



CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED

中國永達汽車服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 03669



Environmental,
Social and
Governance
Report
2020



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INTRODUCTION

China Yongda Automobiles Services Holdings Limited (hereinafter, the “Company”), along with its subsidiaries (hereinafter, the “Group” or “We”) is a leading passenger vehicle retailer and comprehensive service provider in China that specializes in luxury and super-luxury brands. By way of distribution agreements, the Group operates 4S dealership stores for a number of luxury and super-luxury automobile brands. The Group is engaged in a variety of businesses, among which, its principal businesses include new passenger vehicle sales, repair and maintenance services, extended automobile products and services, automobile finance and insurance agency services, pre-owned vehicle business, automobile rental business, financial leasing and micro-loan services.

REPORTING SCOPE

This environmental, social and governance report (collectively, “ESG Report”, or the “Report”) sets out the Group’s policies, measures and performance in the environmental, social and governance (collectively, “ESG”) aspects during the period from January 1, 2020 to December 31, 2020 (hereinafter, the “Reporting Period”) in detail.

This Report covers the overall business performance of the Group during the Reporting Period, which includes our businesses in new passenger vehicle sales, after-sales services for passenger vehicles, pre-owned vehicles, automobile finance, automobile rental services, and new energy vehicles. The scope of the environmental and social key performance indicators of the Report covers our six typical 4S stores (namely, Shanghai Baozen Shenjiang Automobile Sales and Service Co., Ltd., Shanghai Yongda Hongjie Automobile Sales and Services Co., Ltd., Shanghai Yongda Beiwo Automobile Sales and Service Co., Ltd., Shanghai Yongda Infiniti Qibao Automobile Sales and Services Co., Ltd., Shanghai Yongda Qiming Automobile Sales and Services Co., Ltd. and Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd.) in China, and our headquarters office in Shanghai, of which Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. was newly introduced to the Report during the Reporting Period. Through reporting to our stakeholders, the Group discloses its measures and performance on sustainable development issues in a transparent and open manner. We believe that summarizing and disclosing the Group’s performance to stakeholders can enhance our transparency and further improve our sustainable development performance.

SUMMARY OF GOVERNANCE

The board of directors of the Company (the “Board”) is committed to contributing to the sustainable development of the society and the environment. The Board shoulders the strategic responsibility of evaluating and managing sustainable development issues and is also responsible for assessing and determining the Group’s ESG risks. By identifying and adjusting relevant risks, the Board is able to develop a clear vision and key strategies, and to oversee the management team to make sure ESG measures and policies are properly implemented. Meanwhile, the Board also initiates or creates strategic sustainable development projects and conducts strategic discussions on new opportunities and challenges. The decision-making of these involves the management of operations team, business development and planning, occupational health and safety, finance, risk management and investor relations, in which other business functions such as representatives from various business units (such as law and policy, innovation, safety, health and environment, and human resources, etc.) were involved as well.

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REPORTING PRINCIPLES

This Report is compiled and prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”):

1. **Materiality:** In order to identify and assess major issues that have an impact on business stakeholders, we also conducted substantive assessment surveys through multiple ways of extensive communication with business stakeholders to determine factors that have a significant impact on the sustainable development of the Group.
2. **Quantitative:** The quantitative principle applies to all the information contained in this Report. We provide clear definitions for all performance indicators and specify the unit of measurement.
3. **Balance:** The information and cases set out in this Report were mainly derived from the Company’s statistical report, relevant documents and internal communication documents in 2020. The Group undertakes that there are no false records and misleading statements in this Report, and is responsible for the authenticity, accuracy and completeness of the contents of this Report.
4. **Consistency:** This Report uses consistent methods of statistic disclosure so that meaningful comparisons of data may be made in the future. Any future changes in methodologies will be indicated in the report.

This Report has complied with the “Comply or Explain” clauses of the Guide.

STAKEHOLDERS ENGAGEMENT

The opinions of stakeholders always serve as the best reference for improving our business performance and promoting our business development. By engaging with stakeholders (investors, shareholders, employees, suppliers and customers, etc.) in various ways, we are able to collect opinions from different aspects and angles in a comprehensive way, which contributes to the overall improvement of the Group.

Key stakeholders	Communication channel
Shareholders and investors	All shareholders and investors are able to put forward their opinions to the Board or company secretary by email, phone call or other means, which will be reviewed and discussed by the Board on a regular basis. They are also able to make enquiries about these opinions and discuss them with the Board at annual general meetings. To enable shareholders and investors to get acquainted with the latest performance and moves of the Group, our executive directors and chief financial officer hold briefings and results presentations on a regular basis. In addition to handling emails and incoming call enquiries, the management members also attend various investor forums, conferences, interviews and roadshows so as to reply to and elaborate on the Group’s development strategies for institutional and international investors in person. Suggestions and feedback from our shareholders and investors are very valuable for us to lead the Company to grow on the right track.
Customers	We set up a customer service hotline for customers to express their opinions. In case of complaints, staff from the service department will furnish customers with appropriate feedback as soon as practicable.
Employees	We always encourage our employees to express their opinions to the management because this helps the Group improve the work environment and operational standards. The management members will take their opinions seriously as a basis for creating a more friendly and efficient work environment.

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AWARDS AND MEMBERSHIPS

During the Reporting Period, the Group received a number of awards and achievements from various organizations and associations in recognition of its governance practices in the social and environmental aspects. The Group will continue to work diligently, with an aim to becoming the most respected automobile service brand.

