



潤東汽車

CHINA RUNDONG AUTO GROUP LIMITED
中國潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1365

2019

Environmental, Social and Governance Report
環境、社會及管治報告



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ABOUT THIS REPORT

SCOPE OF THE REPORT

This report is the fourth environmental, social and governance (“ESG”) report issued by China Rundong Auto Group Limited (the “Company”). It focuses on the disclosure of relevant information on the Group’s economic, social, and environmental performance for the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

The policies, statements, information and data in this report cover China Rundong Auto Group Limited and its subsidiaries.

PREPARATION BASIS

This report is prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The contents of this report are determined according to a set of systematic procedures, which include identifying and ranking key stakeholders and prioritizing material ESG issues, setting the scope of the ESG report, collecting relevant information and data, preparing reports based on the data, and reviewing the information contained in the report.

ABBREVIATIONS

For convenience, the “Group”, “Rundong” and “we/us” in this report all refer to China Rundong Auto Group Limited and its subsidiaries.

CONFIRMATION AND APPROVAL

This report was approved by the board of directors of the Company (the “Board of Directors”) on 31 August 2020 upon confirmation of the management.

ACCESS AND RESPONSE TO THE REPORT

This report is prepared in both Chinese and English. The electronic version is available under the “Financial Statements/ESG Information” category of Rundong on the website of the Stock Exchange and the Company’s website.

In case of any query and advice concerning this report, please contact us through the following means:

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MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

In 2019, the automobile market was affected by many internal and external factors, coupled with the outbreak of the New Coronavirus pneumonia (“COVID-19”) in early 2020, automobile production and sales were affected to a certain extent. To cope with the continued downturn of the auto market in China in 2019, based on the analysis of the overall trend of the industry and development potential, the Group has adjusted its network layout, further streamlined its departments according to the market rules and regulations, as well as transformed its profits structure, improved operational efficiency and strengthened risk management and control while optimizing brand structure, enhancing management efficiency. At the same time, the Group takes due cognizance of the company’s management status in terms of environment, society and governance, and continues to improve the sustainable development-related management structure headed by the Board of Directors, aiming to develop the economy while practicing sustainable development.

In the past year, the Group constantly improved corporate governance structure, adhered to business ethics and actively performed corporate social responsibility. In terms of customer services, the Group firmly believes that the trust of customers is the foundation of survival and development of the company, insisting customer-oriented and building a “customer-centric, vehicle-based” luxury mutual ecosystem, dedicating to build a customer-focused, all-rounded and integrated quality service system. In terms of supplier cooperation, we actively regulated procurement behaviors, enhanced purchasing efficiency, reasonably reduced purchasing cost, dedicating to strengthen procurement management and better prevent procurement risks. In terms of employee management, adhering to the philosophy of “people oriented”, the Group pursued sustainable development and made great effort to establish a fair and safe working environment, as well as offered competitive salary and welfare and career development opportunities for employees. In terms of environmental protection, sticking to the environmental responsibility philosophy of “making the social environment of automotive more ideal”, the Group formulated and constantly improve environmental protection measures with great effort to reduce the pollution from corporate operation to environment. In addition, adhering to the core values of “Fulfilling ourselves to benefit others and fulfill others” and insisting that the progress of the corporate is closely related to the social development, the Group is committed to return to the society with practical actions.

The raging COVID-19 epidemic around the Spring Festival of 2020 has an overall impact on China’s economic and people’s life in a short term and has disrupted the recovery of the automotive market in China. The Group called up work resumption of our brands and stores pursuant to the government’s requirements and took relevant measures to protect the health of employees. In the future, to cope with the negative influences caused by any uncertainty to the progress of industry recovery, the Group will identify the situation and trends, actively promote its operational strategic plans, further enhance management efficiency, reduce costs and improve operations. In addition, the Group will continue to actively fulfil social responsibility, promote sustainable development and make joint efforts with employees, suppliers and all parties to create values to contribute more values for the social development and progress!

On behalf of the Board of Directors of the Company, I would like to express my thanks to shareholders, customers and business partners’ support to the Group and all the staff who have worked hard. Looking to the future, we will strive to develop more opportunities and overcome challenges, sticking to make better performance for the Group.

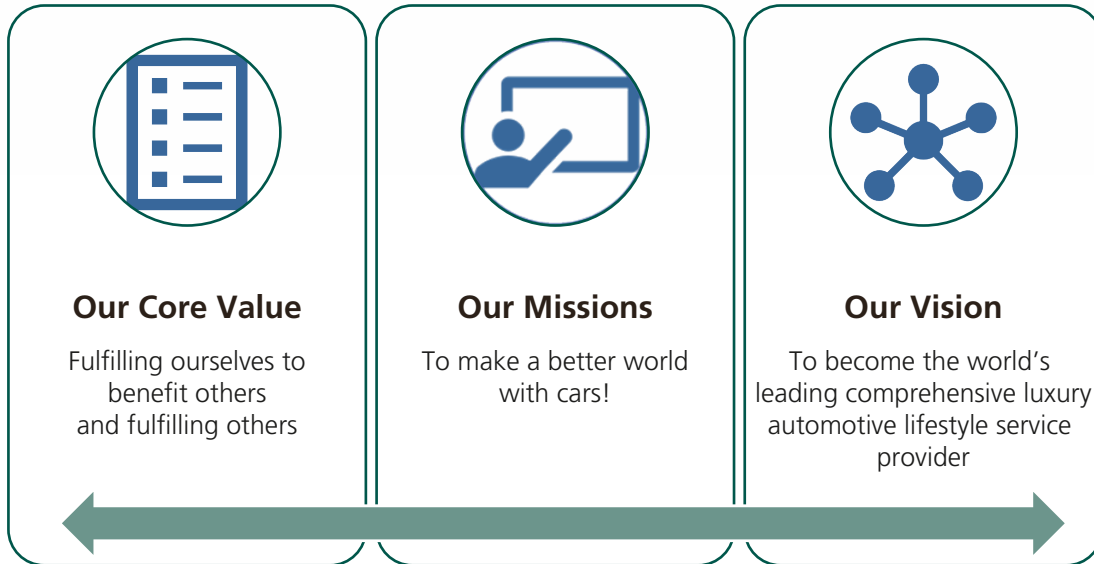
Chairman
Yang Peng

31 August 2020

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

COMPANY PROFILE

Established in 1998 and headquartered in Shanghai, China Rundong Auto Group Limited is a national leading comprehensive auto service provider focusing on luxury and ultra-luxury automotive brands. Since its establishment, Rundong has always taken corporate culture as the Group's goal of development and actively created the spiritual home of all employees of Rundong. The all-round corporate culture inspires Rundong people to continuously innovate and seek further development.

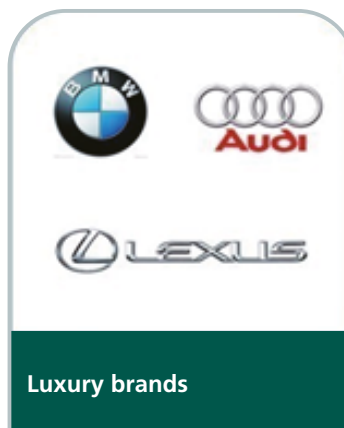
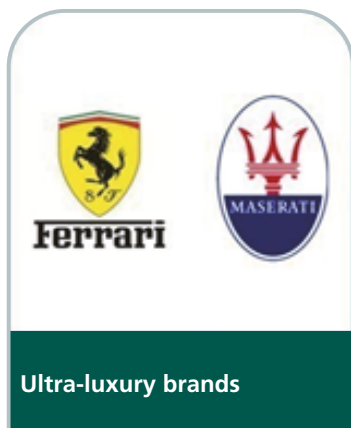


1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Brand and Network Layout

Based on the analysis and judgment on the overall trend and development potential of the industry, as well as the complicated economic situation at home and abroad and fierce market competition, the Group continuously strengthens its management in accordance with the market rules and regulations, promotes business transformation, explores new models, and vigorously develops after-sales service business while optimizing brand structure, focusing on creating auto finance and insurance agency businesses and transforming profit structure, to improve operational efficiency and strengthen risk management and control. We will take a path of connotative development through continuously optimizing business operation, adjusting brand structure and strengthening profit ability, aiming to become a comprehensive luxury automotive service provider with efficient operation, outstanding advantages and strong core competitiveness.

During the Reporting Period, the Group continued to optimize its brand structure. As of 31 December 2019, the Group operates a total of 38 stores, automotive brand portfolio includes 12 various kinds of brands, including 2 ultra-luxury brands (MASERATI and Ferrari), 3 luxury brands (BMW, Audi and LEXUS), 7 mid-to-high-end brands (BUICK, SAIC VOLKSWAGEN, KIA, Dongfeng-HONDA, FAW TOYOTA, Nissan and FAW-VOLKSWAGEN).



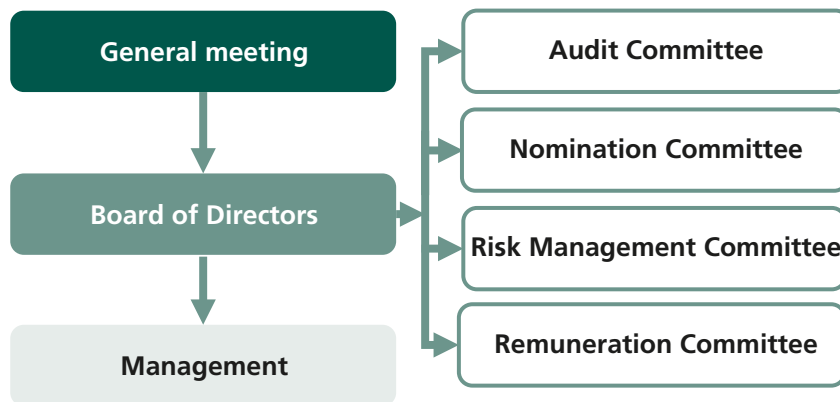
1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

CORPORATE GOVERNANCE

Rundong believes that high standards of corporate governance are the foundation for the protection of shareholders' interests and the guarantee of compliance operation of the Group. We continue to optimizing governance procedures and maintaining high standards corporate governance practices. The Group strictly complies with the Audit Law and regulations and other laws and regulations and formulated the internal management methods and procedures such as the Standard Operation Manual for the Audit Department of the Group (《集團審計部業務標準操作手冊》) and the Administrative Measures for Internal Control Personnel Delegation (《內控人員委派管理制度》) in combination with the development of the Group in order to improve the accountability and transparency of the Group by high standards corporate governance practices and to protect the long-term interests of the Group, customers and shareholders.

