



China Evergrande New Energy Vehicle Group Limited

(Incorporated in Hong Kong with limited liability)
(Stock code : 00708)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020



Contents

- 02** About the Report
- 04** Active Planning to Support Sustainable Development
- 06** Establish a Strong Channel of Communication with Engagement from Multiple Parties
- 09** Focus on Products and Build a High-Quality Brand
- 36** Care for Employees and Adhere to People-Oriented Management
- 53** Green Development and Protection of the Ecological Homeland
- 67** Give Back to Society and Fulfill Corporate Responsibility
- 72** Appendix I: Directory for the ESG Reporting Guide

Environmental, Social and Governance Report

I. About the Report

Introduction

China Evergrande New Energy Vehicle Group Limited (the “**Company**” or “**Evergrande Auto**”) and its subsidiaries (the “**Group**”) are pleased to publish the environmental, social and governance report of 2020 (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 Reporting¹

The general disclosure contained in the Report covers the Group’s principal businesses² and the key performance indicators of social issues cover the Group’s principle businesses in mainland China (unless otherwise specified), while the key performance indicators of environmental issues cover certain businesses in the new energy vehicle segment³ and all businesses in the health management segment, 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 2020 to 31 December 2020, 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.

¹ NEVS (“National Electric Vehicle Sweden AB”) is a wholly-owned subsidiary of the Group. The Group’s environmental, social and governance report can also be deemed as the sustainability report of “NEVS, namely NEVS Sustainability Report 2020”. NEVS is governed by the laws of Sweden.

² The principal business activities of the Group include the technology research and development (“R&D”) and manufacturing of, and sales services in respect of new energy vehicles (collectively, the “new energy vehicle segment”), as well as health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation (collectively, the “health management segment”), details of which are set out in the section headed “Management Discussion and Analysis” of the Annual Report 2020 of the Group.

³ Further details on the coverage of key performance indicators of environmental issues are set out in the section headed “Green Development and Protection of the Ecological Homeland” of the Report.

Environmental, Social and Governance Report

Principle of Reporting

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

Principle	Meaning	Response from the Group
Materiality	The Report shall focus on ESG issues with material impact on the investors and other stakeholders.	The Report identifies material ESG issues through communication with the stakeholders and takes into consideration the business nature, mode of operation and location of operation of the Group.
Quantitative	Key performance indicators are 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.
Balance	The Report shall provide an unbiased picture of the company's performance to provide a reliable reference for investors and other stakeholders.	The Report fully discloses the ESG performance of the Group based on objective facts, and avoids expressions or presentation formats that may inappropriately influence the readers' decisions or judgements.
Consistency	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, among others. The Report is reviewed and published by the board of directors, which 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. Active Planning to Support Sustainable Development

The capacity to assume active social responsibility reflects both the competitive edge and vitality of an enterprise. The Group firmly believes that giving back to community and profit-making weigh equally in order to achieve harmony and unity in society and environment, which, in turn, will bring about sustainable development and long-standing business.

1. Concept of Sustainable Development

The Group bases on the practical needs of China and the rest of the world to promote sustainable development, and mankind's dream to achieve sustainable future. Actively responding to the national strategies of "Empowerment through Technology" and "Healthy China" in China, the Group incorporates contributing to human well-being and better living into its development strategies, lays out planning on the new energy vehicle industry and the healthcare industry, actively integrates and introduces quality resources both at home and abroad, leads a green 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.



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 its 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.

Adhering to the tenet of "giving play to each party's advantages to achieve mastery", the Group proactively recruited leading international expert teams and advanced science and technology to strengthen the international development of its new energy vehicle and healthcare service products. The Group aims for in-depth integration and localization of domestic and international resources, and has built an excellent service support system that keeps pace with the times.

Leveraging the Internet and other technological measures, the Group pushes forward smart production and management, promotes the rational allocation and sharing of domestic and international quality resources, while also initiating R&D cooperation to increase the rates of contribution and achievement transformation of technical innovation for the new energy vehicle industry and healthcare industry, thereby contributing to the sustainable development of society.

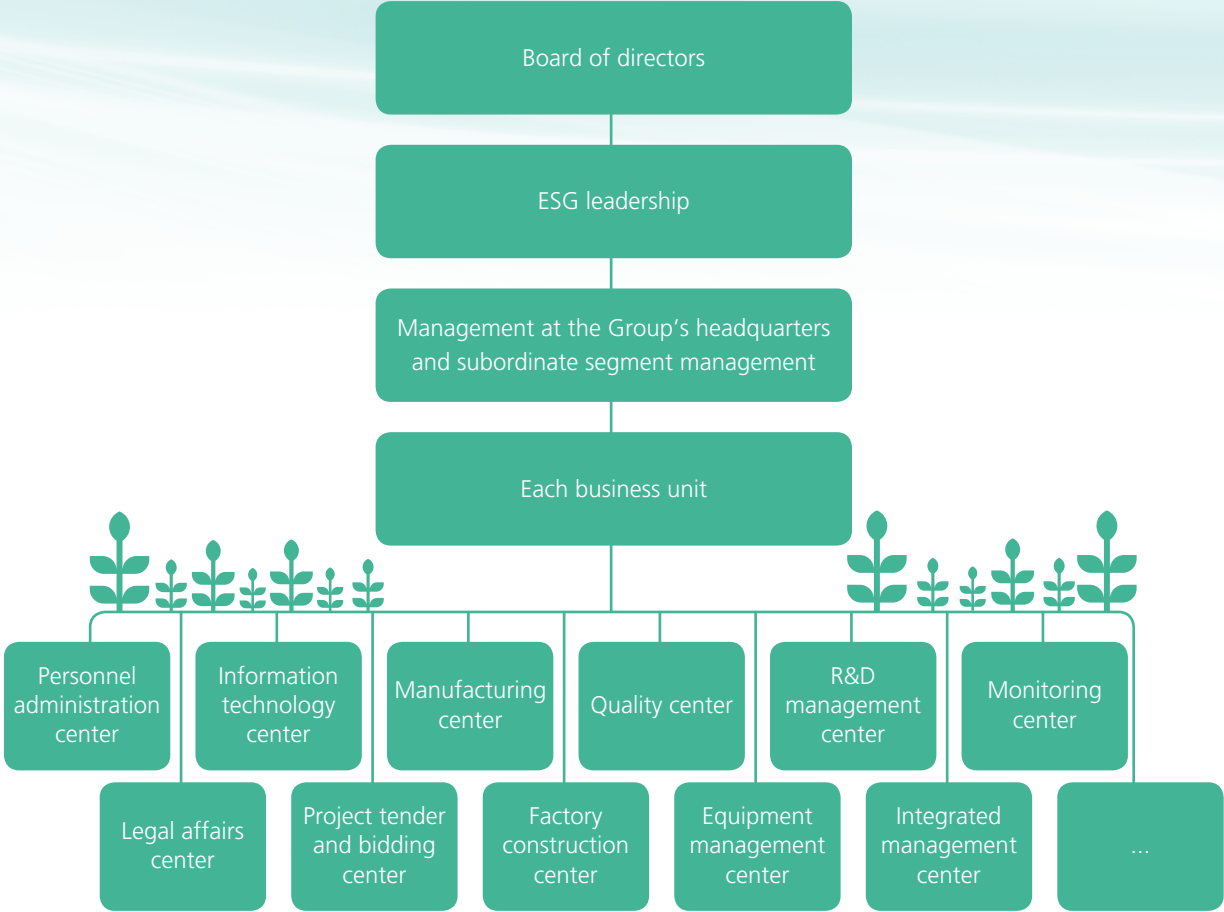
The Group actively leads the public and launches green travelling services. It explores global new energy solutions based on the practical needs of society, and is committed to building a smart and green urban transportation system to continuously improve the air quality in urban areas and satisfy people's expectation for a better life.

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 ESG leading body, and is responsible for reviewing the risks and opportunities in the ESG aspects faced by the Group, and incorporating 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. For details of risk management and internal control, please refer to the "Corporate Governance Report" section of the Group's Annual Report 2020.

Environmental, Social and Governance Report



Sustainable Development Governance Structure

With its continuous business expansion, the Group will continue to improve the above risk management and internal control system 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.

Environmental, Social and Governance Report

III. Establish a Strong Channel of Communication with Engagement from Multiple Parties

The Group highly values the communication and exchange with stakeholders. It has established a normalized communication mechanism, and actively adopts measures to address issues while taking into account stakeholders' concerns and suggestions in setting out direction and strategies for sustainable development.

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 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 communication system that encourages increasing stakeholders' participation helps the Group regularly review the impact of business operation on the environment and society, reinforces the mutual trust and win-win relationship between the Group and stakeholders, and helps achieve the Group's vision for sustainable development.

Stakeholders	Expectations and demands	Communication and response
Employees	<ul style="list-style-type: none"> • Equal and diversified employment • Employee training and growth • Smooth career development • Remuneration and welfare system • A harmonious working atmosphere 	<ul style="list-style-type: none"> • Ensure employment compliance • Improve training system • Establish a reasonable promotion mechanism • Provide competitive remuneration • Promote corporate culture
Customers	<ul style="list-style-type: none"> • Product quality and safety management • Product R&D and technological innovation • Product service and experience • Information security and privacy protection 	<ul style="list-style-type: none"> • Develop standard quality management processes • Establish an automotive R&D institute global headquarters • Carry out customer communication and research • Implement strict customer information confidentiality regulations
Suppliers	<ul style="list-style-type: none"> • Fair competition • Win-win cooperation 	<ul style="list-style-type: none"> • Standardize tender and bidding process • Improve supplier evaluation and communication mechanism
Industry associations	<ul style="list-style-type: none"> • Industry experience exchange • Protect intellectual property rights • Promote industry advancement 	<ul style="list-style-type: none"> • Participate in industry seminars • Apply for patent protection • Participate in the development of industry standards
Shareholders	<ul style="list-style-type: none"> • Protect shareholders' rights • Obtain return on investment • Disclose important information 	<ul style="list-style-type: none"> • Convene general meetings • Enhance profitability • Publish regular reports
Government	<ul style="list-style-type: none"> • Comply with national policies • Strengthen the building of a clean and honest organization 	<ul style="list-style-type: none"> • Improve compliance management • Conduct anti-corruption supervision and training
Communities	<ul style="list-style-type: none"> • Participate in social welfare activities • Resource saving and recycling • Waste disposal • Ecological environmental protection 	<ul style="list-style-type: none"> • Carry out charity activities • Recycle resources • Compliant processing of emissions and wastes • Smart manufacturing and green building

Environmental, Social and Governance Report

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 2020, 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 environmental and social policies, practices and performance, accurately identify the reporting focus for the year and effectively respond to demands and expectations.

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 2020 and taking into account the national policies, industrial trends and disclosure requirements in the ESG Reporting Guide, identify 23 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 23 material ESG issues, as well as their evaluations, suggestions and expectations for the Group in the environmental and social areas.

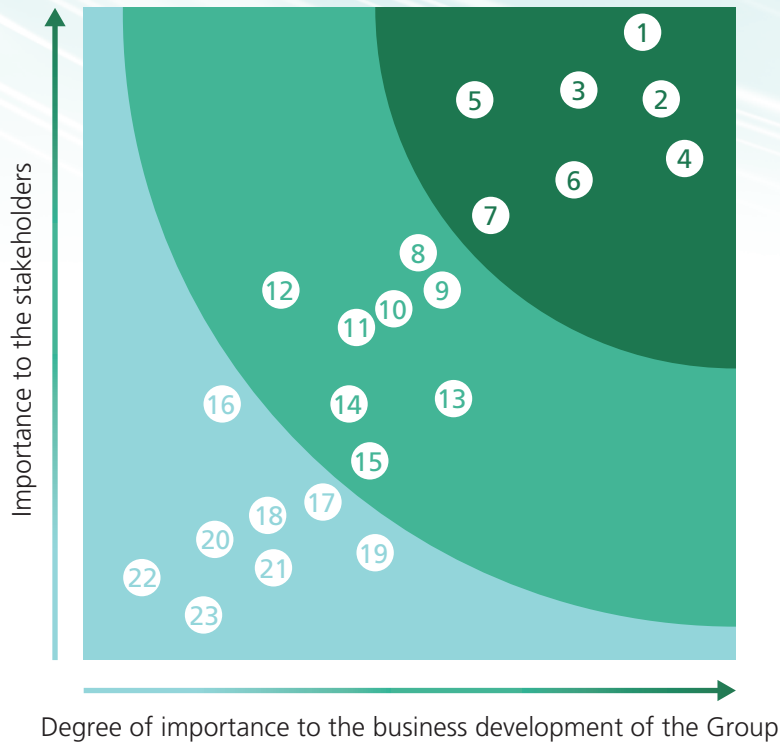


Step 3: Determine materiality

Divide 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 of material issues. 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

Materiality matrix



Very Important		Important		Less Important	
1	Product quality, safety and environmental protection performance	8	Protection of intellectual property rights	16	Remuneration and welfare
2	Occupational health and safety	9	Customer rights and satisfaction	17	Ecological environment protection
3	Waste management (waste water, exhaust gas, solid waste)	10	Information security and privacy protection	18	New energy power
4	Integrity culture construction	11	Smart manufacturing and green factory	19	Resource saving and recycling
5	Technological innovation and proprietary brand building	12	Health management service and experience	20	Promote industry development
6	Prevention of child labor and forced labor	13	Equal employment and talent team building	21	Responsible marketing
7	Supply chain management and sustainable development	14	Employee care and protection of rights and interests	22	Social public welfare and volunteer services
		15	Employee training and development	23	Green travelling

According to the results of the 2020 materiality assessment, “product quality, safety and environmental protection performance”, “occupational health and safety”, “waste management (waste water, exhaust gas, solid waste)”, “integrity culture construction”, “technological innovation and proprietary brand building”, “prevention of child labor and forced labor” and “supply chain management and sustainable development” were rated as the seven most material ESG issues. The Report discloses relevant information on each ESG issue in the subsequent sections and elaborates in details on the ESG issues with higher ranking of materiality. 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. Focus on Products and Build a High-Quality Brand

Based on national strategic planning, the Group seizes the development opportunities in the new energy vehicle industry and the healthcare 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, exploring innovative service models, integrating the construction and sharing of resources, maintaining a transparent business environment and operating with a high sense of responsibility.

1. Committed to Creating Excellent Product Quality

People's livelihood ranks the top priority. As an experienced entrepreneur in the strategic development of new energy vehicle and health management, both 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) Manufacturing first-class vehicles

Following the quality directive of "Quality Sets Good Brand; Integrity Builds Great Business" and the quality objective of "product quality must be world-class", the new energy vehicle segment of the Group continuously improves the Group's product quality, service quality and management quality. Focusing on the concept of whole life cycle quality management, the Group conducts quality control throughout every key segments in the new energy vehicle full industry chain.

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 formulated and implemented the "Management Measures for Quality Objectives", the "Quality Management System", the "Product Protection and Delivery Control Procedures" and other policies, which specify the requirements for the formulation of the quality objectives, quality monitoring and quality improvement of new energy vehicles. The Group identifies various risk points and control points in the production process, and adopts appropriate protective measures to achieve the whole life cycle quality management of products covering development, procurement, manufacturing to after-sales.



Whole life cycle quality management

Environmental, Social and Governance Report

The Group actively implements the construction of quality management system. The vehicle manufacturing business is undertaking quality system construction in compliance with the relevant requirements of ISO9001:2015 and IATF16949:2016. The power battery business has secured Class 3 Enterprise Certification for Safe Production Standardization, as well as ISO9001:2015 and IATF16949:2016 quality management system certification. Meanwhile, the Group has formulated a sound quality management mechanism to enable systematic and standardized quality control.



Establish a quality management committee

- Responsible for the review of the Group's quality policy, quality management system, quality objectives and major quality issues, and improve the operating efficiency and effectiveness of the product quality management system.



Establish an expert team for quality system audit

- Conduct multiple internal audits of the quality management processes, including annual internal audits, rolling system internal audits and process audits, proactively discover quality control issues and make rectifications promptly.



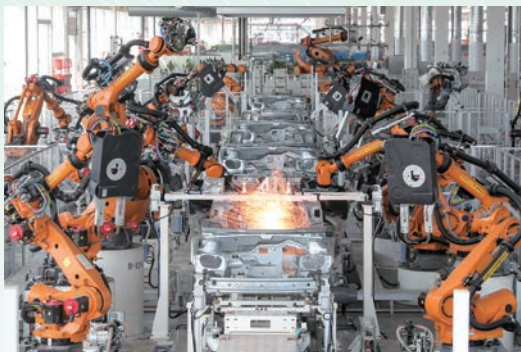
Regularly convene annual quality meetings

- Regularly review and evaluate the current status of the quality management system and identify opportunities for improving the quality management system to ensure the adaptability, effectiveness and adequacy of the operation of the quality management system.

Quality management mechanism

Industry 4.0 Standardized Produce Bases

On 7 August 2020, the Shanghai and Guangzhou production bases of the Group's vehicle manufacturing business were officially unveiled. Built in line with Industry 4.0 Standard, the two major bases are equipped with a top vehicle manufacturing team of 2,545 robots which can produce one vehicle per minute on mass production, realizing intelligent manufacturing while effectively guaranteeing product quality as human errors are avoided. The four big workshops of the production bases have the most advanced equipment and techniques in the world. For instance, the body workshop utilizes equipment supplied by Kuka in Germany and Fanuc in Japan and employs digital twin technology. Data production can be shared across different assembly lines for the first time in the industry, contributing to building advanced high-end smart "dark factories". The press workshop utilizes the press equipment supplied by Schuler in Germany, is equipped with the MMS smart self-diagnostic system, and is deemed as the most advanced fully automated press production line in the world. The paint workshop adopts production lines supplied by Dürr in Germany to realize fully automated painting and gluing. The advanced technologies such as horizontal drying-out and fast color changing are also introduced to achieve intelligent, environmentally-friendly and customized painting. The assembly workshop utilizes the assembly lines supplied by Dürr in Germany, where a virtual matching system is employed. Hence, they are one of the vehicle assembly lines in the world that can achieve the highest automation rate.



Body workshop in the production base



Press workshop in the production base

Environmental, Social and Governance Report



Paint workshop in the production base

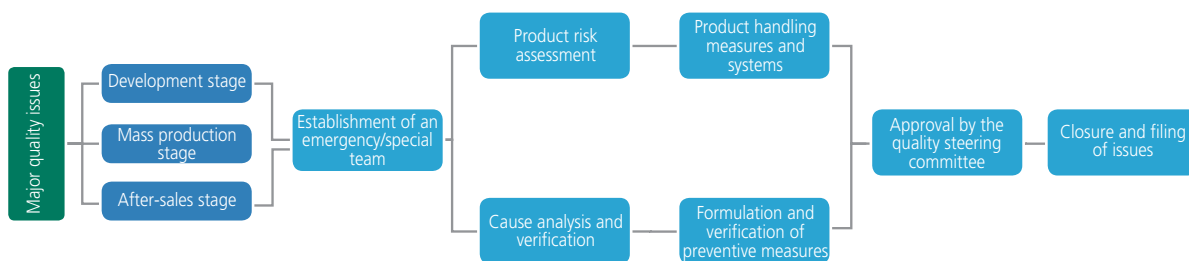


Assembly workshop in the production base

The standardized factory under the Group’s power battery business was also built in line with Industry 4.0 Standard. The Group issued 9 standardized factory system process guidelines, including the “Guidelines for Formulating the Planning and Design of Standardized Factories”, the “Guidelines for Formulating the Architectural Design of Standardized Factories” and the “Guidelines for Formulating the Structural Design of Standardized Factories”, and sorted out more than 200 standard work instructions for task processes. Aided with systematic management, the Group has ensured the smooth construction of standardized factories undertaken.