Award/Achievement Titles	Awarded by
2019 Outstanding Contribution Award of Shanghai Modern Service Industry Federation	Shanghai Modern Service Industry Federation
2020 Top 100 Automobile Dealers in China (No. 4)	China Automobile Dealers Association
2020 Top 100 Shanghai Service Enterprises (No. 15)	Enterprise Management Association of Shanghai and Shanghai Entrepreneur Association
2020 Top 100 Private Service Enterprises in Shanghai (No. 5)	Enterprise Management Association of Shanghai and Shanghai Entrepreneur Association
2020 Top 100 Private Enterprises in Shanghai (No. 6)	Enterprise Management Association of Shanghai and Shanghai Entrepreneur Association
2020 Top 100 Enterprises in Shanghai (No. 26)	Enterprise Management Association of Shanghai and Shanghai Entrepreneur Association
Top 500 Chinese Enterprises (No. 270)	China Enterprise Confederation and China Enterprise Directors Association
2020 Shanghai Innovative and Outstanding Employer	Liepin-Liexin Media
2020 Top 100 Enterprises in the Yangtze River Delta (No. 76)	Yangtze River Delta Three Provinces and One City Enterprises Federation
2020 Top 100 Service Enterprises in Yangtze River Delta (No. 24)	Yangtze River Delta Three Provinces and One City Enterprises Federation

Table 1 – The Group Received a Number of Awards and Achievements During the Reporting Period

ENVIRONMENT

The Group carries out its business primarily in offices and 4S stores. The Group creates an impact on the environment to a limited extent because its business is not an energy-intensive business. However, the Group believes it is equally important for us to undertake this responsibility against the background of environmental protection. The Group is required to comply with all applicable local environmental laws and regulations. Moreover, the Group will continue to work diligently to increase energy efficiency and reduce carbon emissions at the workplace. The following are some of the initiatives related to environmental protection.

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1. Emissions of Greenhouse Gas and Exhaust Gas

The Group regards greenhouse gas ("GHG") and exhaust gas management as part of our operation and actively takes effective efforts to reduce emissions of GHG and exhaust gas. As the Group is principally engaged in business activities in automobile sales services, automobile finance and automobile rental, we do not have significant air emissions and discharges into water or land, such as nitrogen oxides, sulphur oxides and respiratory suspended particles. The Group will continue to monitor the amount of air emissions. The Group proactively takes effective measures to reduce exhaust emissions. All the lacquer rooms in the automobile maintenance branches of the Group are equipped with waste gas purification devices, and the waste gas emissions of the lacquer rooms have passed the third-party inspection and met relevant national requirements. The Group also requires formulating and carrying out plans for the replacement and maintenance of purification device consumables based on the condition of lacquer rooms, so as to ensure that the exhaust emission data meets the national standards.

The Group mainly generates GHG emissions from electricity purchased for the purpose of daily operations and fuel consumed by automobiles. The Group actively takes effective actions to reduce GHG and waste gas emissions. In terms of business trips, we implement an approval system for traveling and require employees to replace face-to-face meetings travelling long distances with telephone or video conferences to the maximum extent possible, in a bid to reduce carbon emissions caused by transportation. Meanwhile, the Group formulated plans to replace fuel-driven official vehicles with pure electric new energy official vehicles and promoted the progress, striving to reduce the emissions generated by official vehicles. The Group regularly evaluates the number and cost of business trips and the promotion of the replacement scheme for official vehicles. The Group prefers electric vehicles over fuel-driven vehicles when introducing new official vehicles.

Scope of GHG Emission	Emission Source	Emission (in tonnes of CO ₂ e)		Intensity (emission/employee)		Total Emission (in percentage)	
		2020	2019	2020	2019	2020	2019
Scope 1							
Direct Emission	Fuel consumed by the Group's vehicles	137.10	116.35	0.18	0.15	5.16	7.04
Scope 2							
Indirect Emission	Purchased electricity	2,489.55	1,520.88	3.28	1.96	93.69	92.00
Scope 3							
Indirect Emission	Paper waste	30.50	15.94	0.04	0.02	1.15	0.96
Total		2,657.15	1,653.17	3.51	2.13	100.00	100.00

Table 2 – Total GHG Emissions in the Reporting Period



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(a) Waste Management

The Group upholds the principles of waste management and is committed to reducing the adverse impacts of wastes from our business activities on the environment. By entering into an agreement on domestic waste treatment with the local environmental protection department, we undertake to cooperate with the relevant departments on waste storage, cleaning, transportation and processing, as well as keeping the environment clean and hygienic. For damaged and wasted furniture, we encourage the return to the factories for fixing and recycling to reduce the generation of solid waste. We have also entered into cartridge recycling agreements with the suppliers of photocopiers and printing machines to encourage recycling.

The Group has established a hazardous waste ledger to ensure that the amount of hazardous waste generated, disposed of and stockpiled is registered and the hazardous waste is treated through legal channels, and it regularly checks and verifies the management work after hazardous waste is generated.

During the Reporting Period, the Group generated 181.31 tonnes of hazardous waste and 189.01 tonnes of non-hazardous waste.

(b) Actively exploring new energy vehicles

In order to promote new energy vehicles to achieve sustainable development, the Group actively explored the new energy vehicle market, and endeavored to contribute to environmental protection leveraging its own resources and focus areas. We took the initiative to cooperate with several brands that sell new energy vehicles to bring customers more choices of new energy vehicles. During the Reporting Period, the Group sold a total of 10,271 new energy vehicles, a year-on-year increase of 13.8%. Please refer to the published 2020 Annual Report of the Group for details.