Improve Governance Structure

The Company strictly follows the requirements of relevant laws and regulations and requirements of the regulatory documents of regulatory authorities, to build an efficient corporate governance structure. The Board of Directors has established the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, taking the corporate governance responsibilities of formulating and reviewing the corporate governance policies and practices of the Group, reviewing and monitoring the training and continuous professional development of the directors and senior management of the Group.



Corporate Governance Structure

Please refer to the section headed "Corporate Governance Report" in the annual report for the year of 2019 for more details of corporate governance.

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Comprehensive Risk Management and Control

The Group abides by the relevant risk management and control guidelines of Corporate Governance Code (《企業管治守則》) of the Stock Exchange, and regularly completes and discloses the annual internal control assessment report pursuant to the requirements of regulatory institutions and the Board of Directors, to ensure applicable and effective risk control and corporate governance. We have established an organizational structure with clear responsibilities and reporting procedures to strengthen risk management. During the Reporting Period, the Risk Management Committee of the Board of Directors assisted the Board in monitoring risk exposure and designing and enhancing the effectiveness of risk management.

Board of Directors

- Take full responsibility to the risk management of the company
- Assess and determine the risk nature and extent that the company is willing to accept for the achievement of business goals
- Supervise the designing, implementing and monitoring of risk management by the Management

Risk Management Committee

- Assist the Board of Directors to monitor the performance of risk management and major risks
- Consider the risk management strategies of the company
- Consider, examine and approve the policies and guidelines of risk management
- Monitor the effectiveness of risk management
- Monitor the events of environment, social and governance

Internal Audit Department

- Apply auditing procedures to make independent assessment on risk management system

Management

- Design, implement and monitor risk management system
- Request the Risk Management Committee to pay attention to major risks and report the measures for managing the risks
- Confirm the effectiveness of the risk management of the company

Business Departments

- Identify the risks within the department and assess and take measures for risk control and improvement

Structure and Responsibilities of Risk Management Committee

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

The Group continuously improves its risk management model and organizational structure, as well as accelerates the progress of implementing risk management responsibilities of all departments. Our risk management process adopts PDCA (Plan, Do, Check and Act) cycling mode to identify problems from the Group's business development and daily work, propose and supervise measures for solving the major risk points, and fully implement risk management into all work. The risk management process of the Company is as follow:

Phase P: Information Collection and Risk Identification

- Collect initial information on risk management of various departments and business departments of the Group
- Assess risks comprehensively and identify potential risks

Phase D: Risk Assessment and Risk Governance

- Evaluate and score the impact of the identified risks on the business and the probability of occurrence
- Formulate risk management strategies and practical implementation plans based the assessment results

Phase C: Risk Reporting and Risk Monitoring

- Report periodically about the result of implementation of risk management plans by all business departments
- The management monitors regularly the implementation of risk management plans of all departments and propose improvement opinions

Phase A: Risk Management Improvement

- Standardize the confirmed effective measures in the process of risk management implementation and continue to apply in the future work
- Conclude and propose improvement solutions for the existing problems in risk management to enhance working quality

Risk Management Process

During the Reporting Period, the internal management department continued to operate various auditing projects such as comprehensive store auditing and internal control auditing, to evaluate the status of store and regional operation, as well as management status. We regularly followed up and required audited units to make rectification regarding all risks and management problems found in the auditing process, continuously perfect the continuous improvement of risk management and internal control system.

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Strengthen Integrity Management

The Group strictly abides by relevant laws and regulations, and strengthens internal integrity management and improves risk prevention awareness of management personnel at all levels and employees through formulating internal policies such as the Handling Measures for Non-Compliance and Misconduct of Employees of the Group (《集團內部職務違規違法行為處理辦法》), the Report and Investigation Management System (《舉報調查管理制度》), the Internal Auditing Management System (《內部審計管理制度》) and Ten Rules for Integrity and Self-discipline (《廉潔自律十項規定》).

During the Reporting Period, the audit and supervision department of the Group investigated and audited internal non-compliance and corruption through all types of auditing projects, mainly including off-office and economic accountability audits, management audits and investigation of reports audits. In addition, the Group implemented the newly amended Report and Investigation Management System (《舉報調查管理制度》) and arranged a designated department to conduct investigation of reports and management to ensure the effective handling of non-compliance and corruption.

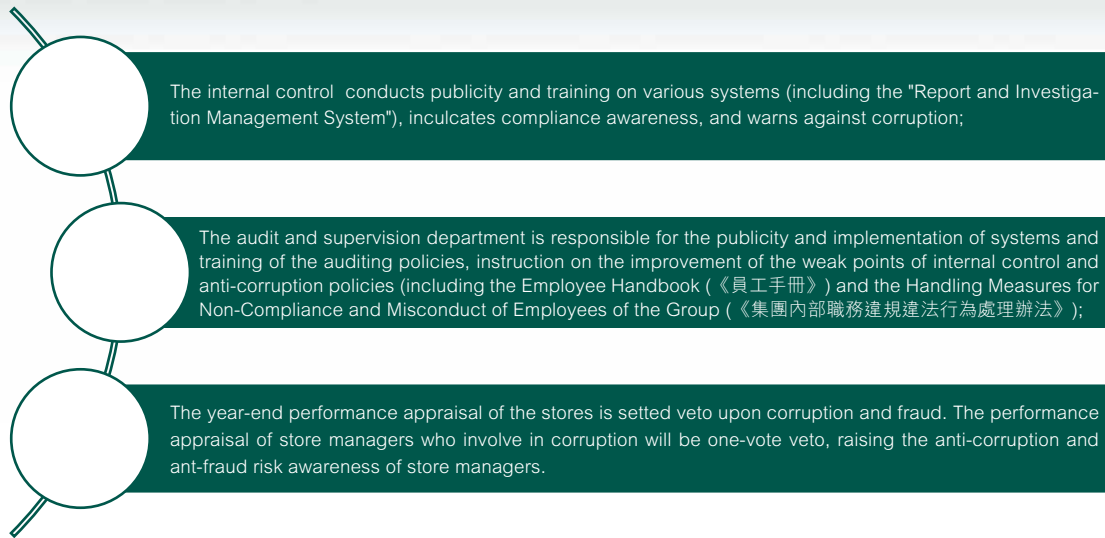
Amended Rules and Regulations of the Report and Investigation Management System (《舉報調查管理制度》)

During the Reporting Period, the Group amended the Report and Investigation Management System (《舉報調查管理制度》), including the range of whistleblowers and reporting and handling channels, further strengthening the internal management and protecting employees to rightfully exercise their rights to report non-compliant behaviors.

- The range of whistleblowers has been changed to internal and external personnel from internal personnel;
- The formal reporting and handling channel of the Group is rd110@rundongauto.cn which is used to lodge reporting and complaints; disclose the Group's office address and responsible department of handling the reporting;
- The whistleblowers are allowed, by themselves or authorize others, to report to the handling department through formal documents, letter, interviews, emails and otherwise;
- It clarifies disciplinary action and termination of employment for any retaliation. If a crime is involved, it should be transfer to the judicial authorities to pursue its legal responsibility.
- It clarifies it shall not disclose the name and identity information of the whistleblower unless with consent.

The Group has strengthened the moral and integrity awareness of the staff by different types of anti-corruption publicity and training. During the Reporting Period, the Group did not have any accepted corruption lawsuits.

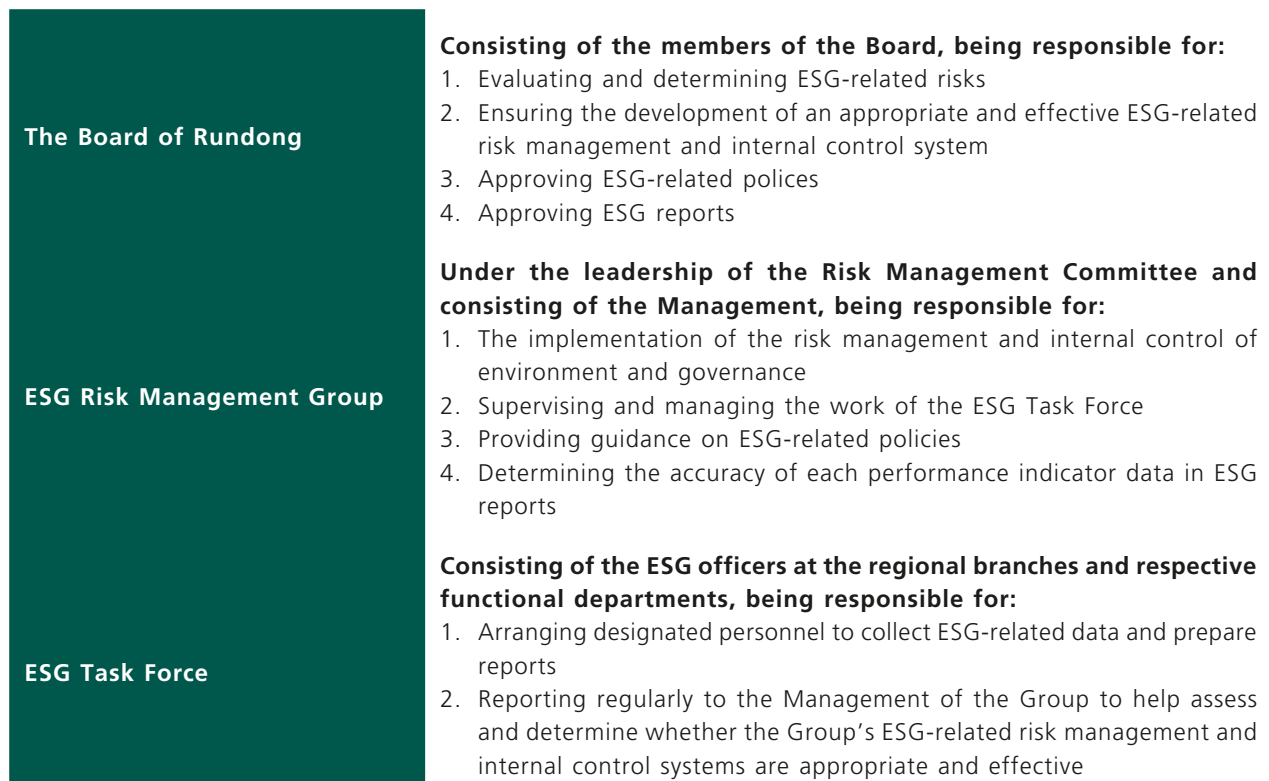
1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE



Different Types of Anti-Corruption Publicity and Implementation

ESG MANAGEMENT

The Group will transfer its commitments to stakeholders to practical actions through establishing ESG working systems. We establish an ESG management structure led by the Board of Directors and clarifies the ESG working responsibilities and management objectives of all levels to regularly review, evaluate and improve our work, and coordinate and plan the ESG management requirements for next year in full consideration of ESG governance status, applicable laws and regulations, opinions of stakeholders and corporate culture of the Company.



ESG Governance Structure

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Communication with stakeholders

Through the establishment of a normal communication mechanism with stakeholders, the Group can understand the needs, opinions and advices of all parties, thereby integrating the stakeholders and their concerns into the operational and decision-making process to achieve the combination of ESG management and daily operation as well as promote long-term and sustainable development. The following table lists the main topics of concern of stakeholders during the year.

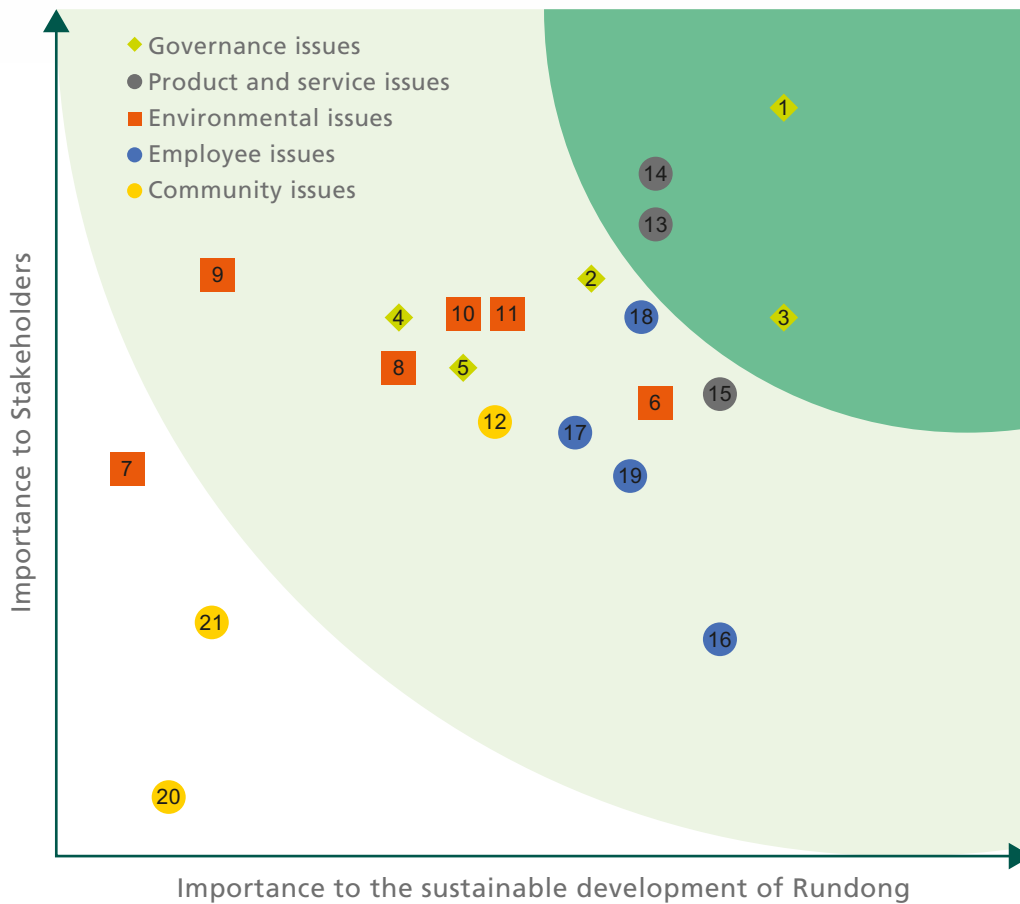
Type of stakeholders	Major communication channels	Frequency/number of times	Focus Issues
Employees	Employee mailbox Employee Interviews Employee meetings Employee performance evaluation interview Internal publications	Annual (for employee performance evaluation interview) Irregular for others	Employee care Compensation, benefits and promotion channel Employee safety and health
Shareholders/ investors	General meeting of Shareholders Company announcements Official website Public reports Financial reports	Annual general meeting of Shareholders Irregular for others	Business development Operating in compliance with laws and regulations Product and service quality
Customers	Customer satisfaction survey Customer service hotline Customer return visit Official media platform	Irregular	Product and service quality Customer communication and complaint resolution Confidentiality of customer information
Auto manufacturers	Mystery customer survey Training and conference Audit and assessment	Irregular	Product and service quality Customer communication and complaint resolution Operating in compliance with laws and regulations
Suppliers	Supplier conference Online opinion survey Audit and assessment Bidding activities	Annual (for audit and assessment) Irregular for others	Product and service quality Supply chain management Operating in compliance with laws and regulations
Community	Visits and investigations Community activity Press release/ announcement	Irregular	Community development Charity Discharge in compliance with Regulations

1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Materiality assessment

During the Reporting Period, we conducted over 10 in-depth interviews with stakeholders to learn about their opinions and expectations on Rundong’s response to and disclosure of environmental, social and governance issues to respond better to the demands and expectations of stakeholders. We understand that compared to 2018, in respect of environmental issues, stakeholders’ attention to “Exhaust gas and wastewater discharge” and “Waste disposal” has increased. As to the aspect of employees, stakeholders’ attention to “Employee safety and health” and “Employee training” has increased. According to the results of the interviews with stakeholders, we adjusted the material ESG issues of Rundong in 2019. This report will disclose the details of the matrix results.

ESG Materiality Matrix of Rundong in 2019



1. KNOWING RUNDONG, RESPONSIBLE GOVERNANCE

Governance issues

- 1 **Operating in compliance with laws and regulations**
- 2 Anti-corruption
- 3 **Corporate governance**
- 4 Information disclosure mechanism
- 5 ESG governance

Environmental issues

- 6 Exhaust gas and wastewater discharge
- 7 Greenhouse gas emission
- 8 Waste disposal
- 9 Energy consumption
- 10 Water consumption
- 11 The impact of business operation on natural resources

Product and service issues

- 12 Supply chain management
- 13 **Product and service quality**
- 14 **Customer communication and complaint resolution**
- 15 Confidentiality of customer information

Employee issues

- 16 Compensation, benefits and promotion channels
- 17 Employee safety and health
- 18 Employee care
- 19 Employee training

Community issues

- 20 Charity
- 21 Community development

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Rundong firmly believes that the trust of customers is the foundation of survival and development of the company. Respecting our customers and providing creative services, we consist to build a “customer-centric, vehicle-based” mutual ecosystem for luxury automotive to anticipate the needs of customers, protect interests of customers and improve service quality. We strive to build a customer-centric, comprehensive and integrated quality service system.

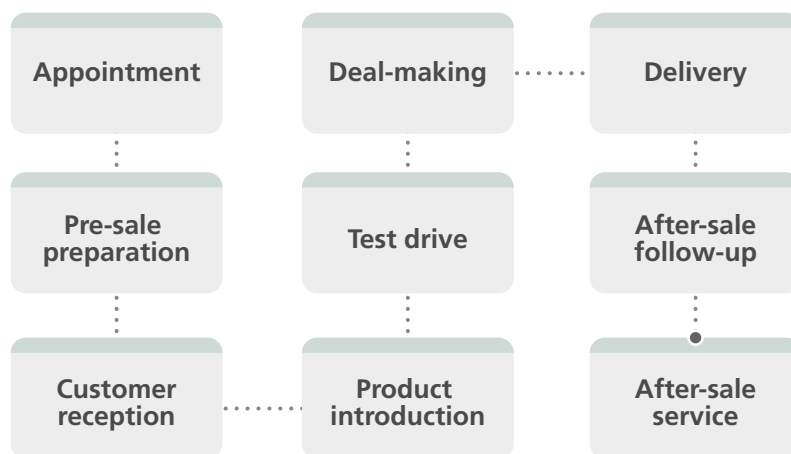
DEDICATED SERVICE

Rundong advocates the corporate culture of “customer-oriented and letting cars serve people” and adheres to the service philosophy of “respect, altruism, happiness (尊重、利他、快樂)”. As the automotive market gradually enters into a period of slow growth, customer experiences and service quality become the focus of main engine factories and the most direct feelings of customers. In order to continuously improve services level and management quality, we delegated more management power to store management level to greatly strengthen store management and operational ability in 2019 to achieve the operational indicators set by the Group as the top priority and build comprehensive “customer first” wholesale and service experiences.