Disposal and emergency management of defective products

The Group attaches great importance to the quality and safety guarantee of sold products. By formulating the “Vehicle Recall Management Measures”, the “Major Market Governance Problem Management System”, the “Management Regulations on Product Return and Exchange Procedures” and other policies, the Group clearly specifies the reporting level, feedback time and response plan for different quality problems, standardizes the procedures for handling major quality issues in the entire process of product development, mass production, and after-sales, and provides customers with a smooth and efficient product quality solution channel, so as to resolve the problems as fast as possible and mitigate their impact to the greatest extent. Meanwhile, the Group has established a Vehicle Product Recall Leading Group and a special team to follow up and handle vehicle product recalls. In 2020, there were no sold and shipped products of the Group that required recalls subject to safety and health reasons.



Flow chart of handling major quality issues

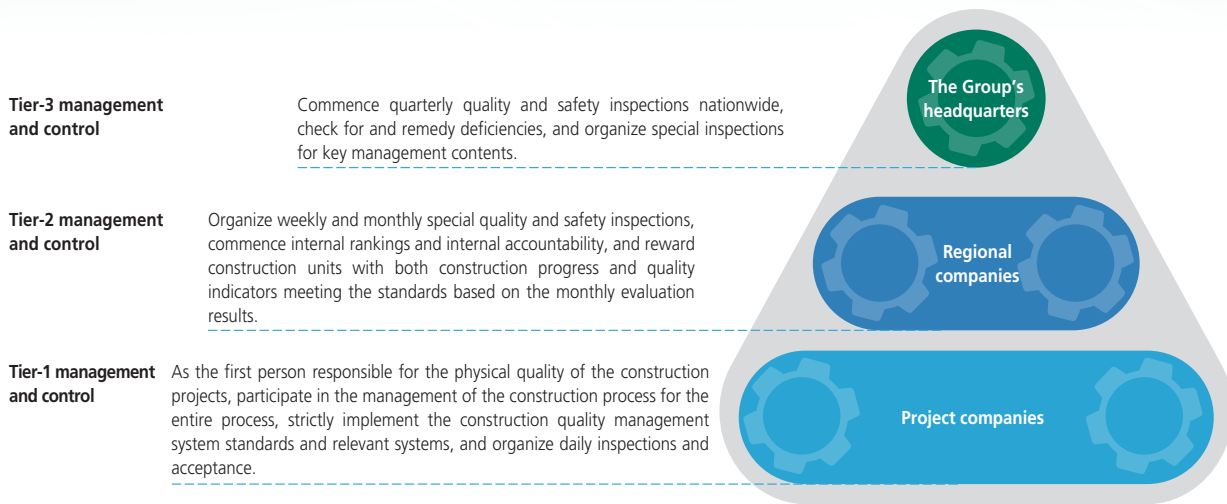
(2) Laying the cornerstone of high-quality health services

The development and construction of the main body of Evergrande Elderly Care Valley represents the key carrier of the Group’s health management segment business. 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 formulated and implemented policies such as the “Project Construction Management System”, the “Management Measures for Safe and Civilized Construction”, and the “Implementation Measures on Quality Hammer Mechanism”, as well as documents such as the “Guidelines for the Construction of Four Gardens” and “Guidelines for the Construction of Standard Henghe Hospitals” for specific projects. The Group continued to standardize the construction quality standards and management mechanism of Evergrande Elderly Care Valley.

Environmental, Social and Governance Report

Three-tier quality management structure

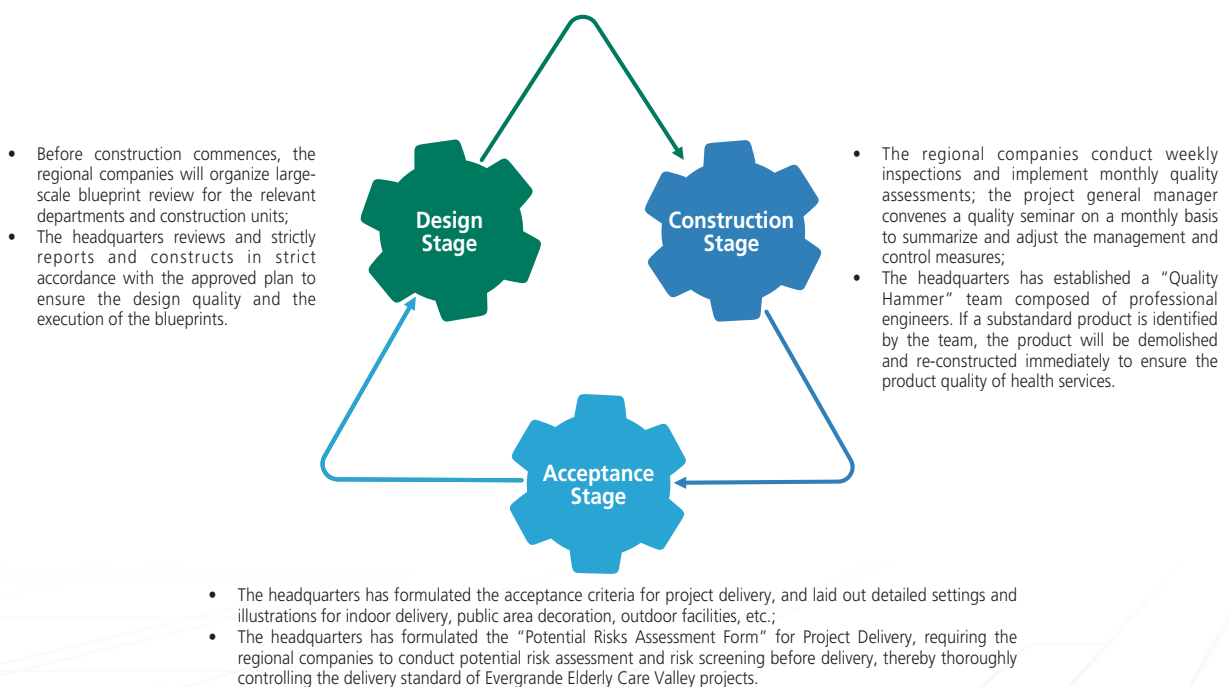
In order to ensure the overall implementation of the project quality and the safety management and control system of Evergrande Elderly Care Valley, the Group has established a bottom-up three-tier quality management structure comprised of project companies, regional companies and the Group's headquarters that forms a dedicated functional framework for construction project management policy formulation, implementation guarantee and implementation supervision, thereby effectively improving the supervision and management of the construction quality of Evergrande Elderly Care Valley, and laying a quality foundation for the creation of comprehensive health services featuring healthcare and wellness for all age groups:



Three-tier quality management structure of Evergrande Elderly Care Valley construction projects

Full-cycle risk management and control

With a sound system and management structure, the Group is able to achieve full-cycle risk management and control of the Evergrande Elderly Care Valley construction projects during the design, construction and acceptance stages, providing a guarantee for the nationwide presence of Evergrande Elderly Care Valley.



Risk control mechanism of Evergrande Elderly Care Valley construction projects

Environmental, Social and Governance Report

At the same time, the Group has responded to the national call to actively implement new technology construction system and prefabricated buildings, ensuring the construction quality of Evergrande Elderly Care Valley while improving construction efficiency.

New technology construction system

The four new core construction technologies cover fully cast-in-place concrete exterior wall, aluminum alloy template, intelligent climbing frame and thin plastering of walls. Through measures such as the combination of four construction technologies, alternate processing and refined management, the Group has realized a comprehensive product advantage and construction system that improves the construction quality of Evergrande Elderly Care Valley, shortens construction period and increases the added value of products.

Prefabricated buildings

Prefabricated building refers to on site assembly and installation of required building components and accessories, including wall panels and stair building blocks, by means of reliable connection technique. The required components and accessories for building will be made in advance in factories. By transferring a massive amount of on-site operation, previously happened in traditional construction method, to factory, the on-site construction efficiency is improved and the overall quality and cost-effectiveness of the buildings of Evergrande Elderly Care Valley is enhanced.

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. It has built an excellent and timely service support system featured with, among others, innovative products and services, customer-centric experience, customer rights protection and smart operation.

(1) Innovative products and services

The Group continues to innovate products and services, actively seek global new energy solutions, continuously optimize healthcare and medical service models, strive to improve the quality of green travelling and healthy lifestyle of people in China, as well as to measure up with the latter expectation for better living.

Dual-wheel drive for the future

The "Automotive New Four Modernizations", namely electrification, networking, intelligence and sharing, sped up the transformation and upgrade in automobile industry. Since entering the new energy vehicle industry, the Group has completed an overall presence in the new energy vehicle industry chain either through cooperation with the world's top companies or acquisitions. The Group's businesses cover new energy vehicle manufacturing, electric motor control, power batteries, smart charging, shared mobility and other aspects. Meanwhile, the Group will proceed with its self-strengthening while actively exploring for emerging opportunities, creating breakthroughs in, among others, core technologies and brand building.

Environmental, Social and Governance Report

1) “Hengchi” vehicle series

On 3 August 2020, the first six models under the Hengchi brand were launched by the Group in Shanghai and Guangzhou at the same time. Their leading design concept brought about a revolutionary visual impact in the new era, representing the Group’s resolute vow to transform “Hengchi” into an acclaimed national vehicle brand worldwide. “Hengchi” 1 to 6 covered all classifications from segments A to D, as well as a full range of vehicle types, including sedan, coupé, SUV and MPV. The six vehicles fully met the needs of users in various market segments.



“Hengchi” six models

Meanwhile, leveraging the brand and resource advantages of Evergrande, the Group planned to build a large-scale sales system with extensive coverage, and initiated projects including online preview before the official launch of the products, with a view to provide “Hengchi” vehicle owners with premium and efficient product experience and service.

Environmental, Social and Governance Report

As the issue of non-differentiated products becomes serious in the automobile sector, to ensure that each “Hengchi” model has the stunning appearance and capacity that beat the world, the Group has selected first-class designers from global context, and established the “Styling and Design Expert Committee for Evergrande New Energy Automotive” to nurture creative ideas and wisdom to the product design under “Hengchi” series. The overall design from frontal appearance to interior decoration gives the impression of luxury, technology-based and futuristic, bringing users brand-new experience.

Design elements of “Hengchi 1”

On 8 December 2020, “Hengchi 1”, the Group’s pure electric flagship “D-class” vehicle model, completed the road running at the new energy vehicle production base. Its body was designed by Anders Warming, a top-notch designer in the world, and its expression of luxury and technology set itself far apart from other competitors in the new energy vehicle sector. In terms of luxury, the vehicle was equipped with aerospace-class flagship smart cockpits, 18-degree adjustable multi-functional massage chairs and other facilities; in terms of technology, leveraging the twin-ecosystem 5G interconnection technology of Baidu and Tencent, “Hengchi 1” was able to realize in-car shopping, in-car karaoke, contactless payment, reservation and booking and other functions, which brought users the most pleasing driving experience.

- Ultra-wide sky-viewing roof
- Extraordinary 5G interconnected driving control
- Two-seat layout with super large space
- Superb aerospace-class cockpits
- Multi-functional massage chairs
- Intelligent five-screen connectivity
- 3D full screen view

Environmental, Social and Governance Report

2) NEVS mobility solutions

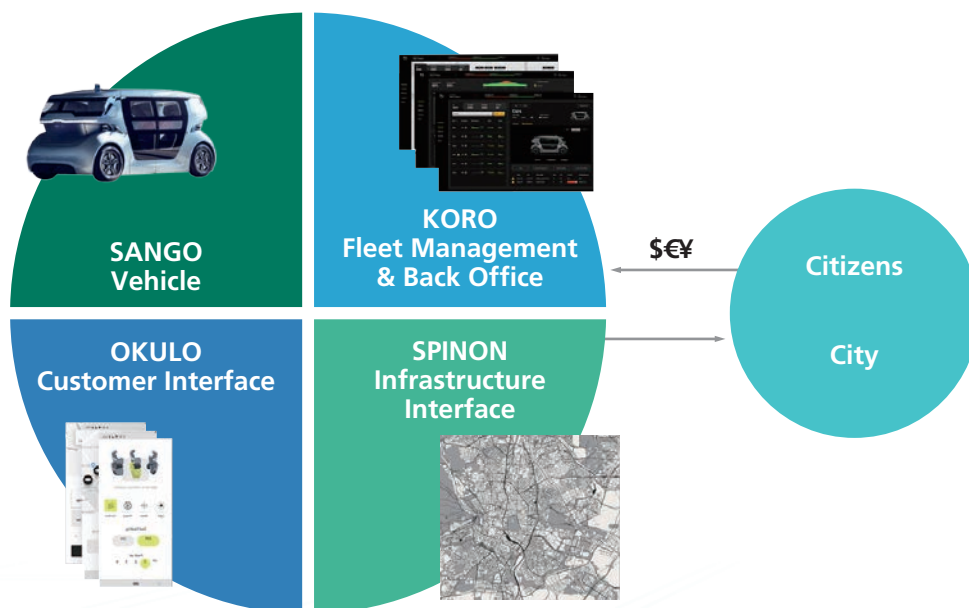
With the development vision of “shaping green travelling and building a sustainable future together”, NEVS, a subsidiary of the Group, is committed to providing solutions for the production of high-end electric vehicles, travelling services and sustainable urban planning.

In 2020, NEVS launched “Sango”, its first-generation self-driving vehicle designed for car-sharing. “Sango” had six movable seats and was fitted with privacy walls. The three seat mode settings, namely privacy, social and family, satisfied the travelling needs of users in different scenarios. It is planned that in the future, Sango will be adapted with any of the self-driving software systems available to offer flexible, intelligent and green mobility services, providing a solution for car-sharing in city environments.



3 seat modes of Sango: privacy, social and family

NEVS is striving to develop a mobility ecosystem — the “PONS Mobility Ecosystem”, which will be used for the two-way interconnection of vehicle control system and passengers. It will integrate vehicles, fleet management and back office, customer interface and infrastructure interface, and monitor and optimize the fleet, which will effectively improve the efficiency of vehicle use and maximize the utilization of urban space and natural resources.



PONS Mobility Ecosystem

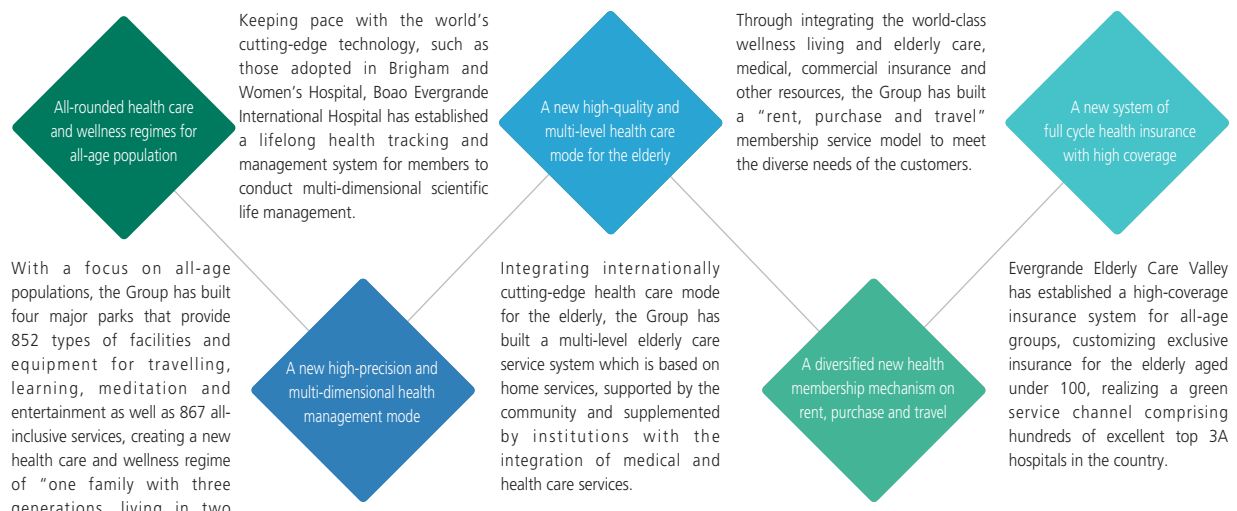
Environmental, Social and Governance Report

Building a healthy life

The Group actively engages in the healthcare industry, adheres to its corporate vision of “enhancing the healthy living standards for the general public”, and upholds the innovative service concept of integrating medical insurance with medical care, health management and elderly care. It provides, among others, medical care, health management, health care and elderly care services through a membership platform, and has also developed a comprehensive service system and a lean service standard, striving to build a harmonious society that provides “education, medical care, housing, and old-age support” for all.

1) 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 regarded the latter as a carrier to design a whole life cycle, all-age and all-inclusive health service management system from pre-pregnancy, infants to centenarians.



Health service management system of Evergrande Elderly Care Valley

Environmental, Social and Governance Report

The first-ever four major parks — Elderly Care Park, Fun Park, Sports Park and Kid Park

Evergrande Elderly Care Valley has built its first-ever four major parks, namely Elderly Care Park, Fun Park, Sports Park and Kid Park. Equipped with service facilities that are suitable for all ages, the four parks provide a good foundation for a healthy life with respect to the healthy development of children, the peaceful life for the elderly, as well as a harmonious and amicable family life.



Elderly Care Park

With a **core function of health care and elderly care**, the park combines medical and nursing services and provides high-precision and multi-dimensional scientific life management. It has **ten individual buildings**, including a Chinese medicine hall, a meditation hall, a food court, a medical beauty center, a national art hall, a spiritual hall, a health spa center, a yoga hall, a tea house and a wine house.



Fun Park

With a **core function of culture and entertainment**, the park combines culture and entertainment and provides high-quality health care methods. It has **13 individual buildings**, including a senior school, a chess club, a pet club, a Chinese opera club, a singing club, a Chinese studies gallery, a sunshine library, a theater, a photo gallery, a dancing club, a gardening house, a craft workshop, and a museum.



Sports Park

With a **core function of health and exercise**, the park offers scientific guidance by professional private tutors to shape a healthy and energetic new life. It has **six individual buildings**, including a fitness center, a somatosensory sports hall, a table tennis hall, a badminton hall, a billiard hall and a croquet hall.



