



# Ping An Innovation in Practice Corporate Governance and ESG

Hong Kong Corporate Governance & ESG Excellence Awards  
November 2021

**PINGAN**

Finance • Technology



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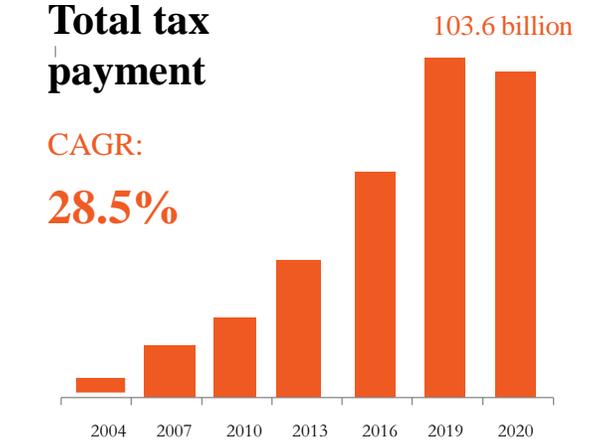
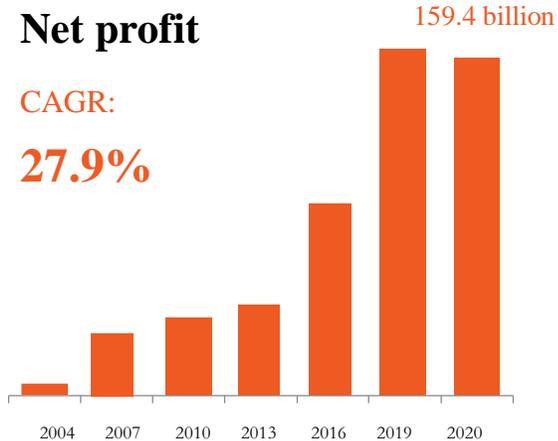
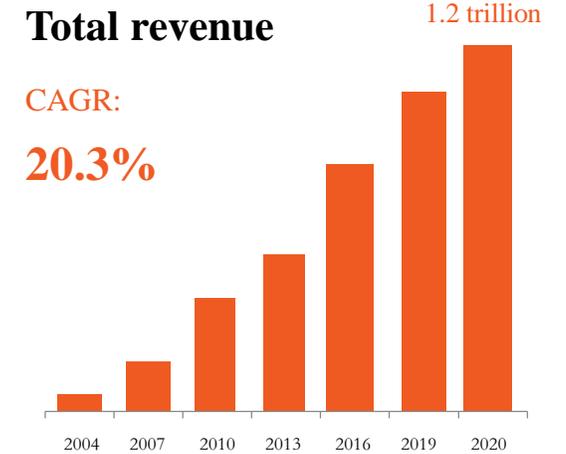
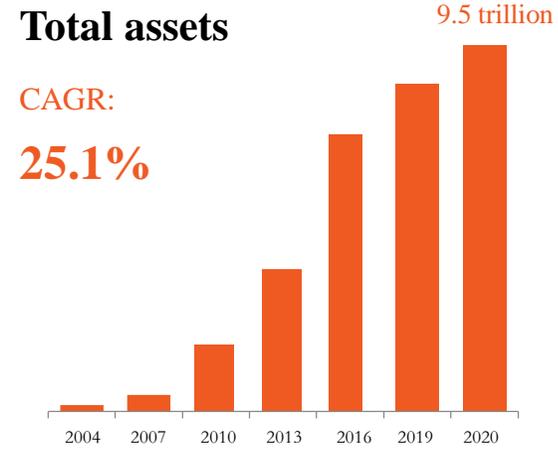
# Established in Shenzhen in 1998, Ping An has grown into China's leading integrated financial services group, ranking 16<sup>th</sup> among the top 500 in the world



- In the past 15 years, the compound growth rate of total assets, net profit and total tax payment exceeded **25%**
- The compound growth rate of revenue exceeded **20%**



- Ranked **16<sup>th</sup>** in 2021 *Fortune* 500 list
- Ranked **6<sup>th</sup>** in 2021 *Forbes* 2000 list
- Ranked **1<sup>st</sup>** in the market value among global insurance groups
- Ranked **1<sup>st</sup>** among global insurance brands