Worry-free Whole-process Service

The Group continues to improve the worry-free service throughout the entire service process for customers, constantly strengthens service process of the Group and provides quality service that covers the entire service process and comprehensive service solutions to satisfy the needs of customers at each stage.



2. CUSTOMER FIRST, WIN-WIN COOPERATION

The Group strives to enhance customers' delivery value and customer satisfaction by constantly improving service quality, and establishing a long-term, stable, mutual trust and close relationship with customers while attracting new customers and retaining existing customers to occupy the market competition advantages. During the Reporting Period, we continued to promote the "Touching Point" project, with the view to fulfilling the "Lifetime Value" of each customer. In the whole process of the customer lifecycle, we are committed to thinking about how to make good customer management and provide differentiated services to satisfy customers' needs in different stages, allowing each customer to experience comprehensive quality service.

During the Reporting Period, apart from providing quality and customized service, Rundong held a number of driving experience activities for car owners, enhancing customers' sense of belonging while expanding brand influence.



Suzhou Baojing Self-driving Activity for Car Owners



Nantong Runbao Self-driving Activity for Car Owners

In addition, the Group holds new automobile seminars for car owners regularly to share vehicle driving training and maintenance knowledge, and help car owners understand related maintenance information and activities through the WeChat service account. We enhance customers' delivery value and customer satisfaction by constantly improving service quality to establish a long-term, stable, mutual trust and close relationship with customers.



Shanghai Baojing Automobile Seminars for Car Owners

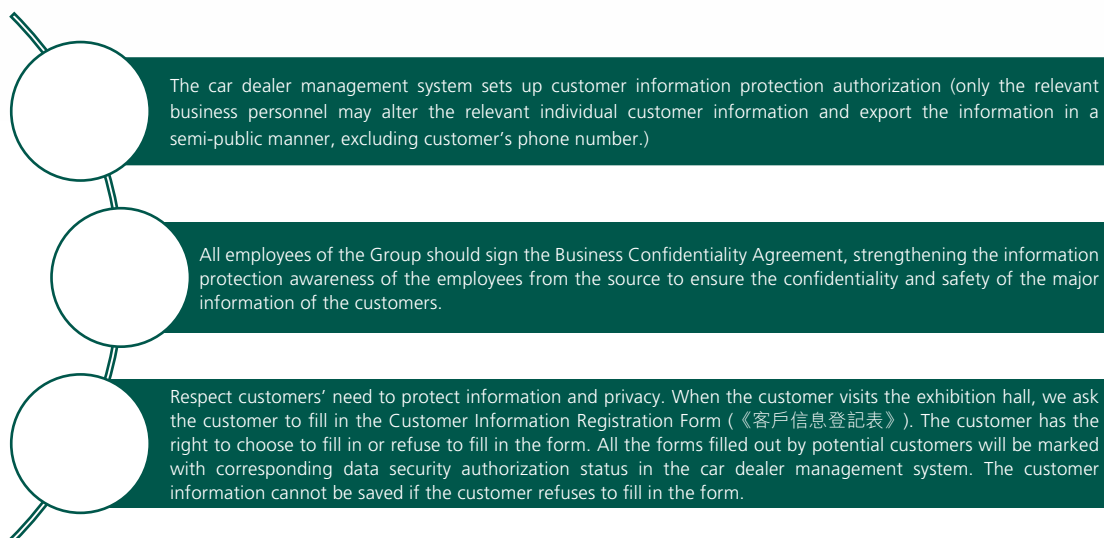


Suzhou Baojing Automobile Driving Training for Car Owners

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Protection of Customer Privacy

In addition to continuously improving customer services, Rundong emphasizes the protection of customer privacy. We strictly abide by laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), and has formulated such internal management systems as the Customer Privacy and Confidentiality Agreement and Model (《客戶隱私保密協定及範本》). We adhere to the principle of "0" disclosure of customer information, implement vigorous customer privacy confidential system and continue to strengthen customer information management technology to continuously enhance the comprehensive data security and privacy protection ability.



Confidentiality Measures

CUSTOMER COMMUNICATION

Rundong places great importance on the protection of customer interests, insisting to maintain an open mind to listen to customers' opinions in various aspects and different dimensions, so as to constantly optimize customer service quality and continuously improve customer satisfaction.



Customer communication channel

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Concern with Customer Complaint

The Group attaches great importance on customer complaints. We have established and continued to improve the Complaint Handling Process and Standards (《投訴處理流程及規範》), standardizing the handling process of complaint to ensure that customer complaint as can be handled in a fast, effective and proper manner. We request the contact personnel to be 100% respectful to the customer when handling the complaint and listen patiently about the complaint and always keep polite. After receiving complaints, we promptly contact relevant departments and personnel to immediately and properly deal with the complaint according to the handling process and standards, and take the initiative to maintain good communication with customers to inform them each step of the process. Upon completion of the complaint handling process, we inquire the customers for their satisfaction on the result of handling the complaint.

Complaint receipt

- Record the complaint accurately and take immediate action
- Designate the complaint to the manager of relevant department

Complaint confirmed

- Verify if the complaint is true: further examine the actual needs of customers; contact manufacturers for technology report support; suggest a new solution and inform the customer
- Verify if the complaint is not true: explain the situation to customer and confirm if alternative solutions are needed

Reach an agreement

- Implement solutions
- Reach agreement with the customer
- Collect feedback and follow-up

Subsequent evaluations

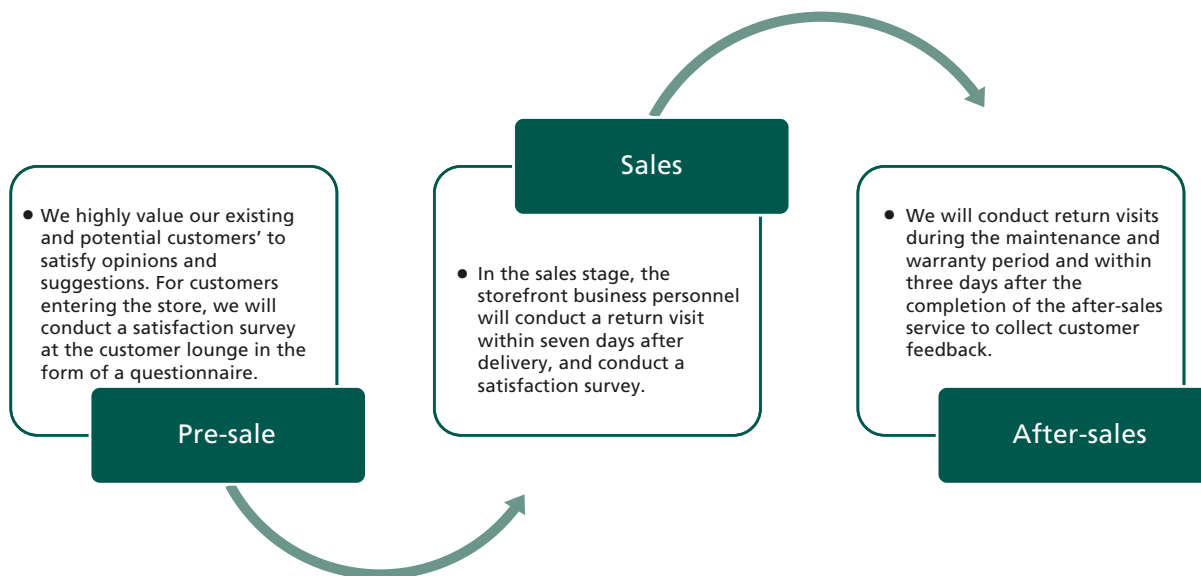
- Evaluate issues based on records, advise and notify employees to implement corresponding measures

Handling Process of Complaints

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Customer Satisfaction

Customer satisfaction is an essential indicator of evaluating the product and service quality of the Group. In order to understand customer satisfaction on our products and services, we identify customer needs and thoroughly understand the issues existed in the services by conducting customer satisfaction surveys throughout the service. Our satisfaction survey covers a wide range of dimensions, including hardware configuration, environmental climate, accessory quality and service expertise, to understand our customers' appraisals and recommendations in all round.



Process of Satisfaction Surveys

During the Reporting Period, Rundong has strengthened the services for potential customers and customers after delivery in terms of sales and maintained follow-up visits in corresponding time point. As for after-sales, we have strictly conducted 3DC return visit (3 Days Call, representing the customer satisfaction return visit within 3 days) to customers needing maintenance to timely process customers' problems. During the Reporting Period, the Group recorded 9.52 points (out of 10 points) in terms of customer satisfaction.

RESPONSIBLE PROCUREMENT

Regarding our suppliers as partners to make common development and progress, the Group strives to establish mutual benefits relationship with suppliers and builds cooperation based on fairness, openness, high efficiency and mutual trust. We have strictly complied with the relevant requirements of the Laws of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法》), and has formulated relevant systematic documents such as the Supplier Evaluation and Management System (《供應商考評管理制度》), the Management Measures on Suppliers (《供應商管理辦法》), the Management Measures on Refunding and Replacement of Goods by Suppliers (《供應商退、換貨管理辦法》) and the Management Method on Exit of Suppliers (《供應商退出管理辦法》), set up the suppliers evaluation and management system, regularly evaluated the performance of suppliers to ensure product and service quality.

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Supplier Selection

In order to strengthen Rundong's procurement management, standardize procurement behavior, improve procurement efficiency, reasonably reduce procurement costs and better prevent procurement risks, the Group have formulated the Procurement Management System of China Rundong Auto Group Limited (《潤東汽車集團有限公司採購管理制度》) based on relevant laws and regulations of the PRC as well as rules of the Group, as the basic management system for the Group's work of procurement suppliers. Based on the size of the purchase amount, the Group classifies procurement into centralized procurement and decentralized procurement, and requires employees to annually formulate and announce the annual centralized procurement catalog of the Group according to the actual procurement of the Group with regards to the items that must be purchased by centralized procurement. The Group conducts procurement through tendering (including open tendering and invitation tender), competitive negotiation, inquiry procurement, single-source procurement and other reasonable procurement methods.