Kid Park

With a **core function of advocating harmonious relationship between the elderly and children**, the park practices the concept of parent-child fun, organizes regular parent-child activities, cross-border exchange activities for college students, etc., which help to build trans-generation social cluster. It has **three individual buildings**, including a children's talent center, a children's toy city and a children's water world.

Exclusive member-only new experience of "rent, shop and travel" and "full-cycle insurance model"

Evergrande Elderly Care Valley provides members with the service rights on "rent, shop, and travel" to effectively improve their healthy life quality.



Rent

Based on customer's rental needs, Evergrande Elderly Care Valley provides lease products on different terms. Customers will be given the right to stay upon rental settlement and enjoy the membership rights.



Shop

Members can enjoy house purchase discounts for all Evergrande Elderly Care Valley projects nationwide, as well as exclusive membership rights such as health insurance and medical service, health management and health care services.



Travel

Members can travel freely based on the characteristics of different regions, such as climate, temperature and humidity, and magnetic field of life, and easily travel to and stay in Sanya, Ocean Flower Island, Kunming, Nanjing and many other resorts in China.

At the same time, Evergrande Elderly Care Valley provides members with a "full-cycle insurance model" that breaks the industry's traditional insurance age limit, and offers full-cycle insurance for all age groups from pregnancy, young children, youth, middle age to old age, covering major disease insurance, high-end medical insurance, long-term care insurance, accident insurance and pension insurance.

Environmental, Social and Governance Report

2) Lean service standards

The Group has formulated and implemented the “Health Operation Work Guidelines”, the “Operation Service Quality Standards for Elderly Care Valley” and other systems to specify the service standards of Evergrande Elderly Care Valley and provide high level of health management services to customers. In 2020, the Group established the “Health Operation Special Unit” to conduct on-site supervision and guidance for customer service standards. At the same time, it actively promoted member service training, and gradually improved the service quality and service ability of member consultants through continuous learning of new knowledge and new methods.

Since May 2020, the Evergrande Elderly Care Valley of the Group throughout China continued to carry out member activities. A total of 43 clubs were set up throughout the year, and 1,344 activities were carried out with the member participation of 69,823 persons.

Tangshan Evergrande Elderly Care Valleys: Family-bonding Tea Culture Class for Children

On 5 September 2020, Tangshan Evergrande Elderly Care Valley planned the Family-bonding Tea Culture Class for Children activity for the selected 12 groups of children and parents interested in the Chinese culture and tea culture to learn tea knowledge and tea etiquette. “A cup of tea to parents” was the highlight of this event, which embodied the virtue of “serving tea to respect the elderly” and effectively promoted the communication and exchanges between parents and children. The smooth running of this event not only allowed customers to personally experience Evergrande Elderly Care Valley’s business motif to serve its members, but also promoted the inheritance and development of “honesty and filial piety” in traditional culture.



Family-bonding Tea Culture Class for Children

In order to further enhance hospital quality and safety and medical service level, Boao Evergrande International Hospital has set up a quality and safety management committee, formulated and implemented management systems such as the “Medical Quality Assessment Measures”, the “Medical Multi-sector Quality Management Coordination Mechanism” and the “Emergency Plan for Medical Safety Incidents” to specify the responsibilities and requirements for medical quality safety and service management, formulated 18 work flow guidelines for appointment, outpatient reception, and sterilization and cleaning of medical devices, apparatus, and supplies, and specified the work requirements, processes, and standards in all aspects of medical service work. At the same time, a medical service quality management conference is held every quarter, requiring all departments to exchange experience on medical quality and safety and service standards, discuss and analyze existing problems, and implement rectification suggestions.

Environmental, Social and Governance Report

(2) Promoting intelligent operation

The Group has actively promoted the intelligent transformation of factories and achieved the goals of reducing production costs, improving production efficiency, and optimizing production operations and quality management effects through the application of various intelligent management systems.



Manufacturing Execution System ("MES")

Optimizes the management of the complete closed-loop manufacturing process from the placing of sales order, material procurement, production of materials, process production, quality control to finished product shipment through information transmission.



Facility Monitoring Control System ("FMCS")

Performs refined monitoring and management of factory equipment, presenting professional management and operation plans such as planning, comparison, analysis, and decision-making.



Quality Management System ("QMS")

Realizes the digitalization of production and manufacturing process documents, and can also conduct data analysis and information mining, and provides quality managers with detailed trend analysis.

Intelligent management system for factories

Online intelligent operation system for Evergrande Elderly Care Valley

In 2020, the Group launched the "Integrated Operation System of Four Gardens" in Evergrande Elderly Care Valley, which enables the customers to view the introduction and service content of the Evergrande Elderly Care Valley venues that are open for operation, and conduct venue reservation or service appointment online. The system synchronized the centralized management and arrangement of the venues, services, commodities, technicians and other information provided by the four gardens at the back end to help managers control the quality of services. At the same time, the Group launched the "Elderly Care Valley Smart Guide System", which had functions such as hand-drawn map display of the garden and navigation, garden venue introduction, Elderly Care Valley information, event information release, user interaction, etc., to help members and property owners quickly familiarize themselves with the four gardens and actively participated in the related activities, which played an important role in promoting the promotion and brand output of the four gardens.



Interface of the "Integrated Operation System of Four Gardens"



Interface of the "Elderly Care Valley Smart Guide System"

Environmental, Social and Governance Report

(3) Listen to market voices

In order to respond to customer complaints in a timely manner and improve customer satisfaction, the Group has formulated and implemented the “Management Measures for Product Quality Satisfaction Survey” and the “After-sales Service Satisfaction Management Procedures”, established the defining standards of complaints of various levels and set out the requirement on return time limit of complaint orders and feedback forms, record time limit and required completion time limit for complaints of various levels.

The Group’s new energy vehicle segment conducts customer satisfaction surveys once every six months, focusing on eight aspects, namely, product quality, service quality, delivery timeliness, new product development and customer complaints to proceed with investigation.

Customer satisfaction surveys for 2020

In April 2020, the Group’s power battery business conducted a satisfaction survey for the first half of the year through questionnaire surveys and customer review. The survey covered the major customers that collaborated with the Group during the year. The survey involved the quality of delivered parts, product recalls and warranty, timeliness of delivery and customer feedback. Based on the satisfaction survey, the Group noted that the customers have approved the quality of its products and services, and obtained customer comments and suggestions on product quality, service levels, new product development, etc., and provided valuable directions and clues for subsequent new product development and service quality improvement.

Members and owners of Evergrande Elderly Care Valley of the Group can maintain their legal rights and interests through channels such as the nationwide customer service hotline, WeChat official account, and one-to-one customer service communication. Regional companies conduct daily return visit for 100% satisfaction with the closed complaints, and the Group’s headquarters will conduct a weekly return visit for 10% of the closed complaints as a random inspection to verify the authenticity of the concluded cases.

(4) Protecting customers’ rights and interests

The Group attaches great importance to the protection of customer information and privacy, and adopts a prudent and careful attitude to release information to the outside world to ensure that customer personal information will not be leaked or abused. False or illegal propaganda that is inconsistent with the facts is strictly prohibited, and an honest corporate image is established.

Protection of customers’ information and privacy

In order to protect customer information and privacy, the Group has formulated the “Information Security Management System” and other systems. At the same time, the Group has strengthened employees’ awareness of customer information and privacy protection through information security and privacy policy training, signing of confidentiality agreements, etc., and specified the confidentiality requirements that employees must comply with during and after employment.

Physical confidential measures for information security



Set up door guard and access control system

The Group has set up door guards and access control systems. External visitors need to comply with strict registration and verification, and the entry and exit of articles must be approved by release clause and checked and verified by security.



Hierarchical control of office area

The Group conducts classified management and control of confidentiality in the office area. All electronic products with camera functions such as mobile phones and computers of personnel entering the confidential area must be sealed and scanned for metal detection.

Environmental, Social and Governance Report



- The Group installs client-end information security for employees to activate security management and control strategies; prohibits non-compliant outgoing channels such as WeChat, QQ, and Netdisk; enables screen watermark and print watermark functions; at the same time, the information technology center of the Group's headquarters inspects the above information security management and control measures every two weeks and publicizes and criticizes violations or incidents by non-complying personnel.



- The Group formulates and implements the "Management Measures for Member Management System for Elderly Care Valley", which stipulates that the account access rights of the membership system shall be centrally assigned by the information center at the Group's headquarters. Any unauthorized access is prohibited; at the same time, important information such as customers' ID cards and mobile phone numbers are desensitized in the membership system. If member information and data are found to be leaked or misused, the Group will hold the responsible persons accountable, and those who cause economic losses to the Company will be held accountable.



- The Group formulates and implements the "Protective Medical System", "Patient Privacy System" and other systems, which stipulate that patients' privacy should be disclosed to medical staff only during the diagnosis and treatment process, and should not be disclosed in any way without the consent of the patients. Medical staff is required to avoid mentioning words that may cause harm to a patient in front of the patient or in front of unrelated persons, and to respect and protect the rights of patients.

Daily management measures for information security

Environmental, Social and Governance Report

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”, and has formulated and implemented the “Management Measures for Marketing Planning”, the “Brand Management Measures”, the “Design Management System” and other systems. The headquarters of the Group strictly reviews publicly released promotional language, materials and sales commitments to prevent misrepresentation or exaggeration of publicity content.

In terms of brand building, the Group has compiled corporate promotion videos, corporate promotion brochures and brand visual image (“VI”) manuals, which provide specific guidelines for the overall external promotion of the Group’s products and services, and help achieve a unified, standardized management routine for brand on display. The contents will be updated from time to time in line with business development.

Jinhua Evergrande Elderly Care Valley: Helicopter tour

In 2020, the Group carried out the theme activity of “360° Helicopter Tour, Overlooking the Prosperous Lake View” for interested members of Evergrande Elderly Care Valley. About 1,000 groups of interested members came to visit and participate in the event. The helicopter flight took about 5 minutes per trip, an average of 168 groups of interested members are received daily, offering customers a superior and real experience.



Jinhua Evergrande Elderly Care Valley: Helicopter tour

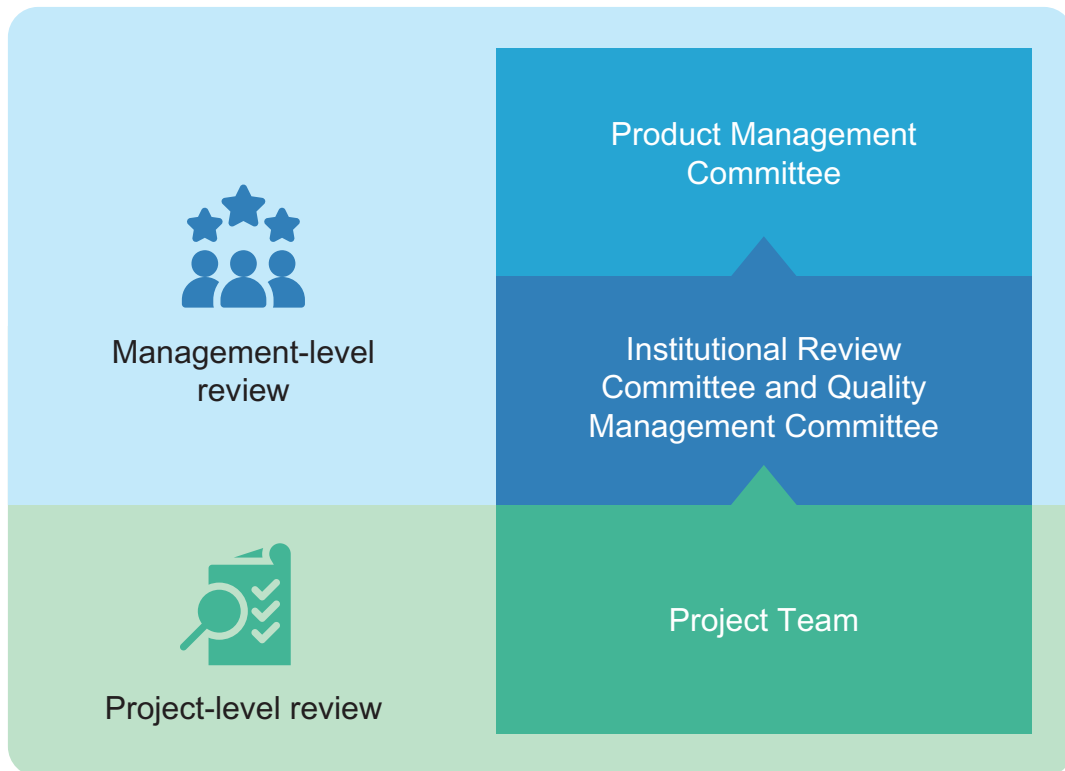
Environmental, Social and Governance Report

3. Merging and sharing of resources

The Group vigorously promotes the rational deployment and merging and sharing of high-quality resources at home and abroad, 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 and healthcare industry, contributing to the sustainable development of mankind.

(1) Leading core technology

In accordance with the self-imposed positioning of “world-leading core technology” and the forward-looking deployment, the Group has speedily established the first domestic new energy vehicle industry chain of “automobile R&D and manufacturing + core EIC technology (battery systems, electric-machinery systems and electric-control systems) + marketing channel” and equipped each link with the world’s top new energy vehicle technology. The Group sets up valves of different quality for different stages of the development process of new energy vehicles, and strictly stipulates the item list and standards of checkpoint deliverables to promote timely operation of the project with guaranteed quality. On this basis, the Group has established a “three-tier valve” review mechanism to adequately identify and evaluate the quality status of each stage of the project to ensure the effective implementation of quality valve management.



“Three-tier valve” review mechanism

Environmental, Social and Governance Report

Continuously promoting the construction of independent R&D capacity

The Group has actively promoted the construction of independent R&D capacity and established the Evergrande New Energy Automotive R&D Institute Global Headquarters and Academy of Intelligent Science with collaborative R&D initiatives across China, Sweden, Germany and the United Kingdom, among others. The Group owns multiple high-end manufacturing bases in Sweden and Tianjin, Shanghai and Guangzhou in China and continues to intensify the outcome of high-tech transformation.

Evergrande Automotive R&D Institute Global Headquarters

Evergrande Automotive R&D Institute Global Headquarters has more than 3,500 advanced R&D and management teams for domestic and foreign high-end new energy vehicle across the globe. It has 16 professional research institutes including Vehicle Technology Research Institute, Power Research Institute, and Modeling Research Institute, supporting the R&D of the “Hengchi” series of new energy vehicle products.



Hui Ka Yan, the chairman of the board of directors of China Evergrande Group, visited the front-line scientific research expert team

Environmental, Social and Governance Report

At the same time, the Group has founded the Global Battery Research Institute and established a world-leading R&D team. By accumulating advanced practical experience in the industry, the Group ensures the efficient operation of R&D projects and achieves technical advantages.

Evergrande Global Battery Research Institute

Evergrande Global Battery Research Institute has a strong scientific research team, focusing on the top-notch development and application of lithium-ion batteries and solid-state batteries. It owns 40 professional R&D and testing laboratories for material synthesis and electrolyte research and development, and more than 15,000 test points.

In 2020, Evergrande Global Battery Research Institute completed the design stage for flexibility test production line to ensure that the Group's battery cell manufacturing technology was adaptable to the rapid upgrade and production of various models and the customized needs of different customers, and further explored the manufacturing technology and the finest technology-based control technique of advanced products. The stability and reliability of product quality was ensured along with reduced product production cycle.



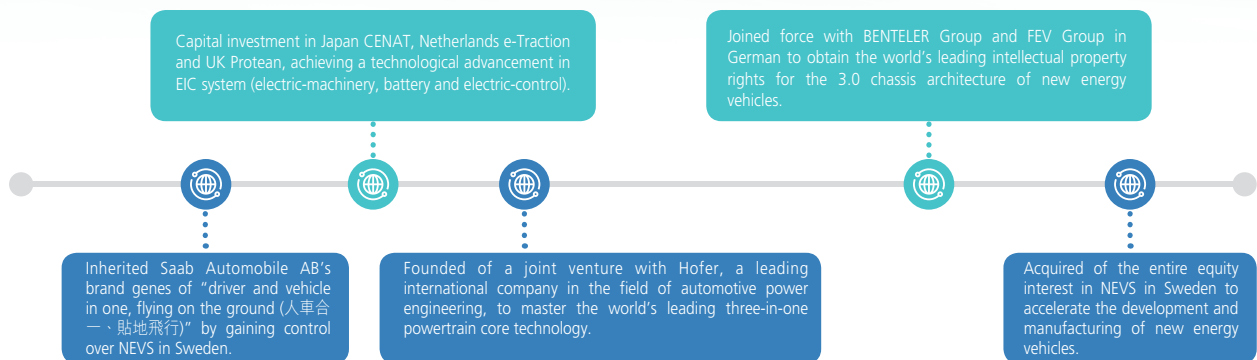
Hui Ka Yan, the chairman of the board of directors of China Evergrande Group, at the scene of R&D report briefing in a laboratory

Environmental, Social and Governance Report

Global layout to co-build strategic cooperation industrial ecology

Based on the business motif of "Learning from Others, Reaching Far and Beyond", the Group has adopted cutting-edge global resources with wide global perspective engaged and sought for close-tied cooperation with strategic partners, achieving full-industry chain presence, despite being a late bloomer in the industry.

Since entering into the new energy vehicle industry, the Group has rolled out a series of international mergers and acquisitions and strategic cooperation:



Independent R&D capabilities of NEVS

NEVS has an independent R&D platform and a number of independent R&D intellectual property rights, providing defining R&D capabilities and technology advantages for the Group's development in the new energy vehicle industry.



Saab bloodlines

Saab is the only car brand in the world with all models which meet the Euro NCAP five-star safety standard. NEVS will inherit Saab's lineage, and further improve the technical level of Chinese brands through collaboration and innovation.



R&D qualification

NEVS has been approved by the National Development and Reform Commission and the Ministry of Industry and Information Technology in China for pure electric passenger vehicle production. NEVS has the world's top-level electric smart car R&D center and a diversified global R&D team with more than 500 working staff.



R&D capability

NEVS owns Phoenix series pure electric vehicle R&D platform with full independent intellectual property right, making NEVS one of a few of the world's leading companies with positive advanced new energy vehicle R&D capabilities.



Intellectual property right

NEVS owns a number of intellectual property rights for independent R&D covering 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 are the world-leading technologies.

Environmental, Social and Governance Report

Boao Evergrande International Hospital of the Group actively commences overseas cooperation with Brigham and Women’s Hospital in the United States, and negotiates diagnosis and treatment plans with the leading medical teams of Brigham and Women’s Hospital in the United States through medical history consultation, imaging consultation, pathology consultation, and video consultation, so that patients can receive world-class diagnosis and treatment services without travelling abroad. In the future, Boao Evergrande International Hospital will make full use of the policy advantages of International Medical and Tourism Pioneer District of Boao Lecheng to continuously extend the applicability of high-quality medical resources through domestic and foreign medical cooperation, with a view to rapidly improve medical service standard.

