Evergrande New Energy Vehicle</p> <p>Management System of Related Party Safety and Environmental Protection of Evergrande New Energy Vehicle</p> <p>Safety and Environmental Protection Responsibility System of Evergrande New Energy Vehicle</p> <p>Safety Production Management System of Evergrande New Energy Vehicle</p>
B3: Development and Training	/	Training Management Rule of Evergrande Health
B4: Labor Standards	<p>Labor Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Protection of Minors</p> <p>Measures for Lump-sum Compensation to the Disabled or Deceased Employees of Entities Involving Illegal Employment</p>	<p>Recruitment and Introduction Entry Management Rule of Evergrande Health</p> <p>Labor Discipline Management Rule</p> <p>Salary Calculation Management Regulations of Evergrande Health</p>
B5: Supply Chain Management	<p>Bidding Law of the People's Republic of China</p> <p>Regulation on the Implementation of the Bidding Law of the People's Republic of China</p> <p>Contract Law of the People's Republic of China</p>	<p>Procurement Management Rule of Evergrande Health</p> <p>Procurement and Supply Management Measures of Evergrande New Energy Vehicle</p> <p>Bidding and Tendering Management Rule of Evergrande New Energy Vehicle (Trial)</p> <p>Qualification Review Management Measures of Evergrande New Energy Vehicle (Trial)</p> <p>Procurement Management System of Evergrande New Energy Technology</p> <p>Medical Procurement Management Rule of Evergrande Health</p>

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ESG Index	Compliance with Laws and Regulations	Policies of the Group
B6: Product Responsibility	Anti-Unfair Competition Law of the People's Republic of China Management Regulations on the New Energy Vehicle Manufacturing Enterprises and Product Access Measures for the Implementation of the Regulation on the Administration of the Recall of Defective Auto Products of the People's Republic of China Regulation on the Administration of Medical Institutions Tort Law of the People's Republic of China Advertising Law of the People's Republic of China	Development, Reporting and Construction Management Measures of Evergrande Health (Trial) Project Construction Management System Project Construction Management Manual of Evergrande Health Management Measures for Large-scale Earthworks of Evergrande Health Guidelines for the Construction of Four Gardens of Evergrande Health (Trial) Guidelines for the Construction of Standard Henghe Hospitals of Evergrande Health (Trial) Admission Guidelines of Construction Unit of Evergrande Health Health Operations Work Guidelines of Evergrande Health Management Measures for Elderly Care Valley Management Company of Evergrande Health Operation Quality Standards for Elderly Care Valley of Evergrande Health Management Measures for Membership Management System for Elderly Care Valley of Evergrande Health Service Quality Standards for Medical Care Experience Centers of Evergrande Health Service Quality Assessment Measures for Medical Care Exhibition Experience Centers of Evergrande Health Guidelines for the Connection Between Medical Care Exhibition Centers and Four Major Gardens of Evergrande Health Core Medical Rule of Boao Evergrande International Hospital Core Nursing Rule of Boao Evergrande International Hospital Medical Quality Assessment Measures of Boao Evergrande International Hospital Interim Measures for Medication Management of Boao Evergrande International Hospital Management Measures for Medical Devices and Supplies of Boao Evergrande International Hospital Emergency Plan for Medical Safety Incidents of Boao Evergrande International Hospital Quality Management System of Evergrande New Energy Technology Storage and Transportation Management System of Evergrande New Energy Technology Quality Management System of Evergrande New Energy Vehicle Management Measures for Official Self-media of Evergrande Health (Trial) Brand Management Measures of Evergrande Health (Trial) Management Measures for Marketing Planning of Evergrande Health Brand Management System of Evergrande New Energy Technology

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ESG Index	Compliance with Laws and Regulations	Policies of the Group
		<p>Management System for Marketing Brand Center of Evergrande New Energy Technology</p> <p>Real Estate Marketing Management Measures of Evergrande Healthy</p> <p>Real Estate Sales Management Measures of Evergrande Health</p> <p>Management Measures for the Customer Expansion Team of Evergrande Health</p> <p>After-sales Service Management Measures of Evergrande Health</p> <p>Vehicle Recall Management Measures of Evergrande New Energy Vehicle</p> <p>Major Market Quality Problem Management System of Evergrande New Energy Vehicle</p> <p>Customer Service Management System of Evergrande New Energy Technology</p> <p>Customer Response Management Measures of Evergrande New Energy Technology</p> <p>Management Regulations on the Delivery of Products to Customers of Evergrande New Energy Vehicle</p> <p>Intellectual Property Rights Management System of Evergrande New Energy Vehicle</p> <p>Development Management System of Evergrande New Energy Technology</p> <p>R &amp; D Management System of Evergrande New Energy Technology</p> <p>Patent Management System of Evergrande New Energy Technology</p> <p>Intellectual Property Reward System of Evergrande New Energy Technology</p> <p>Confidentiality System</p> <p>Information Security Management Measures of Evergrande Health</p> <p>Information Management System of Evergrande New Energy Technology</p> <p>Contract Legal Affairs Management System</p> <p>Legal Affairs Management System</p>
B7: Anti-corruption	<p>Criminal Law of the People's Republic of China</p> <p>Interim Provisions on Banning Commercial Bribery</p> <p>Anti-Monopoly Law of the People's Republic of China</p>	<p>Management Measures for Supervision Against Corruption</p> <p>Management Measures for Cash Gifts and Gifts</p> <p>Comprehensive Supervision and Management Measures of Evergrande Health</p>