

# Sustainable Supply Chain Policy

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In the supplier management and procurement management, Ping An has always adhered to the principle of *Clean and Open Procurement* and established a series of detailed systems to evaluate each supplier qualitatively and quantitatively. In whole processes including open bidding, bid evaluation, and complaint handling, we follow the principles of openness, justice, fairness, and efficiency, and are subject to the supervision from both suppliers and customers to protect the interests of all stakeholders.

In recent years, in order to meet its sustainable development goals, the Group has incorporated the sustainable supply chain into its ESG management system and has requested its business partners to follow the same requirements for sustainability. This will mitigate relevant risks and expand the Group's influence as a sustainable company.

At present, Ping An has comprehensive rules for supply chain management. It has incorporated ESG standards in relevant policies including *Procurement Management Measures*, *Detailed Measures for Management of Procurement Business Suppliers*, *Standard Operating Procedures for Evaluation and Management of Procurement Business Suppliers*, *Standard Operating Procedures for Procurement Business Supplier Sourcing Management*, *Standard Operating Procedures for Procurement Business Supplier Certification Management*, *Standard Operating Procedures for Penalty Management of Procurement Business Suppliers* and *Standard Operating Procedures for Performance Management of Procurement Business Suppliers* to ensure that a unified set of sustainability values and implementation standards are applied across its partners.

## © Targets and Commitment

We are committed to building a sustainable supply chain to ensure that our partnerships are free from any environmental, social and governance risks, and to achieve stable and sustainable development.

Sustainable supply chain				
	Selection & verification	Approval & Cooperation	Management & integrity	Tracking & Feedback
Scenarios	Find qualified suppliers and partners to enter into database	A Procurement team matches suppliers with project requirement	Ping An's management and suppliers' compliance during service or product delivery	Supplier evaluation after service or product delivery
Requirements	<p><b>Recommendation:</b> Establish multiple channels for supplier referrals.</p> <p><b>Survey:</b>the financial and non-financial information of suppliers should be surveyed and evaluated for public disclosure.</p>	<p><b>Requirements:</b>screening criteria should be established by the purchasing team.</p> <p><b>Selection:</b>Adhere to the principle of neutrality,confidentiality and transparency.</p> <p><b>Contract:</b>Obtain contract with the approval of relevant departments. including finance and legal departments</p>	<p><b>Management:</b>Establish a supplier database, set up a mechanism for incentives and penalties and track supplier performance.</p> <p><b>Communication:</b>Strictly abide by the code of conduct, respond quickly to complaints and provide training.</p>	<p><b>Evaluation:</b>Evaluate and score suppliers' services and keep records of their scores in the management system.</p> <p><b>Assessment:</b>Evaluation should be conducted at least once a year, and the suppliers should be rewarded accordingly.</p>
ESG	Increase the research and disclosure requirements for non-financial information and give priority to suppliers with high ESG scores when all else equal.	<b>Sign the code of conduct</b> ,including labor protection requirements, anti-briberyand anti-false advertising.	Provide trainings to employees to enhance thelevel of cooperation,including policy making,systematic operations,quality control, safe production, working skillsand rights protection.	Suppliers who have received regulatory penalties for causing severe environmental damages and mishandling employee disputes, are given the minimum rating and banned from cooperation.
Environmental protection, employee rights protection, and risk management				

Suppliers are required to meet Ping An' s sustainable supplier requirements in environmental protection, employee rights and interests, and risk management:

#### Environmental Protection

- Suppliers shall formulate their environmental protection policies and adopt appropriate environmental management standards and systems to assess the environmental impact of their business operations, products and services.
- Suppliers shall implement environmental management measures to reduce the negative environmental impact of their business operations, products and services.

#### Employee Rights and Interests

- Suppliers shall not hire employees below the local minimum legal working age.
- Suppliers shall not use any form of forced or coerced labor.
- Suppliers shall not discriminate against employees and applicants for employment on the basis of gender, age, marital or maternity status, ethnicity, race, religion, sexual orientation, native place, domicile, nationality, party affiliation, educational or similar factors.
- Suppliers shall sign employment contracts with all employees that meet local legal requirements, provide employees with remuneration and benefits that are not below the local statutory minimum levels, and pay employees on time.
- Suppliers shall pay compensation for overtime work in accordance with local laws, and the length of overtime work shall not exceed the statutory working time limit.
- Suppliers shall have policies in place to protect workers' rights and interests, health, and safety and adopt appropriate occupational health and safety standards and systems to reduce occupational injuries and occupational diseases.
- Suppliers shall establish appropriate communication mechanisms and grievance procedures whereby employees can express their grievances to suppliers' management.