Cooperate with Origimed to establish a tumor targeting medical expert office

On 8 December 2020, Boao Evergrande International Hospital and Origimed (Shanghai) Co., Ltd. (“Origimed”) signed a cooperation agreement to jointly establish a tumor targeting medical expert office and introduce a team of experts to carry out medical services related to tumor targeting therapeutic treatment. The office has been officially listed in Boao Evergrande International Hospital to leverage complementary advantage in medical resource sharing. The office is committed to building a tumor targeting diagnosis and treatment technology platform that serves patients in Hainan and across China, thus, serving and helping more cancer patients.



The signing ceremony of Boao Evergrande International Hospital and Origimed

Environmental, Social and Governance Report

(2) Exchange and communication in industry and forward development

The Group regards industrial development and self-enhancement as the carrier for game-changing future. Thus, the Group actively participates in industry research, discussion and exchange, as well as engaging in drafting of industry standards. By assuming the role and mission as a strong national enterprise, the Group promotes the long-term development in the industry.

Participating in industry seminars

The new energy vehicle segment of the Group has joined industry associations, namely China Association of Automotive Industry, China Society of Automotive Engineers and China Automotive Dealers Association, and is actively participating in industry discussions, exchanging latest technology development, as well as following closely latest trend in the industry.

Technology and Application Forum on Safety and Reliability Development of China's New Energy Vehicles

On 7 November 2020, the 2nd Technology and Application Forum on Safety and Reliability Development of China's New Energy Vehicles was held in Shanghai Sunyoung Science and Technology Building. The Group's new energy vehicle segment was invited to attend the forum. With the increase in the number of new energy vehicles in China, quality and safety issues gradually became pressing. This forum carefully invited experts in the fields of vehicle production, EIC, and parts and components, and experts in university research institutions to share views on the industry's cutting-edge safety research, domestic and foreign standards dynamics, front-line practice and experience, as well as the sophisticated products and technologies of exemplar companies, to promote technical exchanges and head-on confrontation among industry personnel, and facilitate the improvement of China's new energy vehicles in terms of quality and technology competitiveness.



Technology and Application Forum on Safety and Reliability Development of China's New Energy Vehicles

The health management segment of the Group also actively conducts technical exchanges with leading companies in the industry to absorb and gather various growth experience from industry peers. Boao Evergrande International Hospital has joined the Guangdong Thoracic Tumor MDT ("**Multidisciplinary Team**"), the Lung Nodule Management Specialty Alliance and the Asia-Pacific Alliance of Liver Diseases, Beijing to jointly promote research in the field of cancer treatment. It successfully applied for the national continuing medical education project "New Advances in International Oncology Nursing" on 2 April 2020 to actively explore the teaching and training methods and management standards for oncology specialist nurses, and further promote the scientific and standardized development of oncology nursing sector.

Participating 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, the new energy vehicle segment of 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., jointly 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》). The set of standards was adopted and issued by the National Technical Committee of Auto Standardization, and became important standards in the new energy vehicle industry.

Environmental, Social and Governance Report

(3) 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 intellectual property rights management systems such as the “Intellectual Property Rights Management System” and the “Intellectual Property Rights Supplemental Agreement” 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 and promotion and constant monitoring.

In 2020, NEVS began to establish NEVS patent portfolio in strategic areas, including energy management, effective vehicle control and fleet management, and a series of patent technology portfolios that are instrumental to the future travel ecosystem. At present, NEVS has invented and submitted 4 new patent applications. There are more than 60 potential patentable innovative inventions in the strategic field, laying a solid foundation for the development of intellectual property business in 2021 and in the future. As of 31 December 2020, the Group obtained 1,124 intellectual property rights⁴, including 456 patents, 647 trademarks, 11 software copyrights, and 10 domain names.

At the same time, the Group launched a patent management system to enable the online processing of patent submission, approval, and application document review, promote the standardization of intellectual property management, and regularly carry out training activities on the subject of interpretation of the intellectual property system, project patent planning, and intellectual property rights application process and the writing skill of patent technical disclosure documents to effectively raise the awareness of intellectual property protection among management and R&D personnel.

“Patent Day” activity

From mid-2020 on, Evergrande Global Battery Research Institute holds a monthly “Patent Day” activity. On the one hand, it provides consulting services to relevant personnel who have questions on patent application and management, and answers questions about basic knowledge and application procedures. On the other hand, it organizes and gathers R&D personnel with innovative solutions to attend brainstorming and technical exchange sessions, providing helpful advices on R&D patent planning. As the sessions held for “Patent Day” increased, the participation rate of the Group’s working staff increased accordingly, thus the patent awareness nurtured in the institute has improved steadily.



At the scene of the fourth session of “Patent Day” of 2020

⁴ The scope of statistics only includes the number of intellectual property rights acquired by domestic companies of the Group, and does not include companies overseas.

Environmental, Social and Governance Report

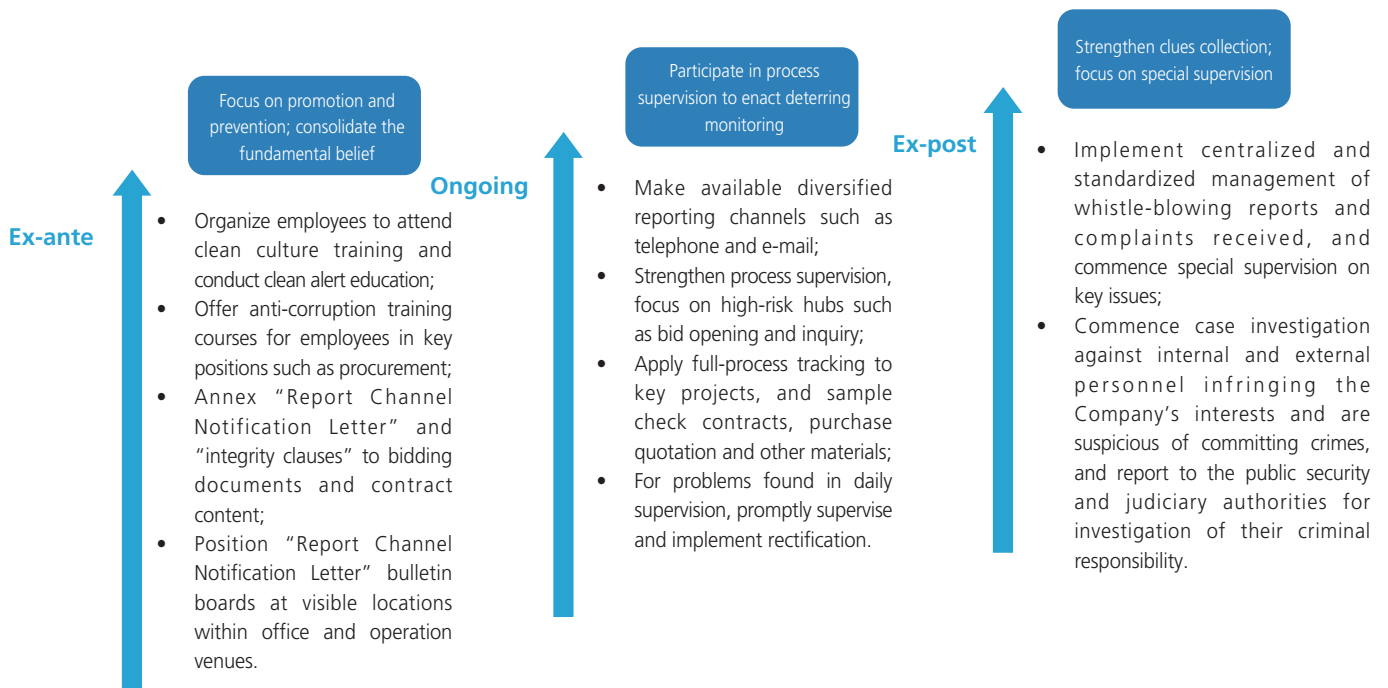
4. Maintain a clean and transparent business environment

The Group pays attention to the integrity education of employees, and actively creates an internal culture of integrity, honesty, trustworthiness, and compliance operation. The Group fully implements the concept of “transparent cooperation, encourages suppliers to actively assume environmental and social responsibilities, and jointly maintain a healthy and transparent business environment.

(1) Establish a clean and compliant 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”, and formulated and implemented the “Management Measures for Supervision Against Corruption” and the “Management Measures for Cash Gifts and Gifts” to regulate the procedures of supervision against corruption, and ensure quality and efficient supervision. In 2020, the Group did not have any legal cases related to corruption, bribery, fraud and money laundering.

The Group has established an anti-corruption management and control system that involves three perspectives, namely, ex-ante, ongoing and ex-post to strengthen its prevention and control for corruption risks. Management loopholes are remedied timely through integrity promotion and training, daily supervision, setting up of reporting channel and careful investigation into reported clues.



Anti-corruption management and control system

Environmental, Social and Governance Report

Education and Training on Integrity in 2020

In May 2020, the Group organized anti-corruption alert education for all employees, and an accumulated total of 58 anti-corruption film sessions were broadcast. After film viewing, employees proceeded to group discussions and shared their experiences, thereby, effectively increasing employees' awareness of honesty and self-discipline. At the same time, the Group introduced special anti-corruption culture training for senior management to enhance managers' awareness of post-corruption, specified the red line of corruption, and eliminate corruptive behaviour.



Integrity alert education



Integrity culture training

The Group has formulated the "Contract Performance Management Measures", the "Legal Affairs Management Measures", and the "Contract Legal Affairs Management System" to specifically regulate contract review, signing and performance management, effectively avoiding the risks of violating laws and regulations. In addition, by building an online knowledge data base on legal contract, together with introducing legal affairs training, among others, the Group has materialized a mutual sharing platform for contracted legal resource and experience and ensured the compliance of operations.

EU "General Data Protection Law" training

Data protection is an important legal regulatory field related to the automotive industry. The Legal Affairs Center under the Group's new energy vehicle segment invited information technology center, marketing brand center, personnel administration center and other related departments to organize EU "General Data Protection Law" training and help various business departments acquainted with the application of laws and regulations in their daily operation, reduce the risk of cross-border data collection and processing, and ensure the legal and compliance operation of the new energy vehicle business through briefing on regulations, scope of application, data processing, cross-border data transmission, among others.

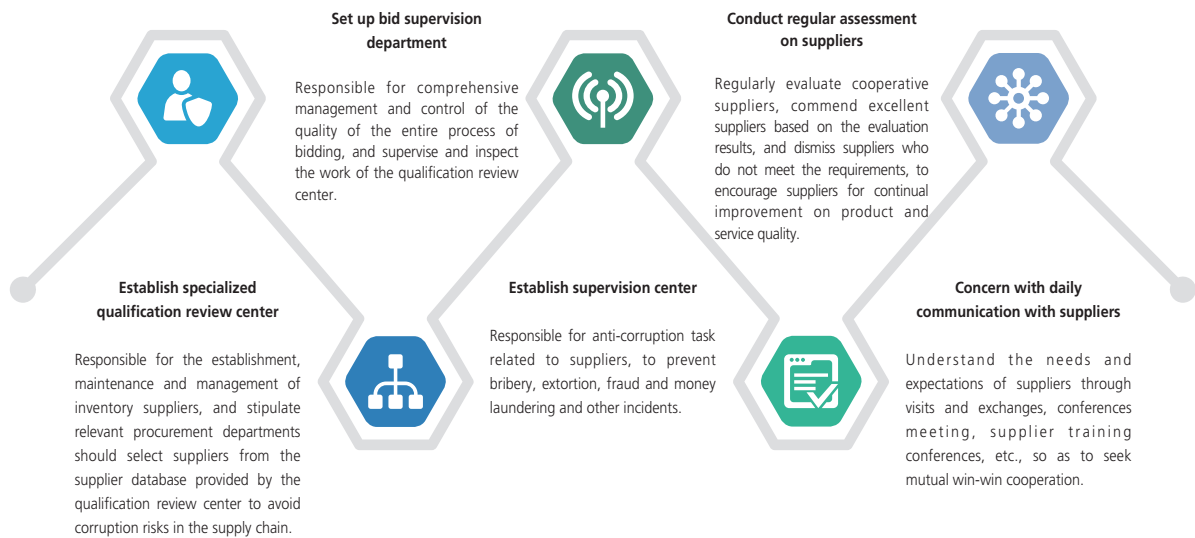
Environmental, Social and Governance Report

(2) Develop sustainable supply 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 has formulated and implemented the “Bidding and Tendering Management Rule”, the “Comprehensive Assessment Methods for Suppliers” and other systems, to regulate the selection, assessment and management of suppliers, ensure orderly supply of the Group’s production, living materials and services, and achieve a mutual benefit and growth and equal cooperation relationship with suppliers.

Full life-cycle management of suppliers

The Group prioritize to select leading companies in the industry and well-known brands domestically and abroad as its cooperative suppliers, strictly forbids any personal referral or unit-level self-recommendation, and set up relevant departments to implement full life-cycle management of suppliers.



ERP supply chain management system

The Group has established an ERP supply chain management system, which has full fledged-functionality on material procurement, and can support a set of procurement requirements such as sourcing for procurement suppliers, bidding, contract signing, and approval of capital capital-sourcing documents.

Supplier’s online training conference

In 2020, to strengthen cooperation and exchanges with suppliers, the health management segment of the Group arranged and hosted an online training conference for suppliers. The key subject of this training conference focused on back-end business such as order management, distribution management, and settlement management. The conference had a total of 62 supplier attendees, and received good response, which has greatly facilitated the smooth running and bonding in our business engagement with suppliers.

Environmental, Social and Governance Report

Environmental and social responsibility requirements of the supply chain

During the suppliers' selection process, the Group is not only concerned with suppliers' good quality, but also reviews on its quality and environmental management system certification, safety production licenses secured, labor contracts committed, and the settlement of employee social insurance. Suppliers with good performance in the environmental and social aspect will be given priority.



Environmental requirement for vehicle production material



By signing the "Undertaking to Never Use Prohibited Substances" with suppliers, the Group requires the suppliers to "comply with BT/SGMWJ 0849 'Requirements for Prohibited Substances in Automobiles' in the control of prohibited substances (lead or its compounds, mercury or its compounds, etc.) used in the supplied parts" to ensure that the materials supplied meet the environmental protection requirements of the country, region and industry.

Environmental requirement for interior decoration material



Supplement environmental protection design standards for interior decoration materials in the contracts signed with the suppliers, with environmental protection indicators such as waterproofing and formaldehyde emission that are stricter than the national standard requirements.

Recycling requirement for production waste and hazardous waste



Source for qualified recycling suppliers for waste, hazardous waste, and discarded equipment in automobile R&D and waste from production, and sign technical requirements specifications after on-site visits to ensure that recycling suppliers would properly dispose of waste and avoid environmental pollution.

NEVS's sustainable development supply chain

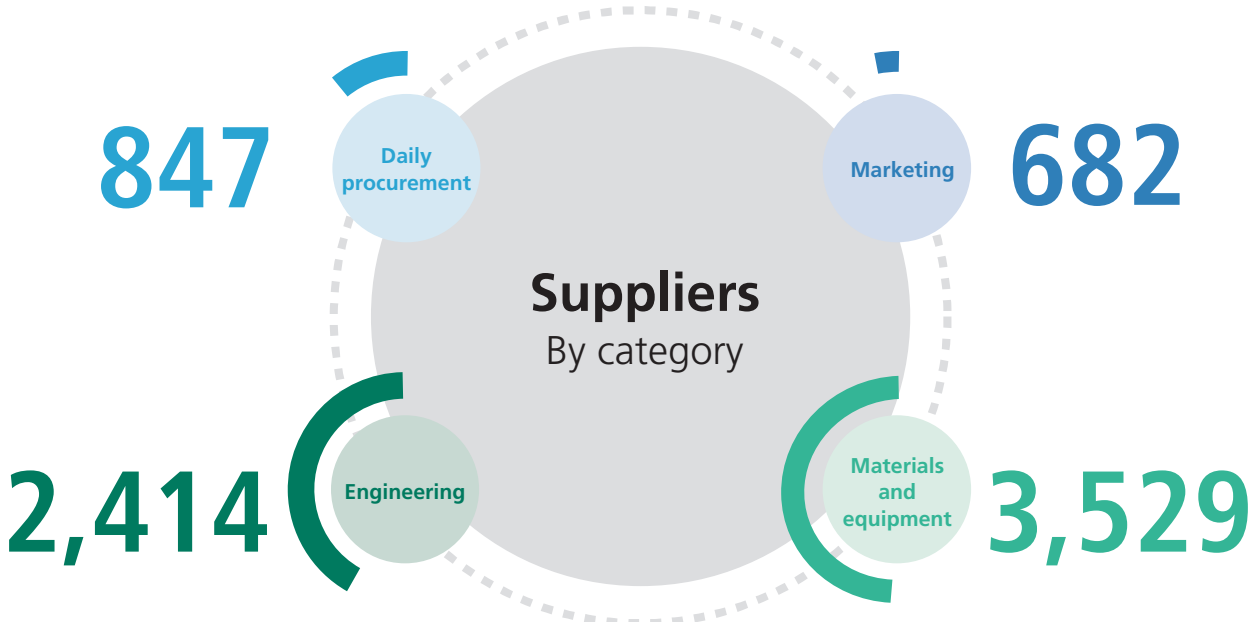
NEVS complies with, supports, and implements the "Ten Principles of the United Nations Global Compact" and the "Organization for Economic Cooperation and Development Due Diligence Guideline for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas" that share a global consensus on human rights, labor, environment and anti-corruption, and formulated the "NEVS Supplier Code of Conduct" based on its own circumstances, which stipulates suppliers should:

- hold human rights as the priority and uphold equal opportunities for and treatment of its employees irrespective of sex, race, color, religion, age, etc.
- comply with employment laws and regulations, do not use or accept child labor or involuntary labor, and ensure reasonable working hours, wages, legally mandated benefits, etc.
- avoid materials and methods posing environmental and health risks, and act in compliance with the applicable statutory and international standards of environmental protection.
- tolerate no form of corruption, including bribery, illegal or a breach of trust.

Environmental, Social and Governance Report

The Group requires its cooperative suppliers to sign a “Pledge for the Protection of Rights and Interests of Migrant Workers” to resolutely deal with any infringement of the legitimate rights and interests of migrant workers by suppliers. At the same time, it has formulated and implemented the “Management Measures for the Rights and Interests of Migrant Workers”, regularly performing a comprehensive inspections of the labor contracts signing and salary payment of the construction units, and assigning the accountability for risk management of the rights and interests of migrant workers to personnel, so as to strengthen the management and supervision of the compliance of the construction units, thus effectively protecting the rights and interests of migrant workers.