The Group acts in strict compliance with the laws and regulations which are related to the emission of exhaust gas and GHG, the discharges to water and land as well as the generation of hazardous and non-hazardous wastes, and which have a significant impact on the Group, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Pollution to the Environment by Solid Wastes, the Energy Conservation Law of the People's Republic of China and Renewable Energy Law of the People's Republic of China. During the Reporting Period, the Group did not violate any laws and regulations related to the emission of exhaust gas and GHG, the discharges to water and land, as well as the generation of hazardous and non-hazardous waste.

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2. Use of Resources

The Group is committed to implementing environmental protection policy to reduce and to make good use of resources, including saving energy and reducing waste. Through promoting 4R culture, namely “Reduce, Reuse, Recover and Recycle”, throughout the Company, the Group and its employees work together to reduce the environmental impact of the Group’s business. To pursue our environmental commitment, we have implemented multiple measures in enhancing energy efficiency, minimizing the use of papers, reducing water consumption, encouraging replacing business travels with video and telephone conferences, and driving behavioural changes of employees. Through active monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprints. Our business does not involve packaging materials. Details of energy and water consumptions will be discussed in the following sections.

(a) Resources

During the Reporting Period, the resources we consumed directly for our operations are as follows:

Resources	Unit	Consumption Quantity		Intensity (Consumption/employee)	
		2020	2019	2020	2019
Electricity	kWh	3,094,144.91	1,890,233.00	4081.99	2,435.87
Fuel	L	60,118.10	50,564.00	79.31	65.16
	kWh	526,254.29	441,607.73	694.27	569.08
Water	m ³	25,023.00	15,182.00	33.01	19.56

Table 3 – Total Resources Consumption in the Reporting Period

As a leading automobile retailer and comprehensive service provider in China, the Group aspires to improve the efficiency of the traditional supply chain with technology, and to promote green business awareness as its responsibility. The Group’s principal businesses are automobile sales services, automobile finance, automobile rental, etc., therefore, its environmental impacts during its operation are relatively insignificant. Lighting and air conditioning in various kinds of industrial outlets and offices are the Group’s biggest source of power consumption. In light of this, the Group introduced a number of energy-saving activities, which can be roughly divided into the following areas:



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Power conservation

- Giving priority to products with better energy-efficiency when replacing electrical equipment;
- Specifying the running hours and temperature of air conditioning in winter and summer, and putting up conspicuous signs by the switches of air conditioners;
- Reminding employees to close the doors and windows when turning on the air conditioners;
- Cleaning the air conditioners twice a year to improve operational efficiency;
- Using natural light as much as possible during daytime to reduce the use of lighting;
- Partnering with a landscaping company which places plants at each office area to purify the working environment since 2002;
- Designating personnel to check and inspect to ensure that all non-use or unnecessary equipment is powered off; and
- Encouraging employees to walk more and use less elevators.

Energy conservation

- Implementing a policy of phasing out fuel-powered business vehicles, including a car and a public minibus, and encouraging staff to use public transportation; and
- Continuing to review and optimize energy consumption and improving consumption of energy and other resources constantly.

Paper conservation

- Making full use of the Internet resources and striving to be a paperless office; and
- Advocating double-side printing, recycling and reuse of office supplies and paper.

Environmental protection and waste reduction

- Recycling and reusing printing and copying consumables;
- Separating waste and delivering it to environmental departments for handling;
- Establishing separate hazardous waste storage to store hazardous waste generated during vehicle maintenance;
- Entering into cooperation agreements with local collectors qualified to collect hazardous waste to handle hazardous waste; and
- Equipping every lacquer room with exhaust gas purification devices and having exhaust gas tested by relevant agencies to ensure that it meets the relevant national requirements.



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(b) Water consumption

We understand the importance of precious water sources to the earth and the environment. Due to the Group's business nature, we do not use or discharge a significant amount of water. The Group actively promotes water-saving practices. For instance, we have entered into a water conservation agreement with the water supply company and undertaken to treasure water and enhance employees' awareness of conservation. During the Reporting Period, the Group achieved results regarding water conservation: the monthly water consumption was controlled at below 70% of the rated consumption specified by the water supply company, thereby effectively lowering the total annual water consumption.

3. Environment and Natural Resources

Given our business nature and activities, the impact of the Group on the environment and natural resources is limited. Consumption of energy mainly stemmed from the general use of electricity in the office. During the Reporting Period, we stipulated a number of measures to reduce the use of resources and disposal of waste (see the section headed "Use of Resources" above).

Although the Group's operation model does not involve high energy consumption activities, we are still committed to maintaining a balance between industry and ecological environment, and pursuing long-term and sustainable developments. While reviewing our business strategy and planning for future industrial development, we would take into account the importance of protecting the environment and cherishing natural resources. We will also promote the Group's overall awareness of environmental protection and the awareness of our customers' through education, training and awareness advocacy, thereby shouldering our corporate social responsibility.

In addition, we will continue to assess the environmental risks of our business, review the environmental practices and adopt preventive measures as necessary to reduce the risks and ensure the compliance with relevant regulations and rules that apply to the Group's emissions and the use of resources. No major environmental accidents occurred during the Reporting Period.

4. Climate Change

The Group conducts business operations primarily in China. Accordingly, the Group has identified and assessed the risks of climate change and drawn up measures to safeguard the safety of its employees, including the strict compliance with the relevant extreme weather guidelines issued by the government. The Group has worked out emergency guidelines and measures to timely remind the Group and employees for protection according to warnings of disaster and weather, in an effort to reduce damage from disaster attacks in the future. The Group will review its policies for climate change on a regular basis, striving to make sure these policies are effective.