# A day of Ping An



**Size of workforce:** more than **1 million** in-house and field employees with **1** Ping An employee out of every **1,000** Chinese



**Revenue:** daily revenue of **3.3 billion** and over **1.2 trillion** revenue in 2020



**Customer size:** **218 million** customers with **1** Ping An customer out of every **7** Chinese



**Operating profit:** daily average operating profit of **382 million** and **nearly 140 billion** cumulative net profit in 2020



**Taxable income:** daily average tax payment of **280 million** and over **100 billion** cumulative tax payment in 2020



**Scientific research team:** more than **3,700** scientists and over **110,000** technology employees



**Insurance claims:** daily average claims of over **560 million** and nearly **205 billion** cumulative claims in 2020



**95511 customer service:** daily average **2.52 million** service cases processed and **920 million** counts of customer services throughout 2020



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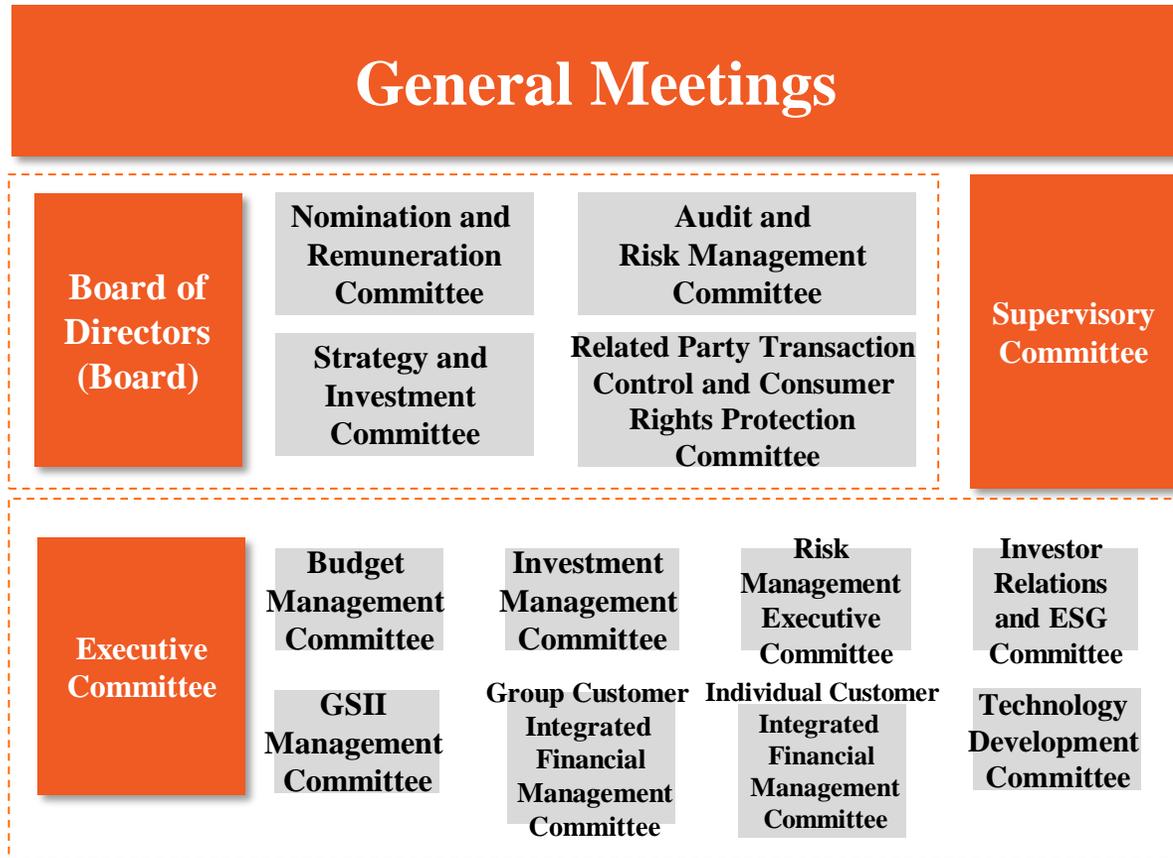
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# Professional and sound governance structure fosters stable operation of Ping An

Ping An has established and improved a professional and sound governance structure, continued to adopt global best practices in governance, and fostered stable operation of the Company through a series of innovative governance measures.