As of 31 December 2020, the Group had 7,472 suppliers, of which 7,169, 6, and 297 suppliers were based in Mainland China, Hong Kong, Macau and Taiwan and overseas, respectively. They were mainly divided into four major categories: daily procurement, marketing, engineering and materials and equipment. The details are as follows⁵:



⁵ Scope of disclosure of suppliers include: all domestic companies of the Group and certain overseas companies, including Japan 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).

Environmental, Social and Governance Report

V. Care for Employees and Adhere to People-Oriented Management

The Group regards employees as the cornerstone of the continuous success of our business and adheres to the growth concept of “people-oriented”. It strictly comply with the “Labor Law of the People’s Republic of China” and other laws and regulations of the countries and regions where it operate, and effectively safeguard the growth and development needs of its employees with sound protection of rights, advanced talent management, and a safe working environment to continuously stimulate their internal potential, so as to achieve a virtuous cycle of personal value and corporate development.

1. Protecting the rights of employees

Based on diversity, equality and reasonable remuneration as its core value, the Group has created a rights protection system for its employees featured with respect, equality and mutual trust.

(1) Employment diversity and labor rights

The Group strictly complies with the laws and regulations of the countries and regions where it operates including the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Protection of Minors”, and has formulated and implemented systems such as the “Recruitment and Hiring Management Measures”, the “Management Rule for New Employee Becoming Permanent” and the “Labor Discipline Management Rule” to standardize the staff recruitment process and improve the talent selection mechanism.

The Group upholds the principle of “talent is the foundation of hundred decade of business”, and recruits a large number of talents through various channels such as online recruitment, campus recruitment, internal recruitment and promotion, actively enlists elite talents from home and abroad, makes every effort to build an international talent team, and takes a series of measures to protect the legitimate rights of employees from any infringement.



Anti-discrimination

- Creates an equal and harmonious employment environment for employees and ensures that employees are not treated differently in light of factors including gender, age, nationality, religious belief, family and health condition;
- No complaint cases related to infringement of employees’ rights were received in 2020.



Elimination of child labor

- Verifies the age of job-seeking candidates with certifying documents including identity cards during recruitment and as for construction project underway, working staff are required to input their respective information via internal system. Employment of child labor is strictly prohibited;
- No case of child labor employment nor case of hiring child labor were discovered in 2020.



Against forced labor

- Pays statutory overtime wages to employees who work overtime voluntarily, does not encourage any forced labor behavior and does not allow any overtime work or labor against the will of employees;
- No cases of forced labor were discovered in 2020.

Environmental, Social and Governance Report

The Group attaches importance to protecting the legitimate rights of migrant workers from infringement, safeguarding their immediate interests, and will readily accept social supervision.



Specialized wage account set up for migrant workers

Specialized accounts to manage the wages of migrant workers were created to ensure the timely payment of wages.



Special taskforce recruited on migrant workers' rights

Interview workers of construction units every month to understand their work and wage payment situation, and handle existent issues in a timely manner.

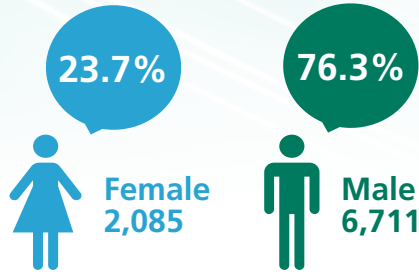


Make visible complaint channels for migrant workers' rights

Position notification boards on migrant workers' rights at visible locations near the entrance and exit of construction sites, and openly disclose the name, contact number and other information of the person-in-charge of management and regulation.

Environmental, Social and Governance Report

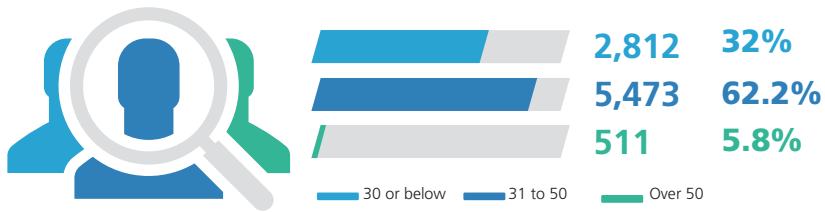
As of 31 December 2020, the Group had a total of 8,796 employees, with a breakdown of the total number of employees by gender, employment type, age group and region as follows.



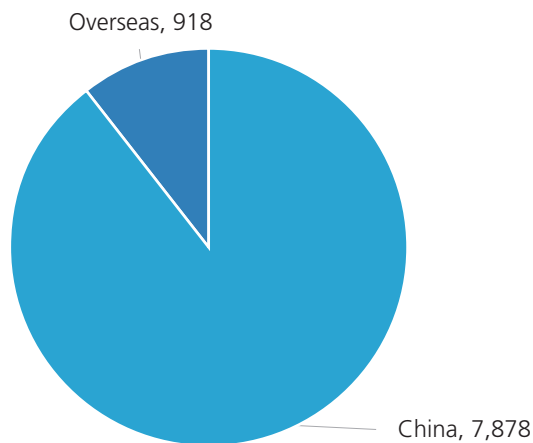
Total number of employees by gender



Total number of employees by employment type



Total number of employees by age group



Total number of employees by region

Environmental, Social and Governance Report

Employee recruitment campaign for 2020

The new energy vehicle segment launched campus recruitment in September 2020, and organized promotion seminars for a total of 20 universities, successfully attracting a large batch of elite fresh graduates from various universities. At the same time, it signed cooperation agreements with more than 10 human resource service providers to promote the employment of talents which is in short supply and top talents in automotive industry, locally and overseas. In addition, by setting up link icon "internal recommendation platform" at a visible position on the homepage of the Group's office system this helps encourage employees to make request for self-referrals or internal recommendations to provide continuous momentum for the development of the new energy vehicle industry.

To address to the existing epidemic development, the Group's health management segment innovatively adopted the recruitment mode of "online first; offline complements as secondary", making full use of the flexibility of online recruitment to expand the recruitment channels, identifying outstanding talents in the industry, recruiting new blood to serve the health management industry and continuously expand in the talent echelon.



At the spot of 2020 online recruitment activity by health management segment

Environmental, Social and Governance Report

(2) Employee remuneration and benefits

The Group has formulated and implemented various policies including the “Regulations on Salary Calculation Management”, the “Labor Contract Management Rule” and the “Management Rule for Social Security and Housing Provident Fund”, that put forward competitive salary plans for employees at different levels and of various business departments, and regularly reviews and evaluates the rationality of remuneration to provided help employees achieve their ideal remuneration. At the same time, the Group has established a comprehensive employee protection system including insurance schemes, holiday benefits and living benefits to cater for employees’ immediate interests.



Insurance schemes

- ✓ Acquire social insurance, medical assistance for major illnesses and housing provident fund for all employees and supplementary medical insurance for employees;
- ✓ Acquire commercial insurance such as employer liability insurance for special staff (eg. employment of retired staff, part-time staff, etc.).



Holiday benefits

- ✓ Guarantee employees statutory holiday and adequate rest time, providing paid annual leave, sick leave, marriage leave, maternity leave, etc.;
- ✓ Formulate corresponding vacation schemes for special groups such as foreign personnel in line with the policies of their respective countries to enhance sense of belonging among foreign personnel.



Living benefits

- ✓ Provide benefit-in-kind for employees covering food, housing and travel, namely, free self-served staff meals or meal allowance, complimentary hotel grade staff apartments, free shuttle bus travelling to and from work, festival welfare gifts (such as shopping coupons, book coupons, mooncakes, etc.) and daily benefits (welfare game tickets, fitness clubs, etc.).

(3) Employee communication and care

The Group actively listens to its employees through enhanced communication channels. By creating an internal feedback channel, along with employee-related care activities, the Group intends to understand and help resolve various issues arising from career advancement, living, and cultural adaptation. The Group protects the legal rights of its employees, and strives to be a hirer approved by its working staff.

The Group encourages feedback from employees and attends to their needs by creating diverse communication channels, including:

Face-to-face offline communication

- Organize regular seminars for employees recently hired and still in probationary period, and identifies and identify problems they face at work and living to help them acquire a sense of belonging;
- Assign human resources officers for each business department; communicate with and interview department staffs irregularly so as to understand and solve issues raised by employees timely.

Online communication via telephone and Internet

- Establish internal communication facilities including internal communication software and corporate mailbox;
- Irregularly carry out staffs satisfaction investigation and research activities, and formulates corresponding improvement measures based on problems identified during investigation and research, continuously increasing the sense of happiness of employees;
- Publicizes whistleblowing telephone and mailbox at official website and office, as well as to engage employees with active exchange, and rights protection.

Feedback from and exchange with terminated employees


- Interview the resigned employees and find out the underlying real reasons for their resignation;
- Conduct interview with employees and management executive from departments with high turnover rate, so as to make improvements on issues related to human resources management.

Environmental, Social and Governance Report


The Group strives to create a comfortable working and living environment that targets at the actual needs of the employees, as well as to undertake care-directed activities, meeting the latter expectation, including:



Respect for ethnic minorities
Take care of the eating habits of ethnic minorities, and set up separated Hui dining tables for employees from Hui origin.



Care for pregnant female employees
Deliver care card to pregnant female staff; allow expectant mothers to take elevator during peak period and enjoy the privilege to avoid the standing queue during meal break, so as to avoid the crowd and bumping.



Festive gift offer
Deliver gifts to staff during festivals and host celebration activities, so as to increase sense of happiness among staff.



Team-building activities for employees
Regularly organizes team-building activities for employees, e.g. monthly staffs birthday parties, tea party for employees etc. to enrich the spiritual and cultural life of employees.



Staffs birthday party group photo

Environmental, Social and Governance Report

Care for foreign employees

While introducing foreign elite talents, the Group also focuses on creating a comfortable working and living environment for them, and has taken a series of initiatives to help them to adapt and merge with the team within the shortest time frame.



Assign escort translators

Assign escort translators to work with foreign experts, to ensure no-barrier communication, as well as to increase work efficiency.



Set up separated dining area

Additional Korean dining corner was set up in the canteen to cater for the eating habits of foreign employees, so as to improve their living quality.



Host sino-foreign exchange sessions

Regular exchange sessions were held for Chinese and foreign staff members, so as to promote communication among the attendees.



Korean dining corner specially set up in the canteen

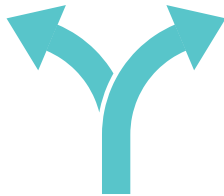
Environmental, Social and Governance Report

2. Promote talent development

The Group deeply focuses on employee development, creates equal and standardized promotion channels from the perspective of employees' needs, and provides employees with valuable training courses and extensive learning opportunities to promote talent development and to nurture the mutual growth of employees and the Company.

(1) Equal promotion opportunities

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



"Profession" and "management", twin-pronged development path

The new energy vehicle segment of the Group sets up a "profession" and "management" twin-pronged development path for helping employees with regard to development and promotion as either a professional talent in the "professional field" or a management talent in the "management field" according to their personal attribute and career planning, extending employees' potential to the maximum.



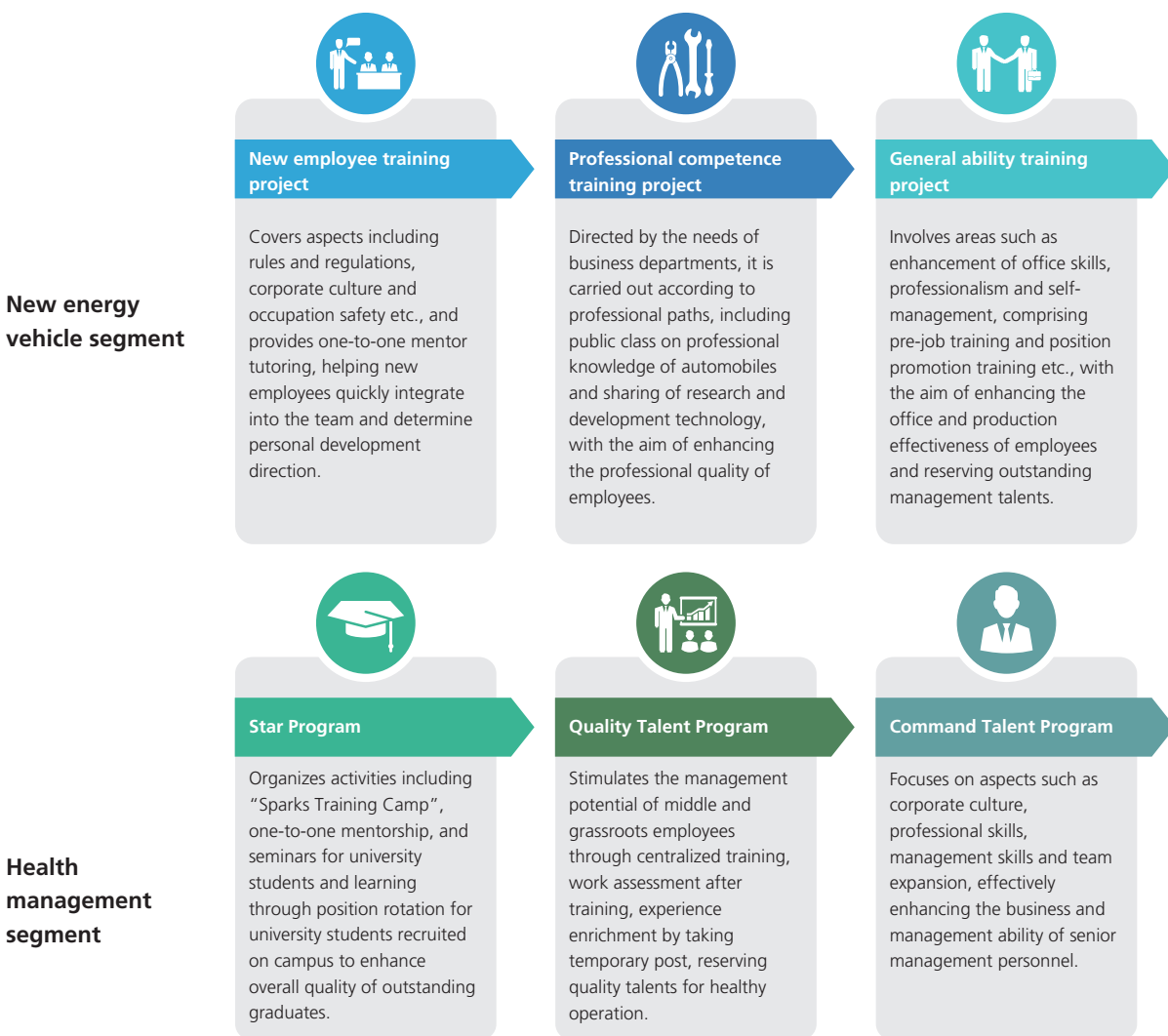
Comprehensive review on duties and talents in key positions

The health management segment of the Group comprehensively reviews the qualification for and performance indicators of key positions based on the Company's strategic and management requirements, and timely reserves middle and senior management personnel and high-potential back up candidate with executive talents by ways of regular talent review and providing professional training opportunities for employees etc., building a fair and healthy promotion management system.

Environmental, Social and Governance Report

(2) Talent cultivation system

The Group has formulated and implemented the "Training Management System", and uses a combination of internal and external training to target the development needs of employees at different levels and from different business units, and sets up a comprehensive and complete training system to instil a constant growth driver for the career development of employees. In addition, the Group is committed to building an organization driven by learning. While conducting various types of training, the Group also purchases e-book accounts for R&D staff, which allows approximately 160,000 books to be borrowed and read, together with 350 physical books, laying a solid foundation for building the Group's core R&D team.



Introduction to the talent cultivation system

Environmental, Social and Governance Report

2020 New Employee Orientation Training

In 2020, the new energy vehicle segment of the Group organized five phases of induction training, each of which was divided into two stages: centralized training and departmental business knowledge training, covering corporate culture and system, introduction to “research, production, supply and sales” of the new energy vehicle industry, etc., to help new employees become familiar with the corporate culture and system and build a highly qualified, efficient and cohesive team.



Group photo of new staff induction training of the new energy vehicle segment

For fresh graduates, the Group established a “one-to-one” mentor cultivation mechanism and held a mentorship ceremony for the university graduates of 2020, where new employees and mentors made solemn oath to begin the bonding of a mentorship relationship. The meeting not only strengthened the sense of ritual of respecting teachers and valuing education, but also conveyed a sense of responsibility to the mentors and gives incentives to the new employees, which, in turn, enabled the excellent university students to grow into management talents with leadership and technical expertise and gradually achieve their career goals.



At the scene of mentorship ceremony of the university graduates of 2020 of the new energy vehicle segment

Environmental, Social and Governance Report

Open class on “The Reality of Automobile Sector”

In order to implement the national strategy of “strengthening enterprises with talent management”, the Group’s new energy vehicle segment conducted a total of 11 open classes on “The Reality of Automobile Sector” in 2020, covering topics such as the technological development of the Internet of Vehicles, automotive product development and factory manufacturing quality assurance strategies. 5,682 persons in total participated in the training through on-site participation and online videos, which effectively enhanced employees’ knowledge in automotive specialties and laid a solid foundation for the talent building in the new energy vehicle industry.



At the scene of open class on “The Reality of Automobile Sector”

Health expertise training series

To enhance the professional competence of employees, the Group’s health management segment launched the health expertise training series in 2020, including the first health manager refresher course, a discipline competition for professional technical positions, and weekly training on relevant topics, in order to comprehensively improve employees’ work skills and work quality in the health management industry through efficient experience exchange.



At the scene of themed training events

Environmental, Social and Governance Report

Middle-level reserve cadre training class

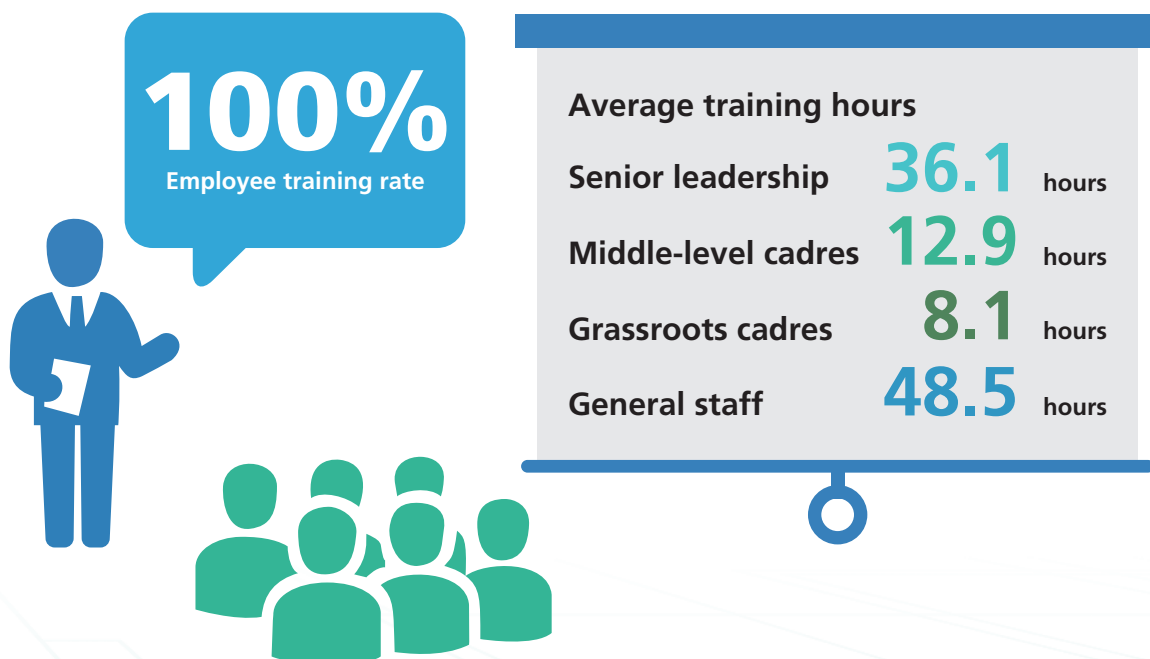
The Group's health management segment held its first middle-level reserve cadre training course in 2020, inviting 30 outstanding employees to participate in a 3-day intensive training to empower middle and junior managers and high-potential reserve management talents in the field of management. The training covered cultural melting, team development, assignment submission, job assessment, etc. 13 of the employees, after receiving the training, were promoted to higher ranks after comprehensive assessment including job assessment and training through taking up temporary posts, laying a solid foundation for the selection of management talents and backbone.