Supplier selection process

In addition, we place great emphasis on the performance of our suppliers in environmental, social and governance aspects. In the course of the review, we combined the on-site inspection to fully evaluate the quality system, environmental system and social responsibility management of the candidate suppliers. We will not select candidate suppliers who have violated provisions concerning human rights, labour and environmental protection, or do not have good business reputation, have major illegal records, make false statements, attempt to pay bribes and provide other improper benefits to judges and related personnel.

As of 31 December 2019, the Group mainly cooperates with 45 suppliers in total, mainly located in Eastern China.

2. CUSTOMER FIRST, WIN-WIN COOPERATION

Supplier Management

Rundong records all suppliers that have signed cooperation agreements with the Group in the supplier collection catalog to achieve systematic and high efficient management. For selected suppliers, the Group conducts an assessment on their qualification, product quality, service and delivery capacity to ensure the quality of their supply. Based on the results of our assessment, we select high-quality suppliers as strategic suppliers, who will be given priority to bulk procurement.



Supplier assessment

For selected suppliers, we implement mandatory withdrawn mechanism to those with the following non-compliance behaviors, for example: suppliers whose outlet has received over 3 times of the valid complaint without any improvement; suppliers that delay or fail to solve the issues of product quality and installation service; and suppliers cannot support the moral construction of the Group and cause adverse influence by bribing relevant personnel(s). Rundong resolves to phase out the suppliers with unstable product quality, weak service ability and poor performance indicators to continuously improve the product and service quality and promote the development of the industry.

3. UNITING STRENGTH, PROGRESSING TOGETHER

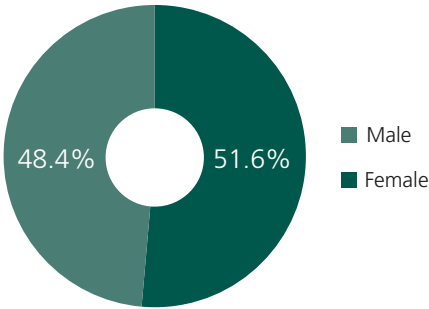
Adhering to the people-oriented philosophy, the Group strives to create a fair and safe working environment for its employees while pursuing sustainable development. Attaching great importance to human resources, the Group continuously invests to provide competitive salary, welfare and career development opportunities for its employees.

EMPLOYMENT OVERVIEW

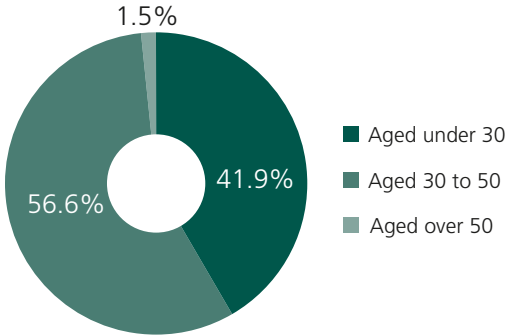
By strictly abide by such laws and regulations as the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), the Regulation on Labour Security Supervision (《勞動保障監察條例》), as well as labour-related laws and regulations where the operation is located, and under the recruiting principle of “fairness, equality, competition and selection of the best”, the Group constantly updates the Management Measures (Provisional) for Storefront Manager of China Rundong Auto Group Limited (《潤東汽車集團有限公司店面負責人管理辦法(暫行)》) and Management Manual for Recruitment of Rundong Auto Group (《潤東汽車集團招聘管理手冊》) to optimize the employment management system. The Group rejects discrimination due to factors such as race, nation, religion, gender and family, and prohibits forced labour. The applicant information is carefully reviewed in the recruitment process to avoid the employment of under-aged candidate. The Group will strictly resolve the event in accordance with relevant procedures and seriously treat the persons in case of any employment of child and forced labour. During the Reporting Period, we did not find any violations of employing child and forced labour.

The Group recruited talents in accordance with business demand and adjusted its talent introduction system based on market conditions. In terms of recruitment, the Group adopted external recruitment, internal promotion and campus cooperation in the recruitment of talents to ensure the introduction of quality talents and ensure the common growth of the Company and employees. As of 31 December 2019, we had 5,351 employees in total. The details of our employees are as follows:

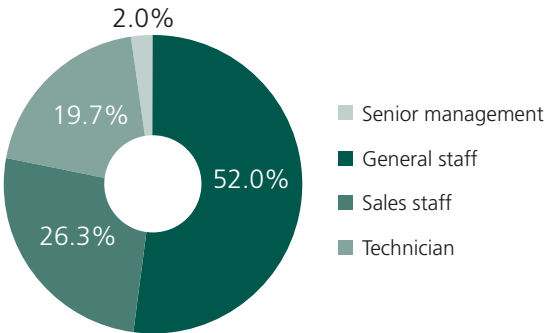
Employment overview by gender (%)



Employment overview by age (%)



Employment overview by function (%)



3. UNITING STRENGTH, PROGRESSING TOGETHER

SAFETY GUARANTEE

Abiding strictly by the relevant safety and health rules and regulations such as the Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), the Safety Production Law of the People’s Republic of China (《中華人民共和國安全生產法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》), and the Regulation on Safety Management (《安全管理規定》), the Group constantly optimizes and improves safety management system to avoid potential risks. During daily operation, the Group conducts regular assessments on the employees’ wearing of labour protection appliances and the sanitation at work sites, as well as implements safety production responsibility system and operation standards of managers at all levels through safety management system, to increase the safety awareness of employees and ensures that daily safety management is monitored and implemented.



Safety Management System

The Group is committed to establishing safety culture and implementing safety responsibilities to build a safe working environment for employees. The Group requires employees to properly wear safety appliances during their work and conducts safety trainings to educate employees on safety awareness and guide them to use safety equipment properly, dedicating to minimize employee safety risk in the business operation. During the Reporting Period, the Group has 2 work-related injuries, resulting in 680 lost work hours. After the accidents, we sent the injured employees to hospital for treatment immediately. In addition, the Group conducted investigations on the cause of the accidents and involving departments and enhanced employee safety awareness through further training and standard operations, to prevent similar accidents from happening again.

3. UNITING STRENGTH, PROGRESSING TOGETHER

Organize "11•9" Fire Safety Month Activities

Understanding that the responsibility for safety is of great importance, the Group pays constant attention to employee safety in the business process. In November 2019, the Group organized the "11•9" fire safety month activities, requiring all brands and stores to conduct a full screen on the major parts of fire safety such as fire-fighting facilities, emergency exits, fire safety system, paint booths and warehouses that stored disused carparts, to strictly implement safety responsibilities and strengthen daily fire safety management towards potential problems. The Group reinforced employee safety awareness and operational skills to prevent and restraint safety accidents while enhancing the response ability to fire hazard at the business operational work sites by holding a number of safety activities such as specific topic trainings, fire-fighting rehearsals and self-inspections. In addition, the Group called upon stores to establish mini fire stations and regularly update fire safety management system, organize fire safety groups on duty and invite teachers from fire-fighting groups to conduct on-site training, further improving employee's response to fire safety problems.



Fire safety rehearsal at Qingdao Baojing



Fire safety rehearsal at Shanghai Baojing

Upholding its responsibility, the Group cared about the physical health of each employee by means of understanding their physical condition through pre-employment, employment and post-employment health examinations and monitoring potential factors which may cause occupational disease at the operational work sites. In order to prevent potential occupational hazards, the Group delegated a third party testing company to conduct annual detection of occupational disease environment apart from organizing regular occupational disease examination for the employees to ensure the physical health of each employee at workshops.

In response to the outbreak of the COVID-19 epidemic in China in 2020, the Group extended the Spring Festival holidays and resumed work and production in accordance with the requirements of the local governments, as well as took corresponding preventive measures, including measuring and recording body temperature for every staff twice a day, disinfecting the office twice a day, distributing masks, hand sanitizers and other disinfective supplies for employees, and requiring employees to abide by alternated shifts and dining time to protect their health.

3. UNITING STRENGTH, PROGRESSING TOGETHER

PROMOTE GROWTH

The Group understands that the growth and development of its employees are the foundation for the sustainable development of the Company, and commits to creating an excellent development platform and providing fully equal education and development opportunities for employees, enabling them to freely utilize their potential and creativity to achieve common growth of employees and the Company.

Training and Empowerment

For the enhancement of personal quality, professional skills and management ability of the employees, the Group established and constantly improved the employee training system, and designed rich, diverse and personalized training schemes based on the business and skill needs of employees at different levels, positions and types. Meanwhile, the Group encourages employees to actively give advice relating to the trainings, with the view to continuously improving training plans and training modes, building a constant learning environment so that recruited talents could support the long-term development of the Group while fulfill self-value.



Four All-purpose Skills Training Plans

3. UNITING STRENGTH, PROGRESSING TOGETHER

To create the training atmosphere of the Group, transmit knowledge, skills and attitude and raise communication among the employees, we select excellent trainers and provide stages for our employees. In 2019, the Group raised employees' learning motivation and assisted them to improve their knowledge and skills through courses of "Small Seminar" (《小講堂》), "New Retail Training Camp" (《新零售訓練營》) and "Work Implementation and Development for the Management of the Group" (《集團管理層工作啟動會及拓展》) as well as sales skills competitions.