## Core structure

## Respective functions



- **General Meetings:** Relatively scattered shareholding structure with no controlling shareholder or de facto controlling party.
- **Supervisory Committee:** Take the lead in introducing external independent supervisors to effectively supervise the performance of the Board and Executive Committee, and protect the interests of minority shareholders, employees and other stakeholders.
- **Board of Directors:** Strategic decision-making with forward-looking deployment
  - 1 executive director seat reduced, 1 independent director seat added correspondingly
  - Each independent director is a senior professional in the fields of law, accounting, actuarial science and investment
  - Members of the Nomination and Remuneration Committee are independent directors
  - More than half of the members of the Audit and Risk Management Committee and the Related Party Transaction Control and Consumer Rights Protection Committee are independent directors
  - The Strategy and Investment Committee integrates ESG management function and promotion of ESG governance is comprehensively improved to the level of the Board
- **Executive Committee:** The highest execution authority under the Board. The Executive Committee shall be accountable to the Board and is responsible for daily operation and management as well as implementation of the resolutions of the shareholders' general meeting and the Board. The Executive Committee undertakes collective responsibility for the decision making of major matters.

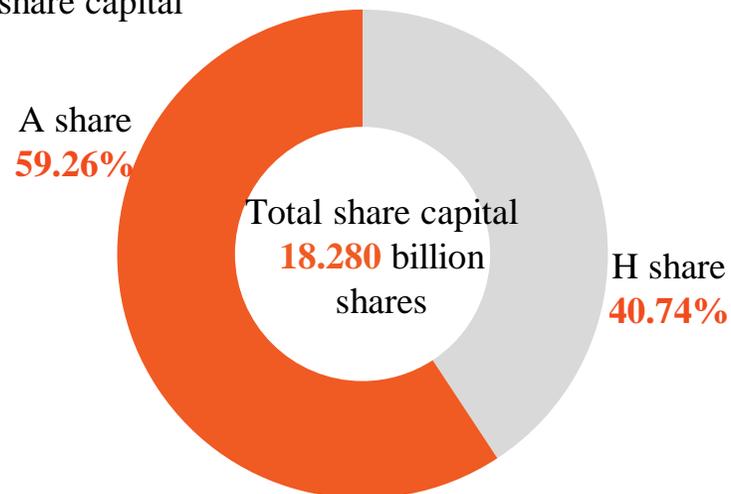
# Shareholders follow the principle of “3 Noes” under a balanced and scattered shareholding structure

Ping An is a **mixed ownership enterprise** with A+H shares listed in two places. The shareholding structure is relatively scattered with no controlling shareholder or de facto controlling party.

## Shareholders with shareholdings of more than 5%

CP Group Ltd.: **6.80%** of the total share capital

Shenzhen Investment Holdings Co., Ltd.: **5.27%** of the total share capital



No direct or indirect interference in the daily operation and management of the Company is allowed

No management shall be appointed to the Company for any reason or in any way

No related transactions with the Company in violation of regulations is allowed

**Ensure major shareholders to participate in corporate governance in accordance with laws and regulations, and effectively prevent damages to the legitimate interests of the Company and all stakeholders by using the position of shareholder**

# Focusing on strategic planning, the Board supports forward-looking strategic deployment

Ping An's Board of Directors focuses on the foresight, guidance and accuracy of the Company's strategy, pays attention to the long-term and sustainable development of the enterprise, captures future development opportunities with high awareness of crisis, and is committed to building a century-old brand.