SOCIAL

1. Employment and Labour Practice

The Group's business is built on the efforts of its employees. Therefore, we strive to create a safe and healthy, fair and just, non-discriminatory working environment, enabling employees to unleash their full potential. We are also committed to maintaining the harmonious labour relations and pooling the wisdom of our employees to promote the long-term and sustainable development of the Group's industries.



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(a) Anti-discrimination policy

The Group actively promotes fair competition to ensure no discrimination or dismissal of employees based on their race, gender, age, marital status, or religion etc. In view of this, the Group has formulated the “Anti-discrimination Policy” and “Recruiting Procedures” to regulate the Group’s principles of equal opportunity, diversity and anti-discrimination. The equality principles of the Group include recruitment, dismissal, probation period, working hours, holidays, equal opportunity, career development, promotion of employees and other remuneration packages and benefits systems, etc., all of which will be conducted in accordance with established fair procedures and objective criteria, so as to ensure that all employees and job applicants receive fair treatment.

(b) Compensation system

The Group attaches great importance to talents, adheres to the philosophy of being people-oriented, and abides by the personnel management principles of fairness, openness and justness. In order to attract and retain excellent talents, the Group adopts competitive salary and welfare treatment in the industry, insists on performance-based reward and internal fair treatment, and provides employees with on-the-job training and equal and long-term development opportunities.

In terms of the compensation system, we pay attention to external competitiveness and internal fairness. Each year, we offer room for salary-increase to employees with outstanding performance so that the efforts they have contributed would be duly rewarded. In addition, the Group has formulated the performance evaluation system. For employees who fail to meet the job requirements of the Group, the Group follows the survival of the fittest employment strategy. We will fully communicate with the dismissed employees and report to the Group for approval to avoid forced or illegal termination of employment relations. Our termination process is in full compliance with the provisions of the Labour Contract Law.

(c) Proactively recruiting and retaining talents

In terms of recruiting and retaining talents, apart from implementing a series of anti-discrimination policies, we also post recruitment information internally and externally based on the job requirements of the open positions, and carry out relevant recruitment-related work in strict accordance with personnel selection criteria and the recruitment and employment process. Promotion for employees at each position shall be primarily based on the assessment results of employees’ basic job qualifications, performance, and capabilities. The Group has specifically built a robust system of position hierarchy comprising five career development paths: senior management, management, specialist, sales and technical.

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Breakdown of employees by gender, employment type and age group during the Reporting Period (since all of the employees of the Group are located in Mainland China, the figures by geographical region are not presented):

	Number of employees		Percentage of total	
	2020	2019	2020	2019
By gender				
Male	464	496	61.21	63.92
Female	294	280	38.79	36.08
Total	758	776	100.00	100.00
By employment type				
Full-time	725	No data by this category was presented in 2019	95.65	No data by this category was presented in 2019
Part-time	0		0.00	
Casual labourer	6		0.79	
Apprentices and interns	27		3.56	
Total	758		100.00	
By age group				
Below 25	101	134	13.32	17.27
25-34	317	342	41.82	44.07
35-44	278	230	36.68	29.64
45-54	55	57	7.26	7.34
55-64	7	13	0.92	1.68
Total	758	776	100.00	100.00

Table 4 – Breakdown of Employees by Gender, Employment Type, and Age Group

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Breakdown of turnover rate by gender and age group during the Reporting Period (since all of the employees of the Group are located in Mainland China, the figures by geographical region are not presented):

	Turnover rate 2020	2019
By gender		
Male	23.71%	14.92%
Female	21.43%	14.29%
Total	22.82%	14.69%
By age group		
Below 25	37.62%	21.64%
25-34	29.02%	17.25%
35-44	15.11%	10.00%
45-54	1.82%	1.75%
55-64	0.00%	15.38%
Total	22.82%	14.69%

Table 5 – Breakdown of Employees Turnover Rate by Gender and Age Group

The Group acts in strict compliance with the laws and regulations which are related to equal employment opportunities as well as child labour and forced labour, and which have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. During the Reporting Period, the Group did not have any cases in violation of relevant employment laws and regulations, or any complaints related to recruitment.

2. Occupational Health and Safety

In order to provide a healthy and safe work environment for our employees, the Group acts in compliance with the laws, regulations and standards of the state on safe production, thus laying a foundation for safe operation. In establishing safety guidelines, the Group assesses risk points with safety hazards and takes corresponding control measures based on the characteristics of the risk. The Group provides employees who may encounter occupational hazards with appropriate personal protective equipment, such as insulating gloves, insulating shoes and anti-corrosion products.

In order to enhance employees' fire safety awareness and standardize the Group's fire safety management, the Group holds four sessions of fire safety training each year, and especially invites personnel from the fire safety department to give lectures to provide employees with trainings on fire safety. The Group also pays attention to safety accidents in news reports, and carries out safety warning publicity among employees after sorting out typical safety accident cases. Moreover, we organize fire drills participated by all employees and we perform scheduled inspection and maintenance twice a year on the condition of the fire-fighting equipment.



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The Group uses the “Yongda Newspaper”, “Corporate Safety Culture Wall” and other propaganda platforms to conduct education on workplace safety, promote the knowledge of the corresponding laws and regulations, safety tips and good practices, and foster an atmosphere and culture of workplace safety in the Group.