Course of
"New Retail Training Camp"



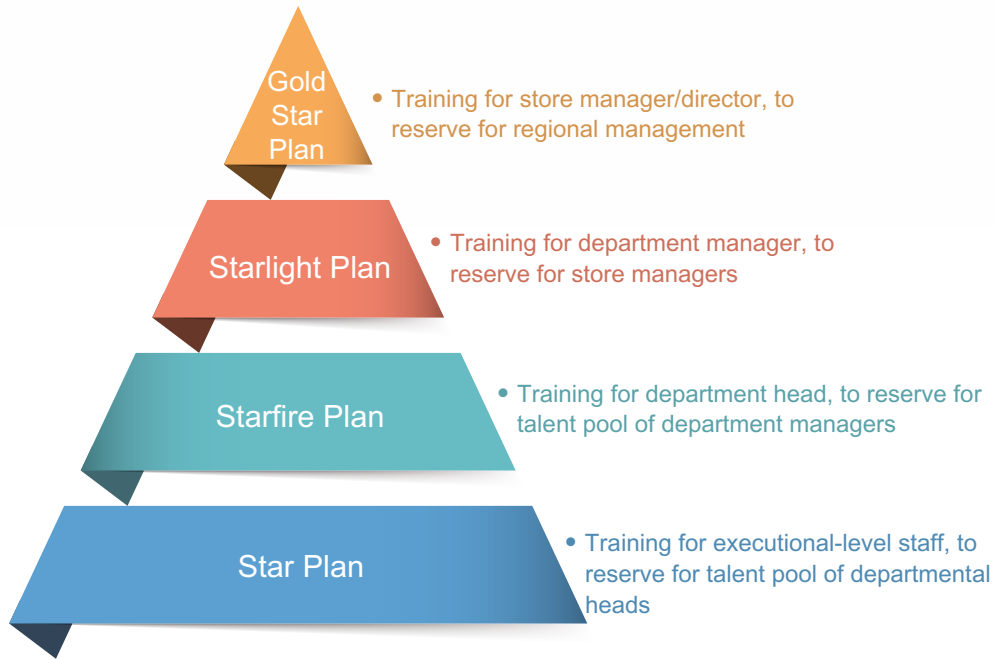
Course of
"Work Implementation and Development for the
Management of the Group"



Sales Skills Competition

3. UNITING STRENGTH, PROGRESSING TOGETHER

In addition, the Group established a talent development project system to promote talent development and training of the Group, accelerate the building of talent pool and talent echelon as well as advancing common development of the future development strategies and business operation of the Group and the needs of employees. In order to make full preparation for the talent pool, the talent development project system includes four planning systems with special training plans based on employees at different levels.

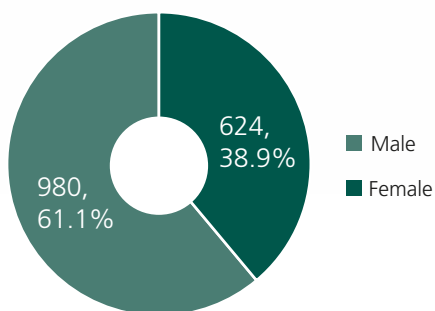


Talent Reserve and Development System

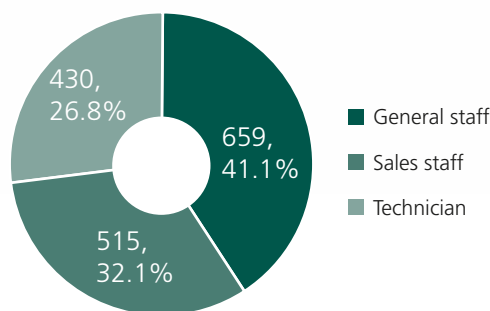
3. UNITING STRENGTH, PROGRESSING TOGETHER

During the Reporting Period, the Group provided 14,455 training hours for the employees in total and there were a total of 1,604 trained employees. Details of the trained employees are as follows:

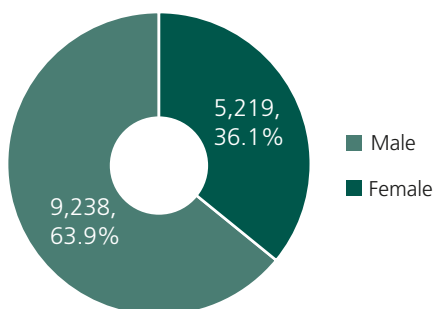
Trained employees by gender (person-time, %)



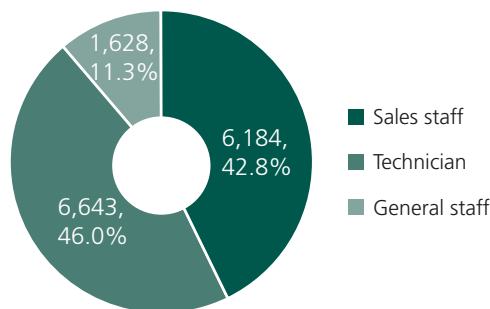
Trained employees by function (person-time, %)



Trained employees by gender (hour, %)



Trained employees by function (hour, %)



Promotion and Development

In terms of promotion and development, the Group always adheres to the aim of “equality, fairness and openness” to select talents suitable for the position, allowing equal promotion and development opportunities for excellent employees. The Group regulates the training, selection and appointment of talents through the Administrative Measures on Employees’ Promotion and Change (《員工晉升/異動管理辦法》) and the Measures on Annual Assessment of Employees (《員工年度考核辦法》), and organizes performance assessment organizational management system to clarify the scope of responsibilities of employee performance appraisal conducted by management departments at all levels, promoting the building of talent pool and talent echelon.

3. UNITING STRENGTH, PROGRESSING TOGETHER

Presidential team

- The presidential team, as the major persons responsible for the performance appraisal of vice-presidents and general managers of all departments at the headquarter, is the ultimate decision maker for performance appraisal of the Group and holds the final discretion rights to the performance appraisal of all staff.

Vice-presidents/general managers of all departments

- Mainly responsible for the employee assessment and evaluation of all departments at the headquarter of the Group;
- Responsible for the determination of assessment indicators and competency evaluation of employees at all departments/responsibilities, assessment and face-to-face feedback on the performance.

Brand business departments and storefront management

- Mainly responsible for the assessment and evaluation of business departments and storefront personnel;
- Responsible for the determination of performance assessment and competency evaluation of employees at business departments and storefronts, assessment and face-to-face feedback on the performance.

The Group (including brand business departments) and storefront human resources departments

- The organizer of employee assessment and evaluation;
- Responsible for the formulation of employee assessment measures and guidance, supervision, examination and statistics of assessment and evaluation results in the process of assessment and evaluation.

Organizational management system of performance appraisal and evaluation

In order to select a talent best-fit for the position, the Group assesses talents in terms of performance level, competency and quality, position match and development potential. On one hand, the Group assigns responsibilities of annual appraisal to the Group, business departments and 4S stores and considers employee performance together with the overall operational results of the Group in the operational performance appraisal to attach importance to the common interests and responsibilities of all staff and the Group. On the other hand, the Group requires employees to sign and confirm the results of the annual assessment indicators through collective recognition of performance to ensure the promotion system is fair and transparent.

3. UNITING STRENGTH, PROGRESSING TOGETHER



Talent Assessment System

COMMUNICATION AND CARE

The Group understands that employees are the core strength of the corporate development and values employees' performance at work. The Group has established and constantly improves a welfare system for employees, providing employees with annual leave, sick leave, maternity and paternity leave, marriage leave and other holiday benefits in accordance with the national regulations within the capabilities. Meanwhile, the Group cares about the health of employees and provides rich and diverse welfare and cares, such as flexible working schedule at special period, telecommunication allowance, meal allowance, health check, birthday party, recreational and sports activities and subsidy for employees in need, striving to create a "warm" working environment and enable employees to feel like "home" at work.

3. UNITING STRENGTH, PROGRESSING TOGETHER

Organizing and carrying out employee birthday party

The Group appreciates the performance of employees by encouraging all regions and storefronts to hold birthday party for employees. In order to enhance fun and diversity of birthday party, we generally organise collective birthday party for employees with birthday at the same month. The relevant personnels prepare rich lunch and delicious cake to celebrate the birthday for employees.



Birthday party at headquarter of the Group



Birthday party at storefront

We encourage participation of employees in the operation of democratic management of the Group and greatly value the opinions of employees. We have established a two-way communication channel between employees and management of the Group through face-to-face work communication, work meeting and emails, enabling the management to respond to the focus of employees in an effective and timely manner and thoroughly understand the demand of employee in terms of work or life. At the same time, the Group conducted satisfaction surveys from time to time to understand employees' feedback and suggestions on daily work mechanism and make timely improvement.

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

The Group adheres to the environmental responsibility philosophy of “building a better social environment for automobile use”, actively fosters the environmental protection awareness and aims to become a corporate of “energy-saving and environmental-friendly”. The Group formulates and constantly improves environmental protection measures and strives to reduce the pollution generated from our corporate operation on the environment through construction and supervision of system and performance assessment.

ENVIRONMENTAL MANAGEMENT

The Group formulates the Operation and Management System of Environmental Protection Facility (《環保設施運行及管理制度》) to implement laws and regulations including the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Safety Management of Dangerous Chemicals (《危險化學品安全管理條例》) while requiring storefronts of all regions to vigorously comply with emission requirement and waste disposal management measures at the operation sites so as to ensure compliant emission.

The Group continuously optimizes working procedures during the business development, striving to save water and energy and reduce noise. During the Reporting Period, many of the Group’s stores have obtained ISO 14001 environmental management system certification and applied the philosophy of green, low carbon and sustainability in the entire process of operation and management.



Changzhou Ruida Automobile Sales and Services Company Limited (常州瑞達汽車銷售服務有限公司) obtained the ISO 14001 Environmental Management System Certification in 2019

In order to integrate green operation into our daily operations, the Group strictly abides by the requirements of 5S¹ dealer certification system. The Group and its subsidiaries will renovate the storefront when opening 4S stores or 5S stores with reference to functions, costs, laws and regulations where the operation is located and potential impacts on the environment, with an aim to ensure minimizing energy consumption and pollutant emissions by virtue of making full use of water resources and reducing energy consumption.

¹ Incorporate the “Sustainability” on basis of the Sale, Spare part, Service, and Survey of 4S stores.