- Building systems and mechanisms
- Exploring modern insurance

## The first decade (1988 - 1997)

**The first** joint-stock insurance enterprise  
**The first** financial enterprise to introduce foreign investors  
**The first** enterprise to adopt international accounting standards and international actuarial standards



- Focusing on insurance
- Exploring integrated finance

## The second decade (1998 - 2007)

One of the **first batch** of three comprehensive financial pilot operations identified by the State Council

**The first backup centralized financial institutions**, introduced the HSBC mechanism, and realized centralization of eight major services, such as seal and customer services



- Enhancing integrated finance
- Exploring “finance + technology”

## The third decade (2008 - 2017)

With the approval of the Board, **1% of the revenue** invested in scientific research expenditure every year



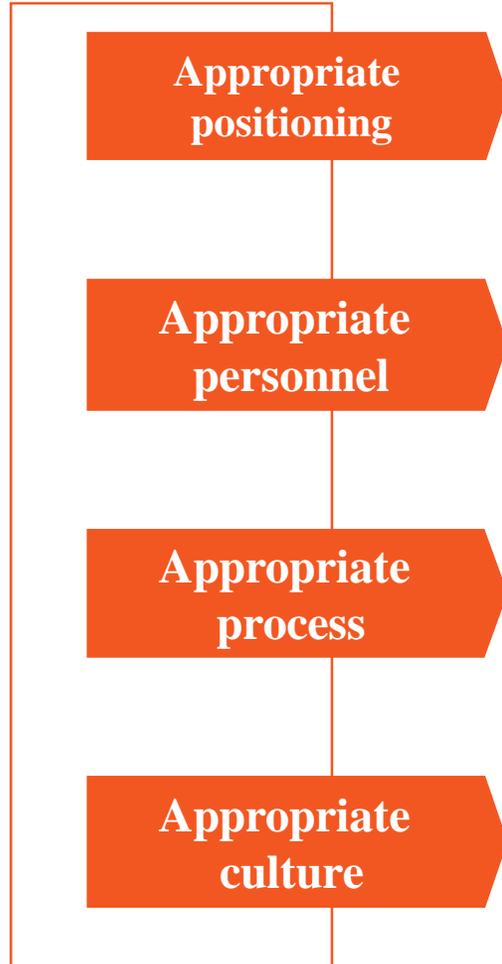
- Deepening “finance + technology”
- Exploring “finance + ecosystem”

## The fourth decade

(2018 - )

- Deepening “finance + technology” strategy, **ranked world first** in financial technology patents, and **world second** in medical technology patents

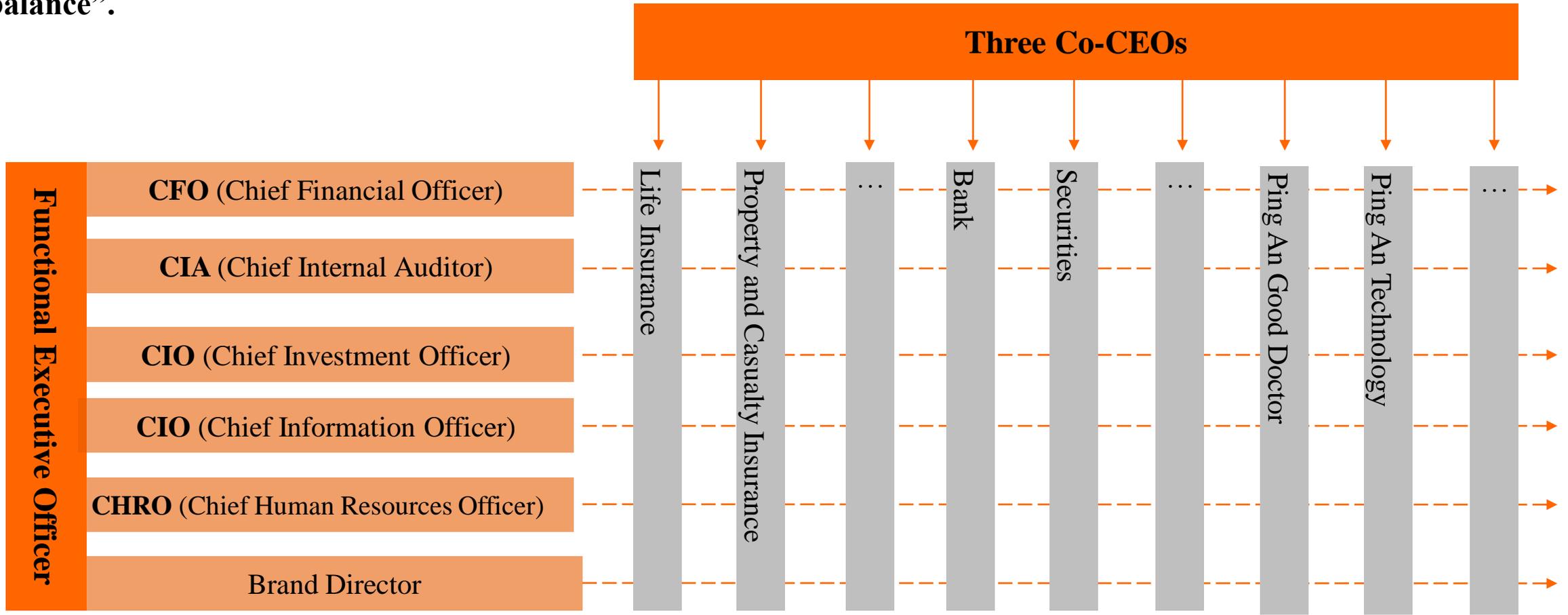
# The Board of Directors: Four “Appropriates” to build an efficient Board