During the Reporting Period, given the sudden outbreak of the COVID-19 pandemic, the state and local governments and health departments consecutively issued epidemic prevention and control requirements and guidelines. The Group kept close track of the progress of the pandemic and attached great importance to pandemic prevention and control. The Board Office established a “Pandemic Prevention and Control Working Group”, which successively issued more than ten notices, regulations and reminders, such as the “Notice on Attaching Great Importance to the Prevention and Control of Pneumonia Caused by Novel Coronavirus”, and timely interpreted and designated relevant tasks through telephone calls, video conference and corporate WeChat, which mainly included:

- Properly implementing the stay-at-home observation for people subject to quarantine;
- Standardizing the regular disinfection and ventilation for key sections of the premises where the Group operates and various vehicles;
- Urging all employees to protect themselves, measure body temperature each day, wear facial masks during work, wash hands frequently and reduce indoor gathering;
- Protecting the personal safety of customers, and requiring customers to wear facial masks, show health QR code, and publicize the disinfection work done by the Group to improve customers’ safety experience;
- Improving the management and control requirements of employee canteens and customer restaurants, and introducing disinfection and meal separation measures;
- Reducing domestic business trips and stop approval for overseas travelling;
- Timely purchasing and reserving epidemic prevention supplies;
- Requiring Group members to keep abreast of the epidemic situation and the work requirements of the Group, and reporting suspected or confirmed cases in time; and
- Maintaining sound communication and coordination with local government departments.

Thanks to the active and comprehensive implementation of various prevention and control tasks by the Group and its members, all employees of the Group and customers who stepped into our stores did not report any suspected or confirmed cases. The Group members in various regions carried out business operations in accordance with government control requirements without compromising the health and safety of employees and customers.



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The Group acts in strict compliance with the laws and regulations which are related to occupational health and safety, and which have a significant impact on the Group, including but not limited to the Safe Production Law of the People's Republic of China and the Labour Law of People's Republic of China. During the Reporting Period, the Group did not identify any violation of laws and regulations related to occupational safety and health, or any complaints about work conditions, and there were no working days lost due to work-related injuries during the Reporting Period, nor work-related deaths in the past three years.

3. Development and Training

In the ever-changing business environment, we strive to equip our employees with the latest knowledge and skills to enable them to stay competitive in the industry. Following the principles of “Respecting and making the best use of talents, cultivating achievement and long-term partnership”, the Group assists its staff in developing their potential while meeting the Group's goals.

(a) Management personnel training program

The Group has formulated a management trainee program, with the aim of looking for talents that are devoted to managerial positions and retaining those with strong learning capability, innovation consciousness and development potential from the outstanding graduates of well-known institutions in China. We provide them with the required training to join the management team of the Group in the future. This shall cultivate them to devote to the future development of the Group.

(b) Attracting young talents

In addition to the management trainee program, we launched a future young leaders program for young talents of the post-1990 generations that meet the ideas of “Respecting and making the best use of talents, cultivating achievement and long-term partnership”, and provided them with a comprehensive training program to cultivate a capable working team.

(c) Diversified employee training

The Group is committed to promoting continuous excellence and improvement in the professional and personal development of all employees. Meanwhile, the Group will continue to review the training and development needs of its employees, provide new recruits with orientation training, set career development plans for existing employees, encourage and support employees to pursue advanced education, and provide them with training opportunities in management, sales and maintenance.

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Training rates of employees during the Reporting Period by gender and employee category are as follows:

	Percentage of employees trained		Average training hours	
	Number of employees			
	2020	2019	2020	2019
By gender				
Male	100%	100%	28.33	No data by this category were presented in 2019
Female	100%	100%	39.15	
By employee category				
Senior management	100%	100%	95.56	No data by this category were presented in 2019
Middle management	100%	100%	90.88	
Supervisor	100%	100%	57.03	
General employee	100%	100%	29.31	

Table 6 – Training Rates and Average Training Hours of Employees by Gender and Employee Category

4. Labour Standard

(a) Prohibition of the use of child labour and forced labour

During the Reporting Period, the Group has fully complied with laws and regulations related to the prevention of child labour and forced labour. The Group has formulated relevant management regulations for employee recruitment and a rigorous recruitment review process to ensure that all candidates meet the statutory age requirements for employment.

In addition, the Group fully abides by the relevant provisions of the Labour Law and prevents any threat of violence or unlawful restriction of personal freedom in any operations or services. Labour being forced to work by means of physical punishment, abuse, involuntary servitude, debt bondage or trafficking is strictly forbidden. In addition, we have set up employee suggestion boxes for employees to report child labour and forced labour, so as to prevent illegal employment of child labour or forced labour.



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(b) Employee welfare activities

The Group also strictly abides the labour regulations on working hours, rest days and holidays to ensure the physical and mental health of all employees. Accordingly, we advocate efficient working during working hours instead of overtime-working culture and taking work home. We have also organized activities at various levels to enrich the leisure life of our employees and help in relieving their pressure. The following are welfare activities provided by the Group for employees:

- Employee team-building activities;
- Weekly fitness activities;
- Regularly inviting experienced traditional Chinese doctors to provide medical benefits for employees; and
- Food allowance.

In addition to providing basic welfare for employees in compliance with statutory requirements, the Group has also offered additional benefits such as paid leave on birthday and paid leave for female employees on Women's Day, so that the employees could more effectively manage their work and life.