#### Risk management

- Suppliers shall adopt appropriate risk management mechanisms and preventive measures to avoid, to the extent possible, major incidents in environmental and labor management.
- In the event of a major incident, suppliers should inform Ping An of relevant information and response measures in a timely manner.

## © Selection and Review

Recommendation: supplier’s recommendation may come from a number of sources such as journals of procurement, news media and product launches. The recommended suppliers need to meet the qualification and certification requirements.

### Investigation

1. Conduct due diligence to evaluate and select suppliers, combining qualitative and quantitative scoring for risk assessment and entry evaluation. Suppliers violate the relevant principle, such as those that are involved in unfair competition, industry monopoly and corruption will not be qualified and are excluded from the list.
2. The investigation will focus on assessing suppliers’ performance in E, S and G, especially on environmental governance benefits, employee rights protection, working environment and management structure, to examine the relevant policies and governance capabilities of corporate management. Under the same conditions, Ping An will give preference to suppliers with excellent ESG management and performance.
3. The results of the investigation are publicly disclosed and subject to inspection and comments from other departments.

## © Contract and Approval (Before Cooperation)

Requirements	Selection	Contract	Code of Conduct
<p>In specific projects, the screening and decision-making are carried out by the Ping An Procurement Team which conducts demand analysis and establishes screening criteria.</p>	<p>Ensure fairness and competition in the procurement of goods and services. Adopt selection methods, like inviting tenders, competitive negotiations, single source purchases or inquiry purchases. Adhere to the principles of neutrality, confidentiality and transparency</p>	<p>Before the supplier starts any commercial activities, the contract needs financial and legal approval</p>	<p>Supplier who provides the service or product needs to sign a code of conduct that includes an employee rights protection statement, anti-commercial bribery and anti-false advertising</p>

## ◎ Management and Integrity (In Cooperation)

### 1. Supplier Management

- Establish the supplier pool and classify suppliers into registration type and authentication type.
- Establish the reward and punishment system, commend outstanding suppliers; promote the risk management of suppliers by stopping cooperation with suppliers who has failed ratings and have a record of violations.
- Track supplier performance in specific projects, improve the evaluation system according to ESG requirements and give certain reward to suppliers with excellent performance
- Establish a supplier evaluation platform to realize digital and intelligent management of procurement decision.
- In order to better improve suppliers' sustainability performance, we will provide them with social responsibility training, such as explaining the latest social responsibility policies and carrying out social responsibility awareness activities.

### 2. Behavior and Communication

- Explicit integrity standards and codes of conduct are set for procurement personnel. Disclosure of confidential information and non-compliant transactions are prohibited.
- The Ping An Procurement Team sets up a complaint channel and a quick response mechanism to respond to complaints within 1 day; maintains interaction and communication with customers and suppliers with detailed records of the whole process.
- Ping An provides a variety of training for its partners on strategy planning, system operation, product quality, safety production, job skills and rights protection, to improve cooperation.

## ◎ Tracking and Feedback (After Cooperation)

- Rate suppliers who have completed the service and include them in the management system.
- Annual assessment will be conducted on the suppliers in the resource pool with a view to rewarding identified outstanding.
- For suppliers who fail to pass the internal evaluation, Ping An will provide feedback to the supplier on the assessment results and assist them in developing a rectification plan. If the suppliers still fail to pass the evaluation after rectification, cooperation with them will be suspended until their further rectification is passedn.

Ping An has built the Group's five major ecosystems. On the basis of supply chain management, we hope that in the future we can empower our partners within these ecosystems through technologies and finance services. In terms of sustainable development, Ping An will continue to promote the concept of ESG among all its cooperative partners and encourage suppliers and business partners to achieve better environmental, social and corporate benefits in practice and achieve a sustainable future together.

Ping An scrutinizes this policy in due course or at least once a year.