- **Clear role:** Maximization of the value of all shareholders as the guiding direction
  - **Clear responsibilities:** The Board is the core of the whole governance structure, and plays an important role of linkage in corporate governance
- 
- **Strict personnel selection:** Diversification and specialization
  - **Professional ethics:** Having good conduct, reputation and law-abiding and compliance records, not harming the legitimate interests of stakeholders
- 
- **Broadening decision-making ideas:** Introducing the Group’s Strategic Development Advisory Committee, expanding information channels to introduce advanced experience by inviting ideas from industry experts, providing problem diagnosis and solutions to help scientific and efficient decision-making
  - **Establishing pre-communication meeting mechanism:** Supporting the directors to have an in-depth understanding of the Company and improve their performance efficiency, attaching importance to the professional advice of the professional committees of the Board
- 
- **Forward-looking strategic research:** The Board often holds special strategic discussions on the development trend of the global financial and insurance industry, technological reform, medical and health innovation and Internet ecology, so as to ensure that Ping An grasps new market opportunities
  - **Culture and atmosphere of mutual respect and trust:** Ping An has created an atmosphere of full discussion, free speech and willingness to share for all directors. The Board gives full play to the advantage of team decision-making to guarantee the decision-making quality of major matters of the Company

# Collective decision-making mechanism is improving with innovative matrix management

A matrix management of “executive officer + matrix” decision-making management mechanism is adopted to realize “collective decision-making, division of labor and coordination, matrix management, restriction and balance”.



All professional companies are “independent corporations with independent operation and independent accounting”

# “251” comprehensive risk management framework established to prevent and resolve major financial risks



## 2-tier risk management and control

- Dual risk management and control structure of the Group and professional companies

## Cover 5 major risks

- Risk management framework established according to international risk management and control standards
- Seamless connection of risk management process and framework

## 1 collaborative management and control platform

- Unified regular exchange, risk management system and process
- Unified big data, AI and other management means to empower management

# The highest standard of A+H shares information disclosure fully protects the interests of investors



## Transparent, demanding and wide-ranging process of information disclosure

- Formulating information management system to approve disclosure matters of different complexity at different levels, with clear, efficient and orderly process to avoid operational risks
- Complete and continuous information disclosure, with particular attention paid to the fairness and consistency of information disclosure among different audiences
- Following the strictest standards to achieve a leading level of breadth and depth of disclosure
- Rated grade A in the information disclosure evaluation of Shanghai Stock Exchange for 3 consecutive years

## ESG report issued biannually

- Disclosed biannually along with periodic reports since 2018, fully integrating ESG (Environment, Social, Governance) standards into enterprise management with regular disclosure so as to convey care, mutual assistance, responsibility and undertakings to the public