The Group always places emphasis on and acts in strict compliance with applicable national laws and local regulations, including but not limited to the Decision of the Standing Committee of the National People's Congress on the Approval of the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, the Criminal Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Law for the Protection of Minors, the Provisions for the Prohibition of the Use of Child Labour, the Labour Contract Law of the People's Republic of China, the Provisions of the State Council on the Working Hours of Employees, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Provisions on the Labour Protection of Female Employees and the Implementation Measures on the Labour Protection of Female Employees.

During the Reporting Period, the Group did not identify any case in violation of laws and regulations on labour standards.



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5. Supply Chain Management

The Group believes that building a sustainable supply chain can create values for our employees, suppliers, service providers, communities and our clients. The Group applies the principles of openness, fairness and transparency to selected suppliers and service providers, and establishes a supplier evaluation system to evaluate their prices, quality, costs and after-sales services. Prior to procurement of certain products, the Group will require suppliers to issue relevant test reports to ensure that the products meet the quality requirements. The Group actively encourages and guides suppliers to participate in charity activities to fulfil their social responsibilities, and regards the actual performance of suppliers as one of the reference factors for cooperation in subsequent periods.

A suppliers' meeting was held in March 2019, and a work communication meeting was held subsequently for some of our suppliers every quarter to enable us to monitor the quality of our suppliers and review their performance on an ongoing basis. Moreover, our suppliers are evaluated on a regular basis. They are also required to conduct self-evaluation, and are managed based on the principle of survival of the fittest. For those suppliers which fail to meet the quality standards, we will communicate with them first and allow them to improve. If they still do not meet the requirements, we will cease the cooperation with them.

As for tendering, the Group conducts open tendering for a substantial amount of decorations, and the discipline inspection commission and relevant business units of the Group jointly carry out bid opening and deliberation works to ensure that the entire process is fair and just. For tendering of other projects, the Group will appoint dedicated personnel to participate in the tendering work and limit the bidders' information to a small group of people. We have entered into the "Cooperation Agreement" and the "Yongda Group Supplier Anti-Bribery Agreement" with all partner suppliers.

The Group had 3,845 suppliers, all of whom are located in China.

6. Product Responsibility

The Group is committed to providing top-quality services that respond to customer demands and improving the brand's reputation, focuses on the interests of customers and the good reputation of the Group, and devotes utmost efforts to make our brand the most preferred choice of the consumers through proper brand positioning and internal resources allocation.

The Group has undertaken to provide a complete package of after-sales services for all newly-sold vehicles and vehicles repaired and maintained by the Group, including repair, replacement and return services, to protect the lawful rights and interests of consumers and the health and safety in using the products. For vehicle products that have not met the quality, safety and reliability standards, the Group would provide feedback to the automobile manufacturers for our customers to help solving their problems. Where the automobile manufacturers think it is necessary to recall products, the Group will cooperate with them.

(a) Respecting intellectual property rights

With respect to intellectual property rights, the Group has strictly complied with the intellectual property rights of the automobile manufacturers of different brands, including the requirements on trademark, logo and store name. The promotion materials and advertisements used by the Group in marketing and product highlights have all been strictly examined. They contain correct information about our products and services, and no false, exaggerated or misleading information would be included, so as to safeguard the rights and interests of our customers.



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(b) Customer information protection and privacy policy

The Group regards customer information as the guarantee of safe corporate operation and healthy development of customer relations. Accordingly, the Group has developed a sound customer information confidentiality management system, established a graded customer management system, a mandatory mechanism with tiered authorization, and built a safe customer information database to ensure that the collection, holding, use and processing of customer information are protected. Moreover, the Group has strict ranking requirements for access to customer information and imposes functional restrictions on roles in the system so that each employee can only access information of customers for whom he/she is responsible for. Only a few of the senior management members have authorities to access the information of all customers but the contents of information they can access are also limited. As the Group is required to collect and use the personal data of customers or consumers in conducting its business, we would clearly explain the aim and purpose of such collection to our customers before collecting the information.

In addition, upon entering into cooperation agreements with its suppliers, the Group also requires its suppliers to simultaneously sign the “Data Confidentiality Agreement”. All personnel involved in customers’ information must also sign the “Confidentiality Agreement” with the Group. In addition, when completing the entry formality, every new recruit is required to sign the “Company Confidential Agreement”, which clearly defines the scope, usage, and security of the Group’s data. Upon entering into cooperation agreements with suppliers, the Group also requires suppliers to simultaneously sign the “Data Confidentiality Agreement”. The Group has taken precautionary measures to prevent the disclosure, abuse or misuse of information.

(c) Taking service quality towards another level

The Group has in place a dedicated internal inspection mechanism for service quality and has developed the special “Channel Service Standards”, pursuant to which a survey group will be dispatched to member companies each month to carry out on-site examination and evaluation according to the “Channel Service Standards”, focusing on service process and quality as per predetermined evaluation items.

In addition, the Group improves and updates the “Channel Service Standards” on an annual basis. We will organize all employees to study the aforesaid “Channel Service Standards” and arrange for examination thereon after class. The Group will engage third-party agencies quarterly to carry out mystery shopper’s secret investigation on the service quality of the member companies using criteria based on the latest “Channel Service Standards” for the year. For poorly performing employees, we will require and supervise them to undergo rectification.

During the year, the “96818” call centre set up by the Group conducted monthly sampling inspections on the purchase of vehicles by corporate customers so as to know more about customers’ satisfaction with the services provided by our staff, and about customers’ purchase experiences. For those customers with low satisfaction evaluation, we will pay a return visit, follow up and obtain more details on that day. For those companies with low comprehensive assessment scores for customer satisfaction, we will also notify and penalize the operators of these companies accordingly.