At the scene of middle-level reserve cadre training class of 2020

At the same time, the Group encourages employees to share, learn and exchange internally on a regular basis, and strives to build a team of internal trainers, improve the professional level of internal staff and form a training system of "health, people-orientation, team and responsibility". In 2020, the Group achieved a major breakthrough in the quantity of training provided, with a total of 5,414 training courses of various types held throughout the year, covering corporate culture, system construction, engineering management, investment and financing, and trained nearly 150,000 people, representing an increase of nearly 1.4 times compared with the corresponding period of last year.

The Group's key performance indicators related to training and development of employees⁶ in 2020 are as follows:



⁶ Average training hours of employees = Total training hours of employees during the year ÷ [(number of employees at the beginning of the year + number of employees at the end of the year) ÷ 2]

Environmental, Social and Governance Report

3. Care for employees' health

The Group strictly abides by laws and regulations of the countries and regions where it operates, such as the "Occupational Disease Prevention and Control Law of the People's Republic of China", the "Fire Protection Law of the People's Republic of China" and the "Safety Production Law of the People's Republic of China", and takes "safe construction, safe production and safe service" as its first principle. It effectively safeguard the physical and psychological health and life security of employees by measures such as improving the working environment of employees, strengthening labor protection and enhancing the safety awareness of employees.





(1) Create a safe 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 employees in various positions under all working scenarios.

Health and safety during the epidemic

The Group strictly implemented the national epidemic prevention and control requirements, actively carried out various prevention and supervision and inspection work, effectively protected the health of all employees and maintained normal working order. At the same time, it fully responded to the call of the Party Central Committee and initiated party members to make voluntary donations within the Group to help win the battle of epidemic prevention and control with practical actions, and commended and awarded employees who struggled on the front line of the fight against epidemic to encourage them to do their work with more vigorous spirit.

At the beginning of the epidemic outbreak, the Group quickly set up an epidemic prevention team, specifically responsible for work such as personnel control, environmental disinfection, epidemic publicity and material preparation during the epidemic, and established a regular mechanism for epidemic management to ensure the health and safety of employees' lives during the special period.

 <h4>One profile for each person</h4> <ul style="list-style-type: none"> Employees who resumed work normally were required to complete health profiles and provide travel trajectory for past 14 days, health green code, electronic pass, daily health declaration, and personnel from regions of middle and high risk were also required to provide nucleic acid test records; Employees from epidemic area could flexibly work from home, and all employees returning from epidemic area were required to be subject to 14-day quarantine at locations arranged by the Company. 	 <h4>Migrate to online attendance and office</h4> <ul style="list-style-type: none"> The Group independently developed a network video conferencing system and achieved the online management of information dissemination and document approval, establishing effective collaboration system of remote working; The Group set up a face recognition system, which was applied to the attendance of all employees, effectively reducing the risk of epidemic contact and virus spread and effectively managing internal employees.
 <h4>Monitor mask wearing and temperature measurement</h4> <ul style="list-style-type: none"> During the epidemic, the Group provided disposable medical masks for employees and required employees to wear them throughout working hours every day and whenever they went out; Personnel who resumed work had to measure body temperature every day and keep proper record of their body temperature. If their body temperature was above 37.2°C, they had to timely report to the person-in-charge of the units and were subject to quarantine measures. 	 <h4>Reinforced daily disinfection management</h4> <ul style="list-style-type: none"> Spraying disinfection was conducted in areas such as production sites, office areas and staff canteens every day and the above venues were equipped with special sanitizers and medical drugs. Personnel gatherings were reduced and a distance of more than 1 meter in offices and canteens was maintained.

Daily control measures for health and safety during the epidemic

Environmental, Social and Governance Report

Health and safety in the production environment

The life, health and safety of employees are closely related to the sustainable development of the enterprise. The Group has formulated and implemented systems such as the "Safety Management Measures", the "Safety Management System for Hazardous Chemicals", and the "Temporary Fire Operation Management System" to regulate the safety management requirements of the production environment and ensure that all aspects of production and construction do not cross the red line.



The Group actively promotes the construction of a health and safety management system and upholds the national safety policy of "safety first, prevention-oriented and comprehensive management", and has established a safety and environment committee in the new energy vehicle segment as the top organizational body for work on safety and environmental protection, responsible for formulating safety and environmental protection policies, guiding and supervising safety and environmental protection work, and effectively safeguarding the occupational safety of employees. At the same time, the new energy vehicle segment has obtained ISO45001:2018 occupational health and safety management system certification, ISO14001:2015 environmental management system and territorial level-3 safety standardization certification.

In its daily operations, the Group takes a series of measures to safeguard the health and safety of the production environment, mainly including:

- Implementing three-level safety education and training for new employees and organizing various kinds of special safety training related to firefighting and chemicals etc. from time to time. At the same time, it publicizes safety knowledge in obvious areas of construction sites and organizes regular safety and rescue drills to enhance employees' safety awareness and safety operation skills to effectively avoid accidents.



Safety training for new employees



Special training for safety month

Environmental, Social and Governance Report

- Regularly organizing emergency drills for fire and chemicals accidents etc. among employees, and sets up fire commandos, conducting regular fire drills and training twice a week to improve the staff's emergency disposal ability for sudden safety accidents. At the same time, micro fire stations are set up at the gate sentry, outside fire control rooms and at dangerous areas to store firefighting materials including firefighting combat uniforms, positive pressure air breathing apparatus, high-temperature gloves, etc., and be equipped with intelligent fire alarm systems to ensure that on-site emergency rescue can be carried out as soon as possible.



Fire commando drill



Micro fire station

- Strictly reviewing the qualification of personnel employed for special positions, and implementing “pre-job, on-the-job and after-job” medical checkups for employees exposed to occupational hazards such as noise and dust, and transferring employees found to have occupational contraindications to other positions. At the same time, the Group allocates appropriate labor protective equipment for employees, and places dust removal and noise reduction equipment at construction sites to prevent occupational diseases.

Fire safety training activities in 2020

The Group actively carries out fire safety training, helps employees understand the theoretical knowledge of correct fire alarm reporting, fighting fires at initial stages, fire escape routes in office buildings through theoretical knowledge learning and practical fire drills, and conducts practical drills for employees to simulate flue escape and use fire-fighting equipment to extinguish fires, effectively enhancing the ability of employees to prevent fires and strengthening the fire safety awareness of all employees.



2020 Fire Drill Site

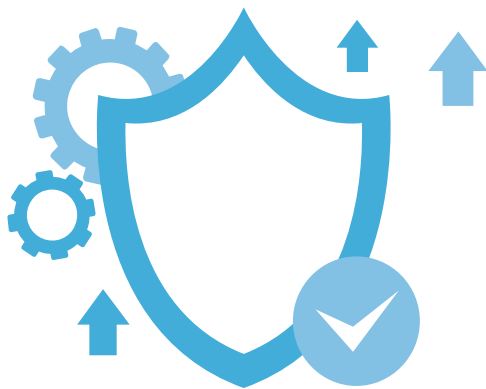
Environmental, Social and Governance Report

Health and safety in the hospital environment

Boao Evergrande International Hospital has formulated and implemented systems such as the “Emergency Plan for Medical Safety Incidents” to ensure smooth operation, safety and reliability of the process of medical work. At the same time, safety management organizations such as the Quality and Safety Management Committee and the Radiation Safety and Protection Management Committee are established to build medical safety and risk management systems, strictly investigate and rectify potential safety accidents. It requires and supervises medical and nursing staff to perform patient medical and nursing work in accordance with operating procedures, prevents medical and nursing staff from occupational injuries such as nosocomial infections and radiation hazards, and sets up effective mechanisms to respond to possible major medical safety accidents.

The Group’s key performance indicators related to the health and safety of employees in 2020 are as follows:

Number of work-related injuries	24
Number of lost days due to work injury	795
Number of work-related fatalities	0



27

Number of
fire drills



1,815

Hours of
safety training

Environmental, Social and Governance Report

(2) Care for employees' physical and mental health

The Group advocates work-life balance, attaches importance to the physical and mental health of employees, and advocates the combination of work and rest by conducting health examinations, setting up staff clubs and organizing sports activities etc. to promote the overall development of employees.



Regular physical examination

The Group organizes physical examination for all employees every year, and enables employees to enjoy professional customized guidance through various kinds of medical healthcare consulting and services provided by professional institutions so that they are aware of their health conditions timely and have a healthy and stable career.



Set up staff clubs

The Group has set up staff clubs and provides employees with facilities such as various fitness equipment, table tennis tables and libraries, so that employees can get relaxed after busy work.



Organize sports activities

The Group regularly organizes sports events such as badminton, football, table tennis and basketball events, and encourages employees to strengthen physical exercise during spare time, so as to prevent harm to the body arising from long hours of deskwork.

The Group encourages new and old employees to cultivate friendship through basketball games by organizing dual meet basketball matches between new and old employees regularly, and strengthens the exchange of experience and communication between them in work and life. The dual meet basketball matches between new and old employees not only promote the efficient integration within the team, but also strengthens the physical fitness of employees and promotes the balanced development of their work and life.



Group photo of the dual meet basketball matches between new and old employees in 2020

Environmental, Social and Governance Report

VI. Green Development and Protection of the Ecological Homeland

The Group adheres to the concept of environmental protection and resource friendly in all its undertakings including construction, production, operation and office, and strictly abides by laws and regulations of the countries and regions where it operates, including 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” and the “Soil Pollution Prevention and Control Law of the People’s Republic of China”, and is committed to creating a green and sustainable society and making positive changes for the present and the future and realizing a development model of integration and coexistence with the environment

1. Green construction

The Group strictly complies with laws and regulations such as the “Regulations on the Administration of Construction Project Environmental Protection” and “Environmental and Hygienic Standards for Construction Sites of Construction Projects” as well as building construction codes of the regions where it operate, and has formulated internal management systems such as the “Environmental Management Requirements for Construction Sites” and the “Safe and Civilized Construction Management Standards”, clearly defining standards for safety and civilized construction to mitigate the adverse impact on the environment.

(1) Renewable energy and green technology application

The Group extensively applies renewable energy and environmentally friendly technology in construction and production to enhance its own sustainable development while focusing on alleviating the resource shortage in the course of development faced by society as a whole.

Solar photovoltaic power generation system: The Group has set up solar photovoltaic power generation system in the construction of factories, and installed photovoltaic modules in areas such as car body joint plants, roof of general assembly workshops and sample workshops. The photovoltaic effect principle of semiconductor devices is used for photoelectric conversion, thus converting sunlight solar energy into electricity for the use of factories, and the excess electricity is connected to the power grid. At the same time, solar hot water system is installed in factory dormitories to provide domestic hot water for employees, effectively saving the energy consumption of our factories.



Overhead view of solar photovoltaic power generation system

BIM technology application: The Group adopts BIM software to carry out 3D modeling of our factories, and uses 3D modelling to optimize the design of construction spaces such as pipeline layout and civil engineering reservation. At the same time, BIM software is used to simulate construction animation, and 5D technology is used to make comprehensive and reasonable planning of project schedule and work processes, and relevant implementation steps are formulated. The use of BIM technology in factory construction not only realizes the economic value of improving design quality, reducing implementation errors and shortening construction cycle, but also effectively saves the resource consumption in the process of plant construction.

Energy-saving technology of cooling by cooling towers and medium temperature chillers: In winter or when the outdoor temperature is low, the Group uses cooling towers and medium temperature chillers for cooling, i.e. the plant does not turn on refrigerating machines but rather uses cooling towers and medium temperature chillers to provide 15–20°C process chilled water to the plant, which effectively reduces the annual energy consumption of the operation of refrigerating machines.

Environmental, Social and Governance Report

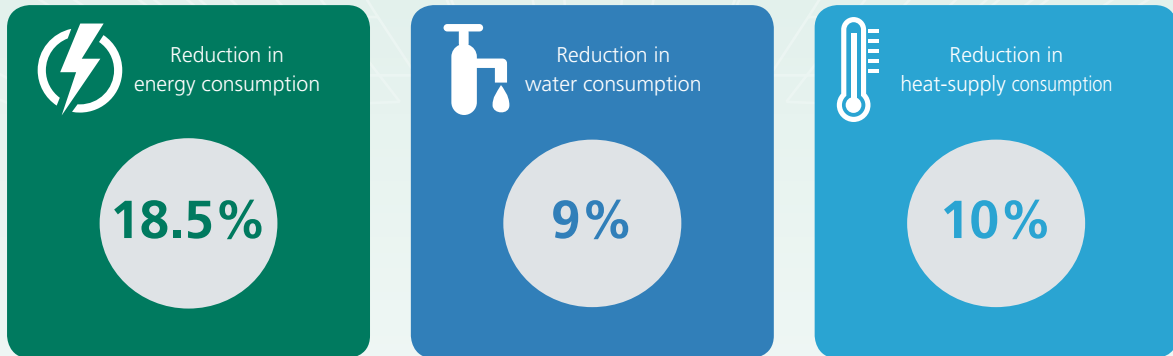
(2) Green construction management mechanism

The Groups requires factory construction workshops to declare green industrial building in accordance with the “Green Industrial Building Evaluation Standards” and requires construction works other than those from workshops to declare green building in accordance with each province’s “Green Building Evaluation Standards”, to improve the management level of safe and civilized construction, and effectively maintain the neat and clean environment of the construction site.

High-standard environmental management plan of NEVS

NEVS has established an environmental monitoring system and internal control department monitoring system based on environmental and product quality policies and industrial production standards, so as to continuously monitor the entire life cycle of products, with particular attention paid to the degree of reuse, recoverability of the materials used in production process and zero discharge of hazardous wastes, to reduce the negative impact on the environment.

The production bases of NEVS have established a high-standard environmental management system with lasting effects and obtained ISO14001:2015 environmental management system certification and ISO9001:2015 quality system certification. In 2020, NEVS continually reduced its energy consumption by measures such as use of LED lighting, repair of heat supply system and optimizing office area layout, and various energy consumption indicators decreased by varying degrees compared with 2019.



Environmental, Social and Governance Report

(3) Oversee safe and civilized construction

The Group undertakes project construction in strict compliance with environment friendly requirements, and the construction process has to be carried out in accordance with the goals of "Six 100%" management of construction sites and "zero complaints about construction noise". At the same time, the Group has implemented dynamic management of the entire process of project construction and set up inspection teams to monitor the implementation of safe and civilized construction. In 2020, all of the Group's construction projects complied with the safe and civilized construction requirements of the countries and regions in which it operates.



100% fencing of construction sites

Hard fences are set up to surround construction sites to execute closed management.



100% road surface hardening

Surface of major roads and exit and entry channels of construction sites are all subject to hardening treatment.



100% covering of sand and earth as well as materials at construction sites

Earthwork and bulk materials stored in a centralized manner as well as exposed space in construction sites are subject to anti-dust measures such as covering, fixation or greening and exposure is prohibited.



100% water sprinkling on dismantle work to reduce dust

Different methods including fenced spraying and spray dust remover and sprinkler truck are adopted at construction sites to carry out dust reduction by spraying and sprinkler.



100% cleaning of wheels and body of vehicles exiting from construction sites

Set up vehicle cleaning devices at the entrance and exist of construction sites to ensure all vehicles' body are clean, and are allowed to drive out of construction sites only after the mucks are covered up with no spillage.



100% coverage or greening of long-term bare soil

Bare soil arising from construction has to cover sand and stones or grow fast-growing grass in time, to reduce soil erosion.

"Six 100%" governance at construction sites

Environmental, Social and Governance Report

The Group adopts comprehensive and effective safety and civilized construction control measures, imposing stringent requirements on and control over the generation and disposal of dust, noise, light pollution, water pollution, soil erosion and construction waste etc. to reduce the adverse impact of construction activities on the surrounding environment and to implement green construction standards.



Dust control

In the phase of earthmoving operation, measures such as sprinkling and coverage are adopted, achieving a height of dust based on visual estimation below 1.5m such that dust does not spread beyond the site.



Noise and vibration control

Use low-noise and low-vibration machinery and tools and install sound and vibration isolation device to avoid or reduce construction noise and vibration.



Light pollution control

Shielding measures are adopted for Electric Welding operations to prevent arc light from leakage. Lampshades are installed for night time outdoor lighting, so that the direction of light centers on construction area.



Water pollution control

Set up corresponding treatment facilities such as precipitation pool, oil separation tank and septic tank etc.



Soil protection

For conditions in which construction leads to high chance of soil erosion via surface runoff, adopt measure such as setting up surface runoff drainage system, stabilizing slopes and covering with vegetation to reduce soil erosion.



Construction rubbish control

Domestic rubbish at construction sites are stored in bags and removed in time. Construction rubbish is sorted and centrally collected to on-site closed rubbish station and then centrally transported out of the construction sites.