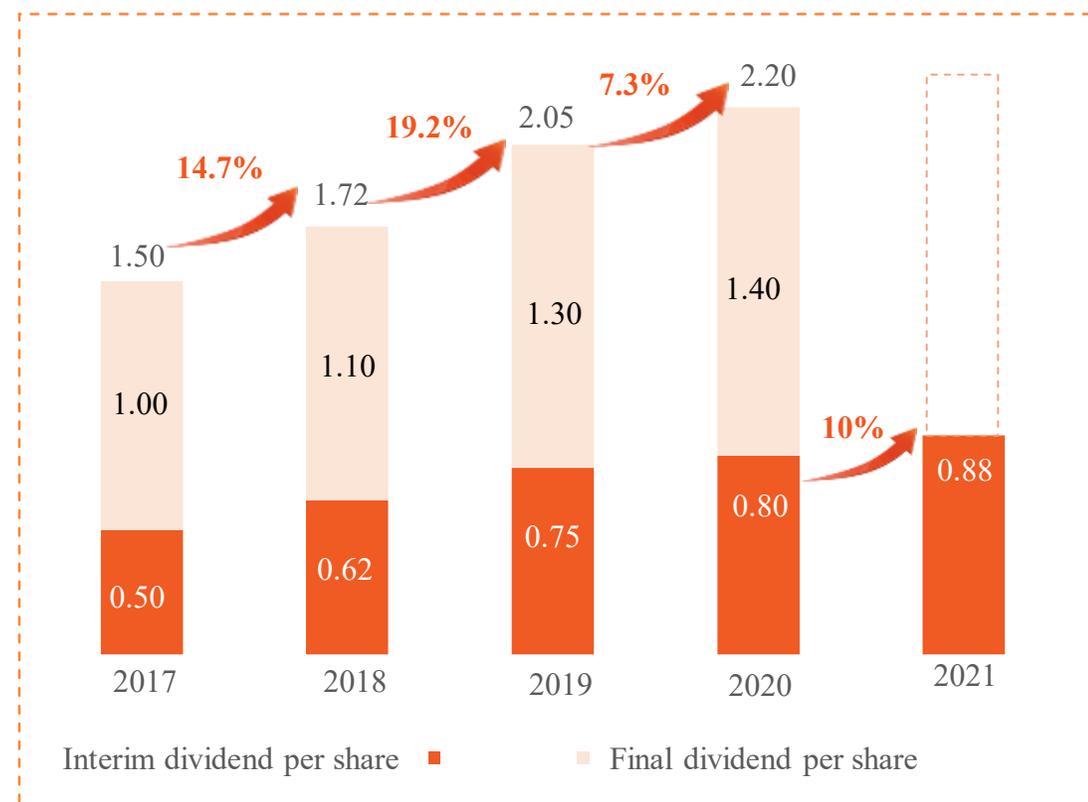
## Emphasizing communication effectiveness with investors

- Developing the Company's value and actively publicizing the Company's business information to the market based on the principle of steady growth of investors' value; providing efficient feedback on investors' concerns and suggestions through 7\*24-hour investor hotline; communicating with the capital market through public briefings, video and teleconference, live roadshows and online



## Continuously improving the dividend level to create long-term and stable returns for investors

- Ping An attaches importance to shareholder returns and continues to improve the level of cash dividends. Due to sound performance and adequate solvency, an interim dividend of RMB**0.88** per share was paid in 2021, representing a year-on-year increase of **10%**



# The acceleration of annual report enhancement leads the transparency of information disclosure of listed company

## Annual report enhancement project

- Visualization of annual report to enable investors to “read the annual report in a single diagram”
- The first insurance institution in China to adopt and disclose indicators of operating profit to improve data comparability
- Acceleration of annual report becoming a market model to promote upgrading of the industry’s financial system





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# ESG strategic positioning of Ping An Group

## Market value management

### A responsible listed company

Index & rating	2021	Remarks
 MSCI ESG rating	<b>BBB</b>	The best rating in insurance industry of China
 FTSE4Good Index Series	<b>Constituent</b>	
 CDP rating	<b>A-</b>	The highest rating among domestic financial enterprises in China
 Sustainalytics ESG risk rating	<b>Low-risk</b>	Leading exposure in China
 Hang Seng Corporate Sustainability Benchmark Index	<b>A</b>	Being selected as a constituent of HSCEI ESG Index and ESG 50 Index

## Long-term revenue

### A responsible investment institution

Total amount of responsible investments

**1.03 trillion**



Balance of inclusive and green loans

**907.4 billion**



Sustainable insurance amount

**392 trillion**



## Green finance

### Five-year plan

- Green investment and credit exposure to increase **over 20% per annum** and green insurance premium **over 70% per annum**.
- By 2025, to achieve overall target of RMB400 billion in investment + credit exposure and RMB250 billion in total amount of green insurance premium.