The Group’s Shanghai Yongda Hongjie Automobile Sales and Service Co., Ltd. has obtained ISO 9001 quality management system certification and applied the “planning, execution, inspection, and action” model to the quality management of the continuously improving procurement process. The Company will continue to strive to make sure products and services meet regulatory requirements and customer expectations.

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(d) Customer complaint

The Group has drawn up a set of procedures governing customer complaints. For reasonable complaints and requests from customers, we will address customers' needs as our top priority. The Group has a dedicated 24-hour customer service hotline, a 24-hour online customer service WeChat platform and a complaint email address on the Group's official website for customers to file their complaints effectively. Upon receipt of a customer complaint, the relevant enterprise or staff are required to follow up and handle the complaint within 24 hours to try to help the customer solve the problem as soon as possible. They should give feedback to the Group on how they handled it within 3 working days. They are also required to report it to the relevant department of the Group for the record in a timely manner.

The Group launched an online customer evaluation system, which automatically triggers the evaluation questionnaire through the system business process. Customers who have purchased and picked up new automobiles or sought after-sales services for maintenance will receive an invitation for satisfaction survey, where they may score the services they have just received to demonstrate their satisfaction. If such score falls below the Group's preset threshold, the information and feedback of the scoring customer will be immediately sent to the person in charge of the Company and head of relevant department. After receiving the information, the Company is required to immediately follow up and communicate with the customer to quickly understand and solve his/her needs and enhance customer experience.

The Group acts in strict compliance with applicable national laws and local regulations, including but not limited to the Product Quality Law of the People's Republic of China, the Standardization Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Provisions of the State Council on Pursuing the Administrative Liability for Extraordinarily Serious Safety-related Accidents, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Law of the People's Republic of China on Electronic Signatures.

During the Reporting Period, the Group did not identify any violation of regulations and rules regarding the Group's provision and use of products/services.

Percentage of total products sold or shipped subject to recalls for safety and health reasons during the Reporting Period	Nil
Number of products and service related complaints received during the Reporting Period	Nil

Table 7 – Percentage of Product Recalls and Number of Complaints



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7. Maintaining Integrity

The Group advocates business integrity and fair competition and requires its employees to observe the code of professional ethics at all times. We expect all our employees to adhere to the highest ethical, personal, and professional behaviour and standards. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations. The Group encourages its employees to reflect any potential integrity issues, including blackmail, fraud and money-laundering.

In accordance with the requirements of the listing rules, the Group also conducts directors training every year. During the Reporting Period, the Group's legal counsel provided all directors with thematic training on "Continuing Compliance Requirements and Recent Regulatory Case Studies", and in-depth discussions about market order, corporate governance, daily operation, financial reporting, information disclosure and other compliance requirements, and analysis of recent regulatory enforcement cases.

(a) Anti-corruption measures

The Group is committed to building and promoting a good corporate culture. During the Reporting Period, the Group has organised a number of activities to promote anti-corruption culture. At the staff level, we have organised staff integrity knowledge competition and various training activities to educate staff on integrity, and provides lectures and trainings on relevant integrity topics for executives, including directors of the Group through quarterly working meetings; at the supplier level, we held supplier management conferences, and used WeChat platform to remind suppliers of integrity regularly so as to keep the business environment uncorrupted constantly.

Meanwhile, the Group has developed a code of practice, including disciplines and regulations on financial management, operation management, procurement of goods, hand-in of gifts and personnel management, and cautioned the employees to deal with potential misconduct with prudence.

The Group prohibits its employees from seeking personal gains with their power or accepting any benefit from customers, suppliers or other business associates by exploiting their power. In any case, employees must not seek to affect any person or company with bribery or remuneration to gain business or interest. All employees in the Group must sign the "Commitment on Integrity and Self-discipline", and commit to jointly stopping commercial bribery to safeguard the interests of the Group and the brand image of the Group. At the same time, we would not tolerate, assist or support money-laundering activities.

(b) Whistle-blowing policy

The Group has set up anonymous email and telephone whistle-blowing channels and posted public signs for anti-corruption whistle-blowing in member companies. Should any employee discover any suspicious incidents, they may report to the Group any alleged misconduct which are corrupt, dishonest or fraudulent activities. The Group has also set up an internal audit department to conduct internal audit on the development and operation management of the Group's businesses and to resolutely investigate and deal with violations of laws and regulations found in the audit process. In addition, we have established a managerial personnel integrity management inspection group which organizes and conducts integrity inspections to promptly identify and handle integrity issues.



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The Group acts in strict compliance with applicable national laws and local regulations, including but not limited to the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in Handling Criminal Cases of Corruption and Bribery, the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China.

During the Reporting Period, the Group did not identify any corruption incidents or any violation of relevant laws and regulations.

8. Community Engagement

We strive to understand the needs of the surrounding communities, and encourages all employees to actively participate in and jointly organize community voluntary and charity activities, aiming to foster a culture of care and mutual support. We believe an enterprise and a community are an indivisible whole because the enterprise cannot grow without the support and assistance of the community. To fulfil its social responsibilities in a more comprehensive manner, we dedicate ourselves to engaging with community activities and undertake the responsibility of a good corporate citizen to contribute to the community by encouraging its employees to engage with charitable and social services. The Group called upon employees to actively participate in voluntary publicity activities organized by the residents' committees in the communities during holiday breaks, such as creating beautiful homeland and publicizing garbage classification policies. In order to reduce the occurrence and prevalence of infectious diseases, improve the living environment and protect people's health, during the Reporting Period, the Group continued to participate in community public welfare campaigns such as eliminating four harmful pests (flies, mosquitoes, mice and cockroaches) and garbage classification publicity, effectively controlling the breeding of four harmful pests and garbage disposal. The Group also facilitated surrounding communities to solicit protective supplies during the pandemic.