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

Circular Slope

Installation and use standards of air-conditioners

Change to apply LED light and voice operated switch

Auto light switch devices





- Qingdao Baojing BMW 5S store designs circular slope to metal plate painting workshop on the second floor. Cars could be delivered through the slope instead of using an elevator, saving electricity of about 1,000 kWh a month.
- Qingdao Baojing BMW 5S store installs air-conditioners separately with independent switch control in different functional areas. The use of air-conditioner follow the energy-saving principle and the schedule of turning-on and off is strictly implemented to save electricity.
- Since the upgrade of 5S store, Shanghai Baojing has changed the general fluorescent lights to LED lights in the accessories warehouses, washrooms and fire exits, equipped with voice operated switch to control lights according to movement, greatly avoiding waste of energy.
- Qingdao Baojing BMW 5S store introduces natural light indoor through glass wall and an open atrium. The lighting of the building takes full advantage of natural light and all lighting facilities are automatically controlled by a computer system with auto control of switch based on the change of lighting. Inductive lights are used in washrooms and aisles to ensure energy efficiency.

BMW 5S Store Design

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

SAVE RESOURCES

The Group respects natural resources, attaches importance to the efficiency of resources utilization and strictly abides by laws and regulations of the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) to constantly improve relevant system construction and greatly promote energy-saving works. In order to transmit the philosophy of green and environmental protection to staff, based on strict adherence to the Interim Measures for Workplace Management (《職場管理暫行辦法》), on the one hand, the Group implements the environmental protection proposal, requiring employees to save resources and energy and reduce emissions of disposal. On the other hand, the Group has actively promoted a paperless office to reduce unnecessary waste of resources through online office system such as the OA system, and designated employee to turn off the power in public area after work and remind the remaining employees to turn off the power upon departure. The measures taken by the Group to foster environmental awareness of employees, reduce use of resource and contribute to sustainable development include but not limited to the following:

	<ul style="list-style-type: none">• When the faucet is dripping or damaged, it should be repaired in time to prevent water dripping and leakage;
	<ul style="list-style-type: none">• Inductive lights are used in the aisles to make sure that the lights go out when people leave;• Adjust car showroom lighting according to the weather to reduce unnecessary power consumption;• Adjust the air conditioner temperature according to the temperature, and turn off the air conditioner one hour before leaving;• Replace the original incandescent lamp with LED energy-saving lamp during maintenance;• The last person leaving the office is responsible for checking if all switches are turned off;• The use of high-power-consuming equipment for non-working purpose is forbidden;
	<ul style="list-style-type: none">• Promote a paperless office and select online communication tools according to work needs;• Call for printing on both sides to make the best use of paper;• Minimize unnecessary office stationery consumption;
	<ul style="list-style-type: none">• Call for bus travel to reduce private car use.

Green Office Management

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

In addition, the Group conducts budget management to stores, requiring stores to control their resources and energy consumption caused by operation within reasonable scope, with an aim to effectively control use of resource and maximize efficiency. During the Reporting Period, the details of use of resource and greenhouse gas emissions of the Group are as follows:

Resources Consumption	Unit	2017	2018	2019
Water consumption	cubic meters	333,307	351,000	297,458
Water consumption per RMB10,000 revenue	cubic meters/ RMB10,000	0.17	0.28	0.39
Purchased electricity	megawatt hours	23,422	21,890	13,880
Unleaded gasoline	liters	875,410	761,440	569,250
Direct energy consumption ²	megawatt hours	7,651	6,609	4,941
Indirect energy consumption ³	megawatt hours	23,422	21,890	13,880
Comprehensive energy consumption	megawatt hours	31,073	28,499	18,821
Comprehensive energy consumption per RMB10,000 revenue	kWh/RMB10,000	16.26	22.42	24.65

Greenhouse gas emission	Unit	2017	2018	2019
Greenhouse gas emission within scope 1 ⁴	tCO ₂ e	1,944	1,680	1,255
Greenhouse gas emission within scope 2 ⁵	tCO ₂ e	16,477	15,400	9,765
Total greenhouse gas emission	tCO ₂ e	18,421	17,079	11,020
Greenhouse gas emission per RMB10,000 revenue	tCO ₂ e/RMB10,000	0.01	0.01	0.01

² Direct energy consumption includes unleaded gasoline;

³ Indirect energy consumption is mainly purchased electricity;

⁴ Covers direct energy consumed by business owned or controlled by the Group, that is, greenhouse gas emissions directly generated from unleaded gasoline.

⁵ Covers indirect energy consumed (purchased or acquired) internally by the Group, that is, greenhouse gas emissions generated by electricity.

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

REDUCE EMISSIONS

In strict accordance with laws and regulations such as the Law of the People's Republic of China on the Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Law of the People's Republic of China on the Prevention of Water pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention of Air Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention of Noise Pollution to Environment (《中華人民共和國環境噪聲污染防治法》) and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Group conducts scientific and reasonable management towards the emissions of pollutant and strives to reduce environment pollution while ensuring the operation of business. The Group's major discharge produced during business operation was as follows:

Exhaust Gas Emission Management

The Group has regarded exhaust gas as the primary task of energy conservation and emission reduction. In order to protect employees' health and safety and reduce environment pollution, the Group controls exhaust emission through approaches such as collection, ventilation, raw materials and improvement of technology.

Exhaust emission collection system of workshop

Spray booth with ventilation

Control of exhaust gas from painting

- A comprehensive collection system of exhaust gas is equipped at the construction of workshop to secure a safe working environment. The exhaust gas generated during maintenance of vehicle is discharged through the emission system to ensure a clean workshop environment free from harmful gas.
- To install spray booth with ventilation to timely discharge harmful gas generated from painting to ensure a clean environment free from harmful gas for painting employee during operation.
- Change oil paint to water-based paint in paint booths, change diesel heating to electric heating, change direct gas emission to volatile organic compounds (VOCs) emission, with an aim to effectively control the emission of VOCs.

Exhaust gas emission management measures of some stores

In 2019, the Group upgraded and renovated the paint booths in accordance with the latest environmental protection requirements, and reduced exhaust emissions by discharging volatile organic compounds (VOCs) in a compliant manner. The Group reduced the emissions of VOCs by adding activated carbon and photo-catalyst devices and ensured the exhaust gas generated by vehicle meet the emission standard through regular maintenance for automobiles.

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

Upgrade and renovate the fuel paint booths



Changzhou Ruida natural paint booth

In 2019, the Group upgraded 20 sets of fuel paint booths and upgraded the old fuel paint booths into electric paint booths to reduce carbon dioxide and sulphide emissions. As of 31 December 2019, all the paint booths of the Group were electric paint booths, eradicating the emission of carbon dioxide from paint booths in workshop facilities.

Install activated carbon devices

In 2019, all stores of the Group strictly adhered to the environmental policies where the operation is located to reduce the emission of VOCs by adding activated carbon and photo-catalyst devices. As of 31 December 2019, all the paint booths of the Group were equipped with activated carbon devices, and 8 sets of VOCs photo-oxidation purification equipment completed upgrade. Meanwhile, all stores of the Group replaced the traditional oil paint with water-based paint to reduce the emission of organic compounds.



Photo-oxidation purification equipment

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

Wastewater Discharge Management

The wastewater generated by the Group during business operations is mainly domestic wastewater and car wash wastewater. In order to ensure the discharge of wastewater in compliance with regulations, while minimizing the content of pollutants in the wastewater, the Group has adopted targeted treatment measures for domestic wastewater and car wash wastewater. For domestic wastewater, the Group regularly checks whether domestic wastewater exceeded the standard and eliminate potential hidden hazards in a timely manner. For car wash wastewater, the Group continues to promote the tertiary purification of car wash wastewater to ensure that the car wash wastewater discharged into the municipal sewage pipe network meets the discharge standards.

Promote the purification and transformation of car wash wastewater

In 2019, in order to promote the tertiary purification transformation of car wash wastewater, the Group upgraded 45 wastewater purification tanks to realize the tertiary purification and recycling use of wastewater. Through the transformation, the water consumption for washing 100 cars by the Group was reduced from 3 tonnes to 2.8 tonnes. In addition, the Group newly added 2 car wash water purification purifiers, which can save 120 tonnes of water per year.



Xuzhou Baolan wastewater tertiary purification tank

Waste Management

In order to regulate the management of waste, the Group strictly follows the laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Hazardous Waste Disposing Forms Regulations (《危險廢物轉移聯單管理辦法》) and Administrative Measures on Hazardous Waste Operation Licenses (《危險廢物經營許可管理辦法》), and continues to improve the Waste Oil and Waste Management Regulations (《廢油廢品管理規定》) of the Group, aiming to clarify the waste management responsibilities of employees at all levels in the system, clarify and standardize waste treatment processes and requirements, and ultimately reduce the negative impact of waste discharge on the environment.

4. PROTECTING ENVIRONMENT, GREEN DEVELOPMENT

The Group disposes of hazardous wastes and non-hazardous wastes generated in the course of business operation by classified storage and recycling by third-party companies. In 2019, the Group set up a special area for waste classification and posted warm reminders to remind employees to dump waste in accordance with the classification requirements and carefully separate waste. We are practicing environmental protection while responding to the government's call for waste classification. As for hazardous waste, the Group emphasizes the importance to the disposal of hazardous waste. The Group strictly abides by the relevant requirements of national laws and regulations, and has entered into the Hazardous Waste Entrusted Treatment Contracts, Industrial Waste Treatment Contracts, Used Lead Acid Battery Recycling Contracts and other entrusted processing contracts with companies qualified for hazardous waste treatment. The Group is committed to minimizing the harm caused by hazardous waste to the environment. In addition, the Group requires relevant employees to standardize waste accounting management to ensure that waste is properly handled and disposed of.

Waste recovery management

The main recyclable solid waste generated by the Group in the course of business operation includes cardboard, scrap metal (aluminium, iron and copper), and scrap bumpers generated during the repair and production process. The Group entrusts a third party with the relevant qualifications to recycle. The solid wastes such as accessories with recycling value were repaired by the maintenance technicians of our stores and external repair resources companies. The Group will store the repaired parts accordingly and their use should be clearly indicated to the customer. In 2019, the inventory of recycled and repaired parts of the Group were 4,000 pieces in total with a total value of approximately RMB750,000.