# ESG innovation of Ping An Group and positive influence

- Innovations
- Efforts
- Impacts

1

Establishing a management structure responsible by the Board to ensure the effectiveness of ESG management

2

Being the first listed company at Shanghai Stock Exchange (SSE) to build a complete ESG management system which meet the regulatory requirements

3

Authorizing ESG with technology, authorizing the industry with Ping An's experience through technical means

4

Conducting information disclosure innovation proactively, engaging with industrial practice and making contribution to standards

5

Conducting innovative integration of ESG and ERM system

6

Updating carbon neutralization plan constantly and striving to attain the world-leading level

# Establishing ESG management structure responsible by the Board to ensure the effectiveness of ESG management

## Importance of the Board of Directors

- The Board of the Directors assumes overall responsibility for ESG management and climate change issues.
- The Executive Committee of the Board is responsible for approving ESG management objectives and strategies, and approving and reporting the Company's sustainable development performance semiannually(interim and annual performance).

## Sustainable development administration structure of Ping An

- The Board and the Group Executive Committee (L1) oversee all ESG matters.
- The Investor Relations and ESG Committee (L2) is the major committee associated with other committees of the Group. L2 is responsible for identifying ESG risks, writing plans, objectives, administration policies and appraising performance etc.
- The ESG Office and other functional centers of the Group (L3) act as task forces to coordinate sustainability initiatives of the Group internally and externally.
- The matrix consisting of the Group's functional units and member companies (L4) is mainly responsible for execution.
- Overall work logic: continuously improving the management of ESG matters and risks by clarifying management objectives, corresponding responsibilities and appraisal mechanisms. Regular reporting to directors and senior executives on ESG risk management, objectives, plans, implementation and progress ensures the effectiveness of ESG management.

<ul style="list-style-type: none"> <li>- ESG Oversight</li> <li>- Strategy Planning</li> <li>- Risk Management</li> <li>- Policy Making</li> </ul>	Board of Directors			L1
	Strategy and Investment Committee			
<ul style="list-style-type: none"> <li>- ESG Risk and Opportunity Identification</li> <li>- Planning</li> <li>- Goal Setting</li> <li>- Performance Assessment</li> </ul>	Group Executive Committee			L2
	Investor Relations and ESG Committee			
<ul style="list-style-type: none"> <li>- Group Level Execution</li> <li>- Organize the Internal and External ESG Work of the Group</li> </ul>	Group ESG Office			L3
	ESG Task Forces (CSR/IR/PR/Group Functional Representatives)			
Execution Matrix			Group Functional Units	L4
			<ul style="list-style-type: none"> <li>● Branding &amp; PR</li> <li>● Board Office</li> <li>● HR</li> <li>● Finance</li> <li>● Planning</li> <li>● Asset Management</li> <li>● Internal Control</li> <li>● Procurement</li> <li>● Others</li> </ul>	
	Member companies	Insurance Investment Banking Technology	Ping An Group Execution Matrix	

# Being the first listed company at Shanghai Stock Exchange (SSE) to build a complete ESG management system which meet the regulatory requirements

Issue	Policy	Highlights
<b>Responsible investments</b>	Responsible Investments Manual	Combined with the six principles of UNPRI and with reference to Allianz and other best practices to redefine the five basic principles of responsible investments, and clarify the specific application and process of the five principles in four asset categories, which shows the strategic sustainable development responsible investment goal of the Group to the greatest extent.
<b>Responsible products</b>	Responsible Product Declaration	Incorporated into the latest consumer rights protection system of the Group to beef up the detailed provisions on management structure, product development, sales, after-sales service, publicity and education.
<b>Business code</b>	Business Code	Combined with the content of external ESG rating investigation to improve protection of fair competition in the business environment, information protection for whistleblowers, intellectual property management and protection and other content declarations.
<b>Sustainable insurance</b>	Sustainable Insurance Policy	Reorganized the sustainable insurance policy framework according to the four principles of UNEP Principles for Sustainable Insurance (PSI) with explanation on the sustainable insurance management and product system with reference to the four principles.
<b>Employee rights and welfare</b>	Employee Rights Declaration	Clarified the applicable provisions of the company's policies for full-time and part-time employees with additional description on protecting employees' rights and enhancing employees' work flexibility.
<b>Low-carbon business and operation</b>	Green Operations	Clearly divided the low-carbon operation policy of last year into three policies related to environmental low-carbon management: responsible investments, sustainable insurance and green operations, among which green operations policy focuses on the practical requirements of green office.
<b>Sustainable supply chain</b>	Sustainable Supply Chain Policy	Newly proposed ESG management and risk management requirements for suppliers as the condition of cooperation.
<b>Community impact</b>	Community Impact Framework	Sorted out Ping An's response in action for each goal of SDG.