Control measures for safe and civilized construction

Environmental, Social and Governance Report

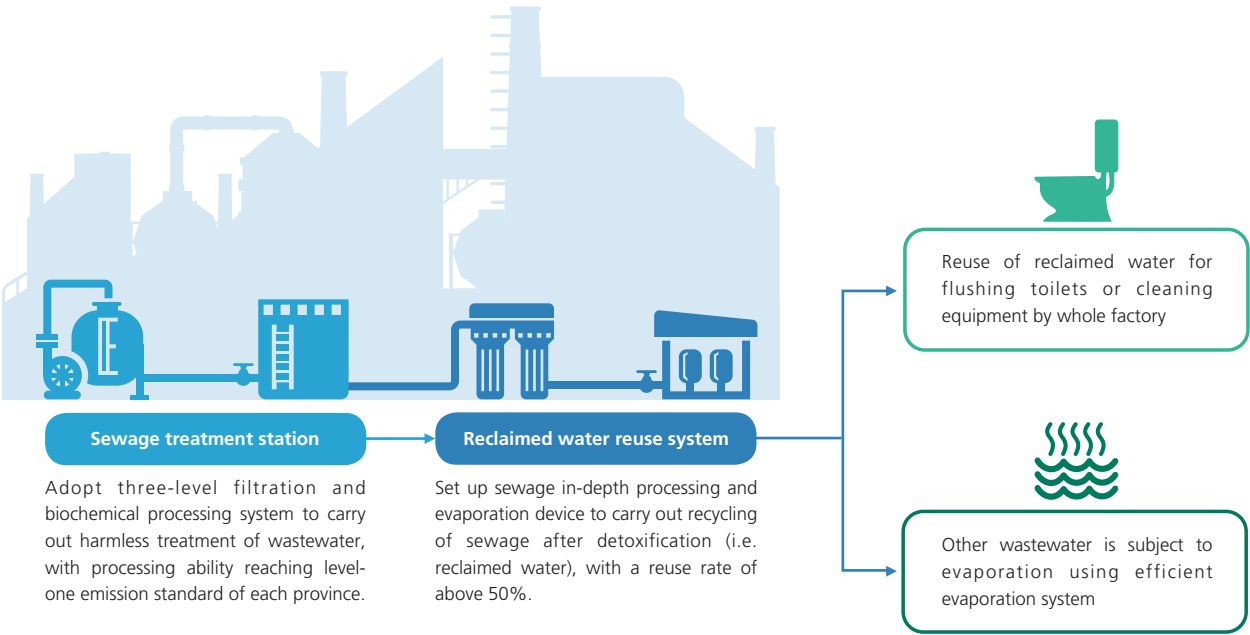
2. Green production

The Group has formulated and implemented systems such as the “Energy Management System”, the “Energy Conservation and Emission Reduction Management Measures” and the “Wastewater Discharge Management Regulations” to prudently manage the emissions and wastes of its plants, monitor energy consumption in real time and effectively enhance the efficiency of resource usage.

At the same time, the Group has formulated and implemented the “EHS Monitoring and Measurement Control Procedures”, and annually formulates commissioned testing plans and invite qualified third-party testing agencies to conduct environmental testing and issue testing reports, ensuring that the factory production environment meets national requirements. In 2020, the testing results of the Group’s emission of wastewater and exhaust gas both met the standards of the countries and regions where it operates.

(1) Reducing the impact of emissions

The Group detoxifies production wastewater and transforms it into resourceful substances and achieves zero discharge of production wastewater through setting up sewage treatment station and reclaimed water reuse system.



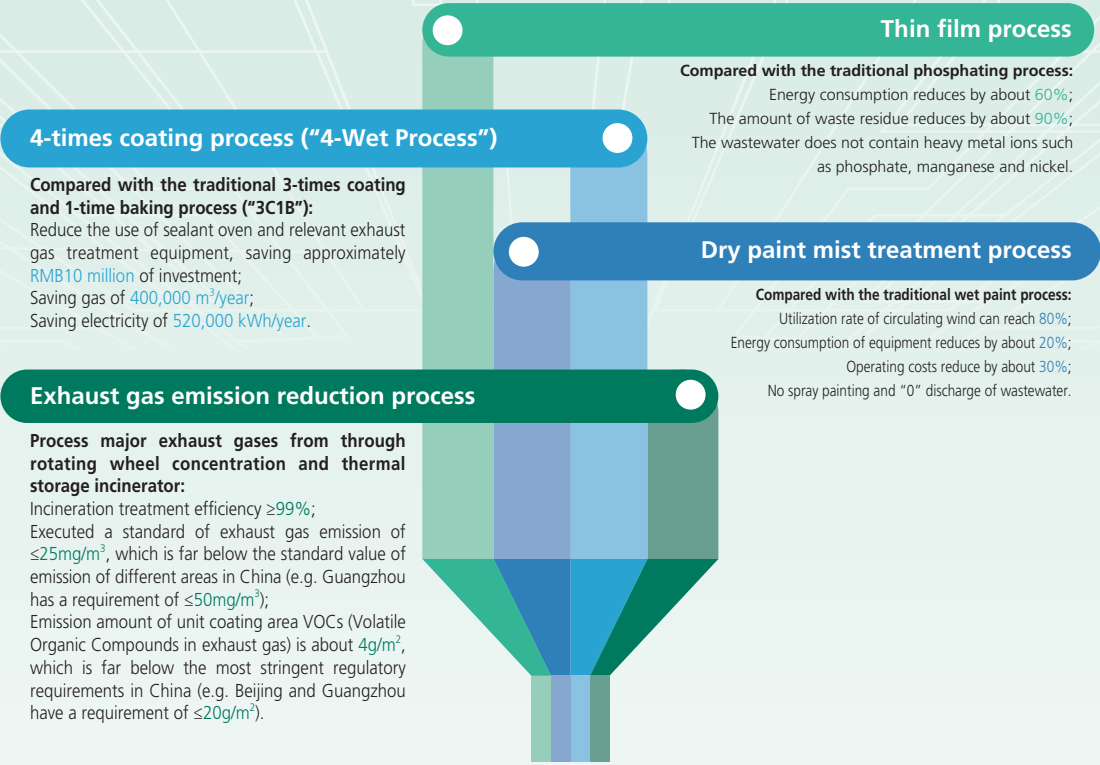
Process flow of detoxification of production wastewater

Environmental, Social and Governance Report

The Group actively applies new environmentally friendly processes in new plants to carry out green production, so as to meet the national level 1 clean production standard and the level 1 energy consumption standard, and is actively carrying out energy saving and environmental protection renovation of old plants to reduce the amount of exhaust gas generated in the production process.

Environmental friendly process of the paint workshop of automobile factories

The Group actively applies environmentally-friendly highly flexible processes such as thin film process, 4-times coating process, dry paint mist treatment process, exhaust gas emission reduction process in the paint workshop of new vehicle factories, and uses environmentally-friendly materials such as water-based color paint and water-based anti-corrosion wax so as to reduce the impact of emissions during the production process of new energy vehicles.



Introduction of environmental protection process in paint workshop

Environmental, Social and Governance Report

Renovation of Shanghai power battery research and development base exhaust gas treatment facilities

The Shanghai power battery research and development base of the Group completed the project of the retrofitting of small test lines for electric vehicles (“**EV small test lines**”) during the year. Exhaust gas recovery system and organic exhaust gas treatment system was newly added specifically for the small test lines, and carried out treatment of hazardous exhaust gas and dust produced during production process by ways of alkaline washing, mist removal, photolysis, activated carbon adsorption, etc. The exhaust gas emissions after treatment met national standard and can be emitted into the atmosphere directly.



Organic waste gas treatment system

At the same time, Shanghai power battery R&D and production base carried out retrofit of low nitrogen burners over boilers and direct-fired machines. The emission amount of nitrogen oxides of direct-fired machines before retrofit was $\leq 150\text{mg/m}^3$, while the emission amount of nitrogen oxides after retrofit was $\leq 50\text{mg/m}^3$. The emission amount of nitrogen oxides after retrofit was far below national pollutant emission limit value requirements.

Environmental, Social and Governance Report

(2) Waste management

The Group manages the waste generated during production and operation effectively to continuously reduce its negative impact on the environment and resources during the manufacturing of products and production operations.

Harmful wastes

The vehicle manufacturing production base carries out centralized collection, packaging, labeling of wastes that are harmful to the environment, and regularly commissions professional waste recycling stations or resource recycling companies to collect the harmful wastes.

Production wastes

Our power battery production base classifies and stores 24 types of production wastes such as positive and negative electrode slurry and copper and aluminum foil. The collected production wastes will be reused after classification and processing, achieving resource recycling.

Expired raw materials

For raw materials which will soon expire, green light, yellow light and red light three-level alerts will be set according to production dates and quality warrant period of raw materials to remind relevant departments for priority use. Expired raw materials will be handled in three ways, i.e. reused after passing retest, returned to suppliers or scrapped to sell off.

Medical wastes

The hospital has formulated and implemented rules such as 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, preventing the pollution of medical waste to the environment and reducing the possibility of disease transmission.

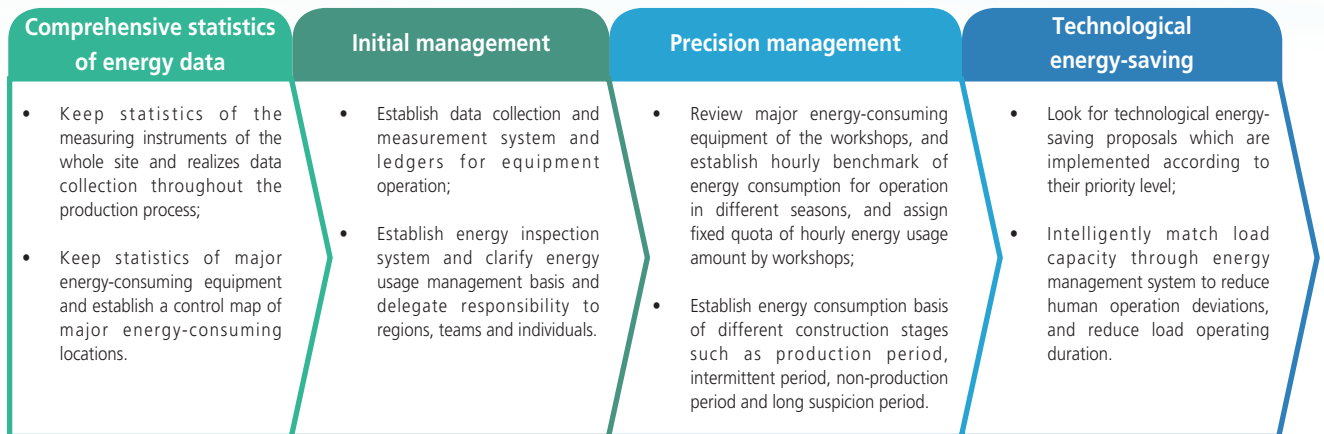
Boao Evergrande International Hospital: Green medical services

Boao Evergrande International Hospital has all its departments equipped with medical waste categorization and collection containers in compliance with requirements, 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 wastes which may potentially cause environmental pollution or personal injury, e.g. wastes that are infectious, radioactive, contains heavy metals or sharp-ended, the hospital promptly notifies professional recycling workers to transfer it to the living environment harmless treatment center or qualified professional company for processing.

Environmental, Social and Governance Report

(3) Energy real-time monitoring

The Group is committed to building a resource-saving and environment-friendly enterprise, and gradually establishes an energy management system in the new plants of new energy vehicles to monitor energy usage in real time, so as to achieve the purpose of saving resources and improving energy utilization rate to ensure sustainable development of the enterprise.



Energy Management System

On this basis, the Group has built an integrated energy management software platform covering aspects from data collection and processing, modeling, data storage to information dissemination. The platform consists of software module components with different functions, integrating system functions with databases, clients and energy management applications, facilitating real-time control of major energy and production indicators by users at different levels.



Energy Management System Interface

Environmental, Social and Governance Report

(4) Green logistics design

The Group actively promotes green logistics and optimizes the logistics management within the new plant for new energy vehicles in terms of green packaging, green transportation and application of intelligent equipment to reduce the negative impact on the environment during the logistics process.

- Green packaging: The Group has entered into logistics agreements with auto parts suppliers, requiring the packaging of procured auto parts to use green and environmentally friendly materials, eliminating the use of packaging materials that are toxic and harmful to the ecological environment and human health. At the same time, it reduces the use of disposable packaging materials, adopting recyclable and recycled materials as far as possible, and avoids the use of non-environmentally friendly materials such as solid wood and non-biodegradable plastic to meet the requirements of sustainable development of the environment.
- Green transportation: The Group's inbound logistics mainly adopts the method of circular pickup of goods to reduce carbon emissions during transportation by shortening the transportation distance, increasing the vehicle loading rate and reducing the number of transportation trips; the planning and layout of in-plant production logistics are based on green requirements, equipped with in-plant storage systems and introducing radio frequency identification systems and intelligent terminal devices such as personal digital assistants and LCD screens to achieve paperless logistics production management billboards.
- Application of intelligent equipment: The Group actively builds intelligent, energy-saving and environment-friendly factory logistics based on the production objectives of intelligence, networking and digitization, and optimizes equipment use of conventional lead-acid battery forklifts and tractors through online intelligent dispatching management system and the batch introduction of automated guided vehicles, reducing overall energy consumption while supporting vehicle batch production.



Working scene of automated guided vehicles (AGV)




Environmental, Social and Governance Report

3. Green operation

The Group is actively committed to green operation, jointly building a sustainable future by providing green and smart mobility solution and standardizing the environmental requirements of green office, providing unlimited scope for development and opportunities for a better quality of life. In 2020, the Group did not face any issues in sourcing water that is fit for purpose.

The Group fully promotes the planning of the new energy vehicle industry to the public, popularizes the concept of energy saving and environmental protection of new energy vehicles, and leads the public to implement green travel services. The vigorous promotion of new energy vehicles will effectively reduce the concentration of PM2.5 produced by fuel vehicles in urban air. With the application of clean electricity and efficient industrial dust removal and desulfurization technologies in the future, new energy vehicles will bring more obvious air pollutant abatement effects and promote the continuous improvement of air quality in urban areas.

The Group's daily operation and management is based on the principle of "green office and energy saving", paying attention to details and starting with minor aspects, and calling on all employees to jointly create a green and energy-saving office environment.

 Electronic office	 Electricity usage management	 Water usage management
<ul style="list-style-type: none">✓ Realize electronic management of contract approval and issue of relevant documents through an integrated management system and achieves paperless operation;✓ Adopt video conferences to replace avoidable business travel, reducing resource consumption and greenhouse gas emission produced by transportation.	<ul style="list-style-type: none">✓ Require employees to turn off lights and arranges regional person-in-charge to perform daily inspection;✓ Set air-conditioning temperature at 26°C, and encourage employees to turn off air-conditioners 15 minutes before close of business;✓ Use LED energy-saving lamps and sensor switches and lights at new office areas, with a installation rate of 100%.	<ul style="list-style-type: none">✓ Adopt the principle of use on demand regarding the use of bottled mineral water in daily office and business operation to eliminate wastage;✓ Install facilities such as automatic faucets and water economizers at new office areas, and post environmental protection tips to enhance the water-saving awareness of employees.

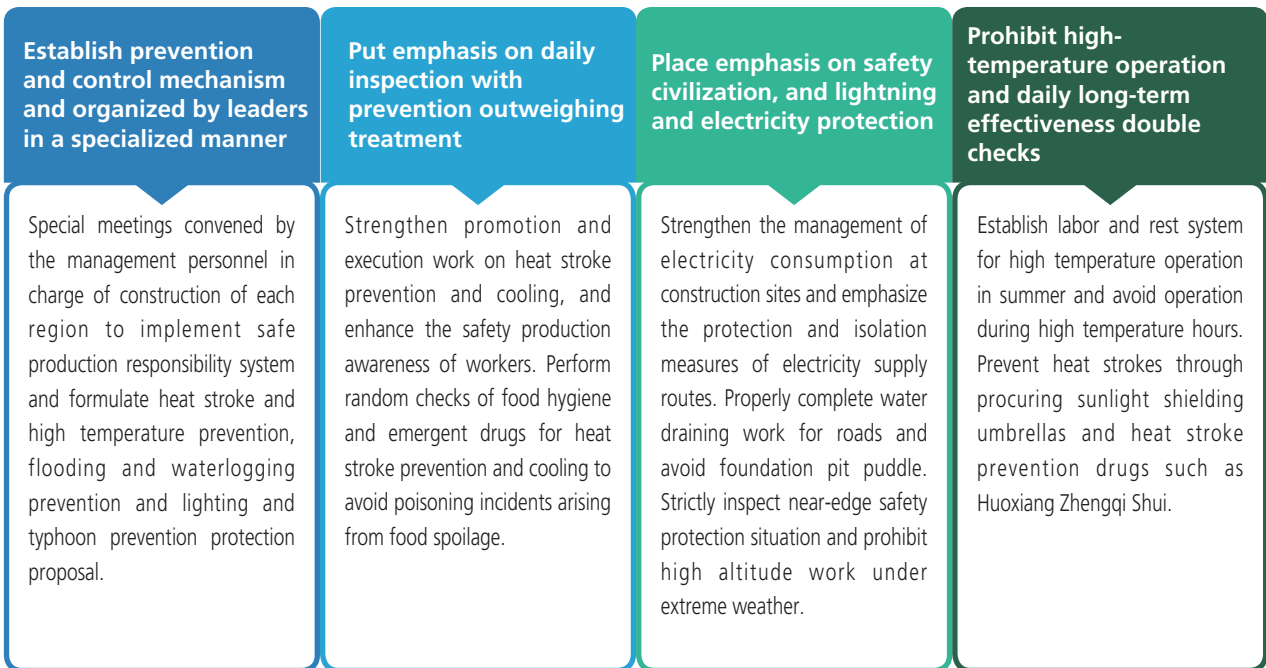
Environmental, Social and Governance Report

4. Addressing climate change

In recent years, climate change has aroused widespread concern worldwide. With the arrival of high temperature and hot weather in summer and heavy rainfall, disastrous weather such as lightning, rainstorm and typhoon tend to be more frequent, and seasonal unsafe factors may easily lead to various safety production accidents. The Group has formulated and implemented systems such as the "Extreme Weather Construction Measures" and the "Emergency Plan for Typhoon and Flood Prevention" to set up in advance the mechanism for prevention of extreme weather and measures to deal with emergencies, so as to actively prevent and control the safety risks brought about by climate change. In addition, Evergrande Elderly Care Valley project of the Group's health management segment is designed in strict compliance with relevant national policies and standards such as the "Flood Prevention Standards" and the "Urban Flood Prevention Engineering Design Code", and has good flood and waterlogging prevention capability.

(1) Extreme Climate Prevention Mechanism

The Group strictly follows a "prevention-oriented" approach and sets up a special prevention mechanism for extreme weather. In particular, the new energy vehicle segment issued the "Notice on the Preparing in Advance for Work on Safety Production Including Flood and Waterlogging Prevention in the Rainy Season and Heat Stroke Prevention and Cooling and Lightning and Typhoon Prevention in Summer", and Evergrande Elderly Care Valley project of the Group's health management segment issued the "Notice on Work on the Prevention of Typhoons and Floods of Each Construction Project", requiring project companies in different regions to carry out prevention work related to extreme weather in advance.



Extreme Climate Prevention Mechanism

Environmental, Social and Governance Report

(2) Extreme climate response measures

The Group requires each project company in different regions to formulate contingency plans for climatic risk events such as flood and waterlogging prevention in the rainy season and heat stroke prevention and cooling in summer to prevent emergencies in extreme weather conditions and to ensure that work at construction sites is carried out in an orderly manner.