During the Reporting Period, we continued to carry out charitable activities such as poverty alleviation, financial aids to the poor and the needy, elderly support, study subsidy, as well as disaster relief and rescue through Yongda Foundation. Yongda Foundation held a charity auction dinner in November 2020, from which all the proceeds raised would be used for charitable activities.

(a) Health

Yongda Foundation donated money to Shanghai Charity Foundation and set up the "Yongda Anti-COVID-19 Pandemic" special fund to support 1,649 members from Shanghai medical team who rushed to Wuhan to fight the epidemic. Subsequently, Yongda Foundation presented monetary support to 2,000 excellent nurses who made selfless contributions during the battle against the pandemic. In addition to properly carrying out pandemic prevention and control, the Group actively participated in national and local fight against the pandemic. The Group joined the transshipment efforts for inbound overseas quarantine personnel in Yangpu, Changning and Hongkou Districts of Shanghai, primarily responsible for seamlessly transferring overseas returnees arriving at Pudong and Hongqiao airports to the quarantine areas in Yangpu, Changning and Hongkou Districts. As of the end of the year, Shanghai Yongda Automobile Leasing Co., Ltd had dispatched 5,247 vehicles and transferred approximately 20,000 inbound personnel. With the progress of epidemic prevention, at present, it has become one of the most important tasks for Shanghai to prevent and control imported pandemic cases.



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Yongda Foundation also donated 1,000 “Children Care Gift Packages” to Shanghai Children’s Medical Centre and Renji Hospital, which not only conveyed warmth to hospitalized children and families, but also provided strong support to medical staff. The Wan Zhanggen special fund provides low-income students with “one cup of milk and one egg” caring and nutritious meals every day; and invested RMB157,000 to help 30 people with major and severe illness. Yongda Foundation set up “Yongda Public Welfare·Activity Space for Outpatient Children” in the Pediatric Complex Building of Xinhua Hospital to provide humanistic care for children in special period.

Yongda Foundation and Ophthalmology Team conducted the three-day “public welfare surgery, large-scale free clinic and comprehensive teaching” activity for local patients in Ningxia. The free clinic covered 10 nursing homes in five communities, benefited tens of thousands of people through publicity and illness screening, provided free clinics to more than 300 elderly patients, and completed nearly 100 cataract surgery operations.

(b) Care for the community

During the Reporting Period, Yongda Foundation presented “Love Gift Packages” to 3,500 elderly people in 20 nursing homes. Meanwhile, the first Yongda public welfare activity room for the elderly has been put into pilot operation, which allowed the elderly to enjoy rich and colourful cultural and spiritual life without going outdoors during the pandemic. Yongda Foundation· Traditional Chinese Medicine Doctors Group went to Suotuo Village, Potou Township, Yonghe County, Shanxi Province, a national poverty-stricken village, to provide medical assistance and medicines to the villagers, extend care to people in the old revolutionary bases, and let Chinese medicine better serve the health of the people there.

Yongda Foundation sent Spring Festival gift packages to 1,139 elderly people over 65 in 3 nursing homes and villages in Heqing Township; provided consolation money for 219 patients with major diseases such as uraemia and leukaemia; and granted subsidies to 112 families with special difficulties, such as those who have lost their only child, been severely disabled and unemployed.

Yongda Foundation also set up the “Yongda Lights Up the Sunset” (「永達公益·點亮夕陽」) eye health care project for the elderly, which is used to help poor elderly people with eye health problems such as cataract and fundus diseases. The Group has also established “Wan Zhanggen Special Fund” and “Jiaqi Special Fund” to provide relief to the needy people confronting emergencies.

(c) Education

In order to provide students with better educational opportunities, the Group spared no effort in developing education undertakings. During the Reporting Period, Xinhua Primary School in Shuitian Village, Yiliang County, Yunnan, was successfully established by Yongda Foundation jointly with other charity-minded enterprises. Students in poor mountainous areas finally have the opportunity to study with peace of mind in a clear environment.

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Yongda Foundation set up and strengthened efforts in five special funds, including Yongda-Heqing Special Education Fund, Yongda-Shangshi Normal University Special Education Fund, Yongda-Gyangze Special Education Fund, Yongda-University of Traditional Chinese Medicine Special Education Fund and Yongda Class “Special Education Fund” in Shanghai University of Traditional Chinese Medicine, Shanghai Normal University, Shanghai Communications Polytechnic, Heqing Town of Pudong and Gyangze County of Tibet, providing grants and bonuses to nearly 1,000 university and college students, more than 300 primary and secondary school students and 100 excellent teachers.

Donations in 2020



¥9,350,000

The Group will continue to regularly review the goals and direction of community investment, and supervise community investment, sponsorship and donation activities and approval policies. The Group will review annually whether the social performance of the Group meets the goals of community investment policies and community activities, supervise and optimize team capabilities, and ensure that community investment policies are implemented in all departments.

PROSPECTS

The Group believes the current environmental protection and social responsibility measures in place are adequate to the compliance with the relevant laws and Listing Rules, but we will continue to make necessary reviews and amendments from time to time in line with the requirements of various laws, Listing Rules and internal management. Moreover, the Group will continue to implement more favourable ESG measures in its operations in future as a reflection of its commitment to the environment and the society.