During the Reporting Period, the emission of the Group was as follow:

Wastewater	Unit	2017	2018	2019
Domestic wastewater	cubic meters	138,809	150,100	121,085
Car wash wastewater	cubic meters	147,596	83,000	71,390

Hazardous wastes	Unit	2017	2018	2019
Disposed automobile battery	tonne	168	162	108
Used oil	tonne	903	1,153	754
Other hazardous wastes (e.g. oily rags, paint buckets, etc.)	tonne	250	222	146
Total hazardous waste	tonne	1,321	1,537	1,008
Total hazardous wastes per RMB10,000 revenue	kg/RMB10,000	0.69	1.21	1.32

Non-hazardous wastes	Unit	2017	2018	2019
Total non-hazardous waste	tonne	4,393	3,866	3,228
Total non-hazardous wastes per RMB10,000 revenue	kg/RMB10,000	2.30	3.04	4.23

5. REWARDING SOCIETY, ACHIEVING OTHERS

Adhering to the core values of “Fulfilling ourselves to benefit others and fulfill others”, the Group has always firmly believed that the progress of enterprise and the development of society are closely linked, and committed to giving back to the society with practical actions, and actively supported and participated in the development of social welfare undertakings. During the Reporting Period, as a participant and contributor to the community, the Group actively assumed corporate citizenship responsibilities, not only cooperating with local nursing homes to carry out respecting activities for the elderly, but also motivating customers to participate and walk with the community.

Chongyang Festival-Respect for the Aged

During the Reporting Period, in order to carry forward the Chinese nation traditional virtues of respecting, loving and supporting the elderly, Shanghai Baojing conducted the “Chongyang Festival – Respect for the Aged” for two consecutive years. At the event, the employees of the Group brought wonderful performances to the aged, bringing joy to the aged, and delivered clothing and other daily necessities to the aged. The warm service got unanimous affirmation from the aged.



Barter to promote the development of new energy public welfare

During the Reporting Period, Shanghai Baojing carried out barter activities and emptying old clothes to help environmental protection activities. At the event, customers can get 790g Ant Forest Energy from Alipay by donating used clothes at the store.

In addition, all car owners who entered the store to purchase new energy vehicles after 15 November 2019 will receive an exclusive “Delivery Gift Box of New Energy Power Platform ” based on the purchased models. Meanwhile, Rundong will plant saplings for customers in the BMW new energy ecological forests in Inner Mongolia and Xinjiang, and take practical actions to raise more customers’ attention to green public welfare.



APPENDIX I: 2019 KEY PERFORMANCE TABLE

ENVIRONMENTAL DATA PERFORMANCE TABLE

Name of Indicators	Unit of Indicators	2017	2018	2019
Aspect A1: Emissions				
A1.1 Types of emissions and respective emissions data				
Domestic wastewater	cubic meters	138,809	150,100	121,085
Car wash wastewater	cubic meters	147,596	83,000	71,390
A1.2 Greenhouse gas emissions in total (in tonnes) and intensity (e.g. per unit of production volume, per facility)				
Greenhouse gas emission within scope 1	tCO ₂ e	1,944	1,680	1,255
Greenhouse gas emission within scope 2	tCO ₂ e	16,477	15,400	9,765
Total greenhouse gas emission	tCO ₂ e	18,421	17,079	11,020
Greenhouse gas emission per RMB10,000 revenue	tCO ₂ e/RMB10,000	0.01	0.01	0.01
A1.3 Total hazardous waste produced (in tonnes) and intensity (e.g. per unit of production volume, per facility)				
Disposed automobile battery	tonne	168	162	108
Used oil	tonne	903	1,153	754
Other hazardous wastes (e.g. oily rags, paint buckets, etc.)	tonne	250	222	146
Total	tonne	1,321	1,537	1,008
Total hazardous wastes per RMB10,000 revenue	ton/RMB10,000	0.69	1.21	1.32
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)				
Non-hazardous wastes	tonne	4,393	3,866	3,228
Total non-hazardous wastes per RMB10,000 revenue	kg/RMB10,000	2.30	3.04	4.23
Aspect A2: Use of resources				
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility)				
Purchased electricity	megawatt hours	23,422	21,890	13,880
Unleaded gasoline	liters	875,410	761,440	569,250
Direct energy consumption	megawatt hours	7,651	6,609	4,941
Indirect energy consumption	megawatt hours	23,422	21,890	13,880
Total energy consumption	megawatt hours	31,073	28,499	18,821
Energy consumption per RMB10,000 revenue	kWh/RMB10,000	16.26	22.42	24.65
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)				
Water consumption	cubic meters	333,307	351,000	297,458
Water consumption per RMB10,000 revenue	cubic meters/RMB10,000	0.17	0.28	0.39

APPENDIX I: 2019 KEY PERFORMANCE TABLE

SOCIAL DATA PERFORMANCE TABLE

Name of Indicators	Unit of Indicators	2017	2018	2019
Aspect B1: Employment				
B1.1 Total workforce by gender, employment type, age group and geographical region				
Total employees	person	5,319	5,409	5,351
Employees by employment type				
Senior management	person	102	103	109
General staff	person	2,715	2,677	2,780
Sales staff	person	1,327	1,560	1,406
Technician	person	1,175	1,069	1,056
Employees by gender				
Male	person	2,067	3,156	2,760
Female	person	3,252	2,253	2,591
Employees by age group				
Under 30	person	2,844	2,720	2,244
30 to 50	person	2,372	2,575	3,026
Over 50	person	103	114	81
Aspect B2: Health and Safety				
B2.1 Number and rate of work-related fatalities				
Number of worked-related fatalities	person	0	0	0
B2.2 Lost days due to work injury				
Number of work-related injuries	person	0	1	2
Lost hours due to work injury	hour	0	512	680

APPENDIX II: ESG GUIDE CONTENT INDEX

Major Scope, Aspects, General Disclosure and Key Performance Indicators Index

A. ENVIRONMENTAL

Aspect A1	Emissions	
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 wastes. Note: Gas emissions include oxynitride, oxysulfide and other pollutant regulated by national laws and regulations. Greenhouse gas includes carbon dioxide, methane, nitrous oxide, fluorocarbon, perfluorocarbon and sulphur hexafluoride. Hazardous wastes refer to items specified by national rules and regulations.	4. Protecting Environment, Green Development
Key performance Indicator A1.1	The types of emissions and respective emissions data.	Reduce Emissions
Key performance Indicator A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Save Resources
Key performance Indicator A1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Reduce Emissions
Key performance Indicator A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Reduce Emissions
Key performance Indicator A1.5	Description of measures to mitigate emissions and results achieved.	Reduce Emissions
Key performance Indicator A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Reduce Emissions
Aspect A2	Use of resources	
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.	Save Resources
Key performance Indicator 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).	Save Resources
Key performance Indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Save Resources
Key performance Indicator A2.3	Description of energy use efficiency initiatives and results achieved.	Save Resources
Key performance Indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Save Resources

APPENDIX II: ESG GUIDE CONTENT INDEX

Major Scope, Aspects, General Disclosure and Key Performance Indicators		Index
Key performance Indicator A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Not applicable, the Group's business does not involve the use of packaging materials
Aspect A3	The environment and natural resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	4. Protecting Environment, Green Development
Key performance Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Protecting Environment, Green Development
B. SOCIAL		
Employment and labour practice		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) 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.	3. Uniting Strength, Progressing Together
Key performance Indicator B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Overview
Key performance Indicator B1.2	Employee turnover rate by gender, age group and geographical region.	Plan to carry out refined management in the future
Aspect B2	Health and safety	
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.	Safety Guarantee
Key performance Indicator B2.1	Number and rate of work-related fatalities.	Safety Guarantee
Key performance Indicator B2.2	Lost days due to work injury.	Safety Guarantee
Key performance Indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety Guarantee
Aspect B3	Development and training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Promote Growth
Key performance Indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	Promote Growth

APPENDIX II: ESG GUIDE CONTENT INDEX

Major Scope, Aspects, General Disclosure and Key Performance Indicators		Index
Key performance Indicator B3.2	The average training hours completed per employee by gender and employee category.	The Group plan to carry out refined management in the future
Aspect B4	Labour standards	
General Disclosure	Information on: (a) the policies; and (b) relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment Overview
Key performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Overview
Key performance Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Overview
Operating practice		
Aspect B5	Supply chain management	
General Disclosure	Policies on managing environmental and social risks of supply chain.	Responsible Procurement
Key performance Indicator B5.1	Number of suppliers by geographical region.	Responsible Procurement
Key performance Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Procurement
Aspect B6	Product responsibility	
General Disclosure	Information on: (a) the policies; and (b) relevant laws and regulations that have a significant impact on the issuer on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2. Customer First, Win-win Cooperation
Key performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, the business of the Group does not involve products that are recycled for safety and health reasons. Customer Communication
Key performance Indicator B6.2	Number of products and service related to complaints received and how they are dealt with.	
Key performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable, the business of the Group does not involve intellectual property protection
Key performance Indicator B6.4	Description of quality assurance process and recall procedures.	Not applicable, the business of the Group does not involve product recycling

APPENDIX II: ESG GUIDE CONTENT INDEX

Major Scope, Aspects, General Disclosure and Key Performance Indicators			Index
Key performance Indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.		Dedicated Service
Aspect B7	Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) relevant laws and regulations that have a significant impact on the issuer on bribery, extortion, fraud and money laundering.		Corporate Governance
Key performance Indicator 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.		Corporate Governance
Key performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.		Corporate Governance
COMMUNITY			
Aspect B8	Community investment		
General Disclosure	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.		5. Rewarding Society, Achieving Others
Key performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).		5. Rewarding Society, Achieving Others
Key performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.		5. Rewarding Society, Achieving Others



润东汽车

CHINA RUNDONG AUTO GROUP LIMITED
中國潤東汽車集團有限公司