Flood and waterlogging prevention in rainy season



Carry out dredging, repair and reinforcement of the original draining system, and real-time monitoring of temporary electricity facilities before the rainy season comes, and execute real-time monitoring of electricity consumption safety of temporary electricity-consuming facilities and large-scale machinery and equipment in raining season. Disconnect the power if necessary and use back-up lighting.



Check the water level of each workshop from time to time in rainy seasons. Once it is found that the water level is too high and water cannot be discharged, immediately organize personnel to carry out rescue of equipment and materials to ensure the safety of equipment and materials.



Once disasters such as collapse and floods occur in construction sites, immediately evacuate the personnel to safe venues set up in advance. At the same time, organize relevant personnel to carry out emergent self-rescue of people in danger.

Heatstroke prevention and cooling during summer



Before starting high-temperature operations in summer, conduct comprehensive checks of storage of flammable and explosive dangerous goods and ensure that sunlight shielding and cooling measures have been adopted for openly stored dangerous goods.



Set up pergolas at construction sites during construction in hot seasons. Tea and water is supplied by specific personnel to ensure the tea and water is hygienic and harmless. Strengthen hygiene management work in living zones to prevent the spread of infectious diseases.



Set up an emergency plan team to care for the working and living conditions of employees. Make adjustments and improvements once physical or psychological diseases arising from high-temperature or over-load construction are discovered.

Emergency Plan for Extreme Weather

Sponge city and comprehensive utilization of rainwater

The Group has formulated and implemented the “Standard Practice for Sponge City Design” in accordance with national and local government regulations on sponge city construction, requiring project companies in each region to strictly implement the design specification standards for sponge city design and help local governments reduce the pressure of rainwater treatment by recycling the abundant rainwater resources while preventing rain and flooding.

Environmental, Social and Governance Report

5. Environmental Key Performance Indicators

Number	Environmental key performance indicators	Unit	Emission/Consumption
A1.1	SOx emissions	Kg	2.25
	NOx emissions	Kg	718.57
	Particulate Matter	Kg	14.85
A1.2	Total greenhouse gas emissions (Scope I+Scope II)	Tonne	30,668.29
	Greenhouse gas emissions (Scope I)	Tonne	1,123.67
	Greenhouse gas emissions (Scope II)	Tonne	29,544.62
A1.3	Amount of hazardous waste generated	Tonne	2.17
A1.4	Amount of non-hazardous waste generated	Tonne	336.45
A2.1	Total energy consumption	MWh	39,130.55
	Non-renewable fuels (direct) consumption	MWh	4,623.78
	Purchased energy (indirect) consumption	MWh	34,506.78
	Energy consumption intensity	MWh/RMB'000	0.0025
	Electricity consumption	MWh	34,506.78
	Total gasoline consumption	Liter	149,521.91
	Total diesel consumption	Liter	3,701.45
	Pipeline natural gas consumption	m ³	293,186.10
	Liquefied natural gas consumption	Kg	32,076.51
A2.2	Total water consumption	Million m ³	2.23
	Water consumption intensity	m ³ /RMB'000	0.14
/	Office paper weight	Tonne	44.69

Notes:

- (1) The time frame for disclosure of key environment performance indicators covers 1 January 2020 to 31 December 2020.
- (2) The geographical scope of key environment performance indicators disclosed includes, the headquarters of Evergrande New Energy Vehicle Group; headquarters of Evergrande New Energy Technology Group Co. Ltd. and 2 subordinate production bases in Nanchang, Jiangxi and Liuzhou, Guangxi; the headquarters of Evergrande Health Industry Group, 3 regional companies and 26 subordinate Evergrande Elderly Care Valley, 4 Health Cities, 1 beauty center and 1 health management center as well as Boao Evergrande International Hospital.
- (3) Source of emission factors: ① When calculating emissions, 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" issued by the Ministry of Ecology and Environment; the emission factors of natural gas of the health management segment were accounted for with reference to "Calculation Methods of Pollutants Discharge Coefficient and Material Balance for Industries not Classified in Pollutants Discharge Permitting Administration" issued by the Ministry of Ecology and Environment; others referred to the "Reporting Guidance on Environmental KPIs" issued by Stock Exchange; ② While calculating greenhouse gas emissions, the emission factors of natural gas were accounted for with reference to the "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Enterprises in Secondary Industry and other Industries" (《工業其他行業企業溫室氣體排放核算方法和報告指南》) issued by the National Development and Reform Commission; 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 for with reference to the "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Enterprises in Secondary Industry" and other Industries issued by the National Development and Reform Commission.
- (4) The greenhouse gas emissions (Scope I) in 2020 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 II) 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 refer to medical wastes generated in the medical operation site.
- (7) Total water consumption is derived from municipal government water supply.
- (8) Energy and water consumption intensity are calculated based on the Group's sales revenue in 2020 (unit: RMB'000) as the denominator.

Environmental, Social and Governance Report

VII. Give Back to Society and Fulfill Corporate Responsibility

The Group always insists on sharing the fruits of development with the society and realizing the common growth of the enterprise and the whole society. In 2020, with the advantage of its own platform, the Group actively participated in the front line of the epidemic fight, participated in the health protection of the community residents and carried out social welfare undertakings, taking up the social responsibility of corporate citizenship and promoting the harmonious development of the society.

1. Support the anti-epidemic front line operation

After the beginning of the battle against the novel coronavirus pandemic, Boao Evergrande International Hospital actively responded to the call, and donated 500kg of rice, 400kg of cereal and oil and 1,200kg of Evergrande Ice Spring to the front line, and sent 4 competent medical personnel (including 2 physicians and 2 nurses) on 14 February 2020 to join the fourth batch of medical teams aiding Hubei of Hainan Province, and went straight to the front line in Jingzhou, Hubei Province to provide support, and engaged in the battle against the epidemic without hesitation.



The medical team aiding Hubei takes the solemn oath before departure



Hospital colleagues help check materials such as gloves, masks and disinfectant

In more than a month, the medical team aiding Hubei from Boao Evergrande International Hospital and Jingzhou Hospital of Traditional Chinese Medicine jointly received and treated patients. In addition to checking the ward for 2 to 2.5 hours a day, the team also simultaneously participated in making treatment plans, adjusting treatment plans according to the condition and conducted health education for infected patients and conducted discharge follow-ups for recovered patients. The hard work finally won fruitful results. The medical team aiding Hubei from Boao Evergrande International Hospital insisted day and night and outstandingly completed their duties, and assisted Jingzhou Hospital of Traditional Chinese Medicine to treat 106 confirmed and suspected cases, all of which were successfully transferred and discharged from the hospital.

A diary excerpt on fighting against the “epidemic” in 2020

In face of the epidemic, the “White Warriors” from Boao Evergrande International Hospital stepped forward, left their families temporarily, shouldered the heavy responsibility, and fought side by side with medical workers nationwide, carrying forward the professional spirit of doctors’ benevolence and love.

Environmental, Social and Governance Report

Zhan Xueliang, associate chief physician of intensive care unit of Boao Evergrande International Hospital
"I am not a hero. I just want to rescue more people by performing my job duties."



Zhan Xueliang actively responded to the call for epidemic fighting and applied for supporting the front line at the first time. He quietly wrote down a note for settling his affairs and a letter to his family after application and dedicated himself to the preparation work of the fight against the epidemic wholeheartedly. To adapt to the isolation clothing, Zhan Xueliang actively practiced suspended breath and achieved a duration of 40 seconds after training as compared with 15 seconds at the beginning. He believed solutions are always more than difficulties.

Zhuang Liang, nurse-in-charge of intensive care unit of Boao Evergrande International Hospital
"Winter will pass away and Spring is coming soon. Victory is not far ahead"



In order not to let her daughter over-burden with worrying, Zhuang Liang went to the front line of epidemic fighting in Jingzhou before informing her daughter. Whenever faced with unknown difficulties and danger, she believed victory is not far away as long as she insisted and by that time she can reunite with her daughter again and embrace a spring for Hainan together.

Chen Ye, attending physician of Surgical Oncology of Boao Evergrande International Hospital
"Feeling very happy to see patients recovered and were discharged from hospital"



Chen Ye recalled that the he was both nervous and excited the first time he wore protective clothing and entered isolation ward. To cheer up himself and the patients, he wrote down "Add oil Chen Ye!" at the back of his protective clothing. Whenever his name was spoke out from discharged patients, Chen Ye would be happy for them and proud of every medical staff.

Wang Dan, nurse of intensive care unit of Boao Evergrande International Hospital
"Live every day with feet on ground; swear never say die before the light of victory"



During the days of supporting the front line, Wang Dan conscientiously took body temperature of patients, dispatched drugs and meal boxes to them and helped patients change oxygen cylinder etc. The busy work made Wang Dan forget her worries and concerns. She said she felt living every day with feet on ground and never say die will be her resolute attitude.

Environmental, Social and Governance Report

It is worth mentioning that during this period, thanks to the communication and assistance of Boao Evergrande International Hospital, Brigham and Women's Hospital in the United States urgently transported medical protective materials worth about US\$25,000 including surgical masks, medical gloves and medical protective clothing, etc., and timely sent them to the front line of epidemic fighting in Jingzhou, Hubei Province through the Association of Non-government Medical Institution Association of Hainan Province. Under the positive trend of the epidemic prevention and control situation, Boao Evergrande International Hospital will continue to pay attention to the epidemic in conjunction with Brigham and Women's Hospital in the United States, and make continuous efforts in the work of medical material security services to help to win the battle of epidemic prevention and control thoroughly.



Donated medical protection materials from Brigham and Women's Hospital in the United States

Environmental, Social and Governance Report

2. Care for special needs

The Group focuses on the development of medical technologies and pays attention to the special needs of the medical field, continuously making innovations and breakthroughs with regard to medical oncology. Boao Evergrande International Hospital makes full use of the policy advantages of the Boao Lecheng International Medical Tourism Pilot Zone and introduces internationally-leading innovative drugs, equipment and technology etc., providing quality diagnostic, treatment and rehabilitation services for patients.

(1) Contribute to lung cancer prevention, control and treatment

Lung cancer is the number one malignant tumor in China in terms of morbidity and mortality, and the number of its incidence and death has ranked first among malignant tumors for 10 consecutive years. On 28 June 2020, Boao Evergrande International Hospital hosted a seminar on “International Lung Cancer Early Screening and Early Diagnosis” and officially announced joining Thoracic Tumors MDT and Pulmonary Nodule Management Specialist Alliance of Guangdong Province on the seminar, jointly exploring the standardized process of clinical testing and treatment for early screening, early diagnosis and precise treatment of lung nodules and lung cancer by utilizing the own medical resources of the parties. On the same day, Boao Lecheng lung cancer free screening public welfare activity was launched, with every Tuesday and Thursday set as “free lung cancer screening day”, to provide low-volume spiral CT chest examination for high-risk groups to protect the health of the public.



Joining Chest Tumor MDT and Pulmonary Nodule Management Specialists Alliance of Guangdong Province

(2) Improve the comprehensive level liver disease diagnosis and treatment

With the improvement of people’s living standard, the prevalence of fatty liver is increasing in China. On 28 October 2020, Boao Evergrande International Hospital signed a strategic cooperation agreement with Asia-Pacific Alliance of Liver Diseases Beijing to commence the work of licensed drugs and medical equipment, technology research and clinical transformation application. With this strategic cooperation, Boao Evergrande International Hospital will use new international drugs to treat liver disease patients, improve the accuracy of liver disease treatment technology, reduce the economic burden on individuals and society, and improve the health of all people.



At the scene of signing cooperation contract with Asia-Pacific Alliance of Liver Diseases, Beijing

(3) Promote the development of immunotherapy for female breast cancer

Breast cancer ranks first among women’s malignant tumors in terms of morbidity rate, and shows a trend of year-on-year increase. In order to further promote the clinical application of immunotherapy and detection in breast cancer, on 29 November 2020, Boao Evergrande International Hospital hosted the “National Symposium on the Frontiers of Immunotherapy for Triple Negative Breast Cancer”, inviting famous experts in China to give special lectures. In this conference, the attendees jointly promote the development and progress of breast cancer immunotherapy through exchange and learning, providing a good platform for learning the frontier knowledge of breast cancer immunotherapy in China and promoting the improvement of the treatment level of triple negative breast cancer in China.



Group photo of the National Symposium on the Frontiers of Immunotherapy for Triple Negative Breast Cancer

Environmental, Social and Governance Report

3. Undertake community activities

The Group is committed to establishing a harmonious relationship with the communities in which it operates and actively carries out community charity activities such as the Jialize highland soccer activity and community volunteer medical consultation to help the development of healthy communities and to give true love and care.

(1) Jialize highland Soccer Sports

The Group's Evergrande Elderly Care Valley at Jialize, Kunming organized Jialize highland soccer sports in which soccer fans in general, staff, property owners and club members can participate. The Group organized two soccer amateur matches every week through making invitations among community groups and occasionally sends tournament invitations to other amateur teams, while providing venues for community group members to conduct internal trainings for the rest of time. The unique sports activity not only promotes the active physical exercise among employees and community members, but also responds to the national call for accelerating the development of featured towns.



Jialize highland soccer sports

(2) Community volunteer medical consultation activity

On 23 March 2020, Boao Lecheng International Medical Tourism Pilot Zone Administration and the Municipal Government of Qionghai City jointly organized "2020 Serving Qionghai Series Volunteer Medical Consultation Activity". Boao Evergrande International Hospital responded to the call at the first time and organized a number of specialized medical experts to conduct free medical consultation for community residents, providing medical services such as disease diagnosis and treatment, blood sugar and blood pressure measurement, and home medication guidance, popularizing health knowledge and establishing the concept of healthy living for the public, which was well received by the community residents.



At the scene of volunteer medical consultation event by doctors from Boao Evergrande International Hospital

On 7 November 2020, an expert team from Boao Evergrande International Hospital and Asia-Pacific Alliance of Liver Diseases Beijing jointly carried out medical support volunteer medical consultation at Dafang County People's Hospital North Zone, providing local patients with diagnosis and treatment relating to liver and biliary diseases, tumors and breast cancer. On the day of the volunteer medical consultation, the experts answered the health enquires of the public, gave accurate diagnosis and treatment advice and conducted ultrasound examination, providing diagnosis and treatment services relating to difficult and miscellaneous diseases such as medical oncology, surgical oncology, liver disease to more than 80 people in Dafang County, which played an active role in helping poverty alleviation through safeguarding health to win the battle against poverty.



At the scene of Dafang County medical support volunteer medical consultation event

Environmental, Social and Governance Report

Appendix I: Directory for the ESG Reporting Guide⁷

ESG Guide	General Disclosure and Key Performance Indicators	Disclosure Status	Corresponding Chapter
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Active Planning to Support Sustainable Development Green Development and Protection of the Ecological Homeland
A1.1	The types of emissions and respective emissions data.	Disclosed	Green Development and Protection of the Ecological Homeland
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Green Development and Protection of the Ecological Homeland
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Green Development and Protection of the Ecological Homeland
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Green Development and Protection of the Ecological Homeland
A1.5	Description of emission target(s) set and steps taken to achieve them.	Partially disclosed	Green Development and Protection of the Ecological Homeland
A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	Partially disclosed	Green Development and Protection of the Ecological Homeland
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Active Planning to Support Sustainable Development Green Development and Protection of the Ecological Homeland
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Green Development and Protection of the Ecological Homeland
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Green Development and Protection of the Ecological Homeland
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Partially disclosed	Green Development and Protection of the Ecological Homeland
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Partially disclosed	Green Development and Protection of the Ecological Homeland
A2.5	Total packaging material used for finished products (in tonnes) 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

⁷ The Hong Kong Stock Exchange published the amendments to the ESG Reporting Guide on 18 December 2019. The relevant amendments will be applicable to the ESG reports of Hong Kong listed companies for the financial years beginning on or after 1 July 2020. A1.2/A1.5/A1.6/A2.3/A2.4/A4.1/B2.1/B5.3/B5.4/B7.3 in the table are new amendments.

Environmental, Social and Governance Report

ESG Guide	General Disclosure and Key Performance Indicators	Disclosure Status	Corresponding Chapter
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	Active Planning to Support Sustainable Development Green Development and Protection of the Ecological Homeland
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Green Development and Protection of the Ecological Homeland
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Not disclosed	—
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Green Development and Protection of the Ecological Homeland
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Active Planning to Support Sustainable Development Care for Employees and Adhere to People-Oriented Management
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Care for Employees and Adhere to People-Oriented Management
B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed	—
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Active Planning to Support Sustainable Development Care for Employees and Adhere to People-Oriented Management
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Partially disclosed	Care for Employees and Adhere to People-Oriented Management
B2.2	Lost days due to work injury.	Disclosed	Care for Employees and Adhere to People-Oriented Management
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Care for Employees and Adhere to People-Oriented Management

Environmental, Social and Governance Report

ESG Guide	General Disclosure and Key Performance Indicators	Disclosure Status	Corresponding Chapter
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Active Planning to Support Sustainable Development Care for Employees and Adhere to People-Oriented Management
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Not disclosed	—
B3.2	The average training hours completed per employee by gender and employee category.	Partially disclosed	Care for Employees and Adhere to People-Oriented Management
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Active Planning to Support Sustainable Development Care for Employees and Adhere to People-Oriented Management
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Care for Employees and Adhere to People-Oriented Management
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Care for Employees and Adhere to People-Oriented Management
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Active Planning to Support Sustainable Development Focus on Products and Build a High-Quality Brand
B5.1	Number of suppliers by geographical region.	Disclosed	Focus on Products and Build a High-Quality Brand
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Focus on Products and Build a High-Quality Brand
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Partially disclosed	Focus on Products and Build a High-Quality Brand
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Partially disclosed	Focus on Products and Build a High-Quality Brand

Environmental, Social and Governance Report

ESG Guide	General Disclosure and Key Performance Indicators	Disclosure Status	Corresponding Chapter
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Active Planning to Support Sustainable Development Focus on Products and Build a High-Quality Brand
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Focus on Products and Build a High-Quality Brand
B6.2	Number of products and service related complaints received and how they are dealt with.	Partially disclosed	Focus on Products and Build a High-Quality Brand
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Focus on Products and Build a High-Quality Brand
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Focus on Products and Build a High-Quality Brand
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Focus on Products and Build a High-Quality Brand
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Active Planning to Support Sustainable Development Focus on Products and Build a High-Quality Brand
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.	Disclosed	Focus on Products and Build a High-Quality Brand
B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Disclosed	Focus on Products and Build a High-Quality Brand
B7.3	Description of anti-corruption training provided to directors and staff.	Partially disclosed	Focus on Products and Build a High-Quality Brand
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	Active Planning to Support Sustainable Development Give Back to Society and Fulfill Corporate Responsibility
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Give Back to Society and Fulfill Corporate Responsibility
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Give Back to Society and Fulfill Corporate Responsibility