Sustainable Insurance Product System



Employee Welfare



Green building

# Adopting technology for ESG, using Ping An's experience and technology suggest to industry

Ourselves

AI-ESG Integrated Management Platform

Others

AI-ESG Investment Platform

ESG information disclosure and rating analysis

ESG process management

Real-time monitoring of ESG disputes

Application level

- Intelligent interview management
- The Group's ESG public opinion monitoring
- ESG data management
- ESG report generation
- ESG intelligent Q&A

Modeling level

- The Group's ESG expert model
- Public opinion monitoring model

Technical level

- Web crawler
- ASR
- NLP
- Machine learning
- Deep learning
- Reinforcement learning

Data level

- The Group's ESG internal management data
- The Group's ESG public opinion data

Enterprise ESG portrait  
ESG score

Enterprise ESG monitoring

Controversy detection and public opinion analysis

Portfolio management

Process management, portfolio ESG analysis, position adjustment suggestions

Application level

- Build a flexible module to directly connect to the subsidiaries**
- ESG valuation of stocks and bonds
  - ESG score for portfolio
  - ESG capability evaluation of fund managers
  - ClimateVar
  - ESG strategy research and development
  - ESG public opinion monitoring

Technical level

Natural language processing middle office			Knowledge atlas middle office				Machine vision middle office		
Emotion recognition	Information clustering	Heat detection	Automatic summary	Corporate relationship	Risk transmission	Industry classification	Image identification	OCR	Satellite remote sensing
Text production	Financial report analysis	Policy analysis	Viewpoint taking	Regional identification	Entity identification				

Data level

- Public reports and announcements of enterprises
- Ping An investment database (such as Euler atlas)
- Regulatory websites, news, social media
- Remote sensing satellite data
- Third-party ESG data
- Other public data (such as government reports)

# Actively conducting ESG-related information disclosure innovation and making contribution to the industry

## Information disclosure innovation

1. Frequency innovation:  
The only financial institution that discloses ESG information twice a year.
2. Content innovation:  
In addition to ESG report and separate chapters in annual report, key disclosure of TCFD climate-related indicators is made.

The first financial institution in China to issue TCFD Report



## Industry communication

Committed to establish global partnership as a representative of China's financial institutions



UNEP FI member



The first asset owner signatory in China



The first insurance enterprise signatory of PSI in Mainland China



The first insurance group signatory in the world



Member of Green Finance Committee of the China Society for Finance and Banking

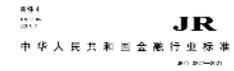


Joined Climate Action 100+

## Contribution to industry standards

Contributed Ping An's work experience and participated in the formulation of industry and association standards

- People's Bank of China: Guidelines for Information Disclosure of Financial Institutions - 2021.



- Shenzhen green finance legislation, regulations and supporting series guiding standards.

# Combination and innovation for ESG and ERM system

For example, extreme environmental disasters or a decline in market preference for carbon-intensive assets and tighter policy controls lead to a massive sell-off of carbon-intensive assets in the market, thus affecting operations.

## 2 Operating risk



### For insurance risk

- ✓ Add climate change risk management and control
- ✓ Strengthen population and social risk management



### For liquidity risk

- ✓ Strengthen ESG risk warning and the process management of ESG risk of insurance and other products with improved system plus technical means to avoid liquidity crisis

For example, extreme weather events affect production activities and data infrastructure.

For example, the tightening of policy control affects customers' environmental compliance.

## 4 Information security risk



### Information security and privacy protection

- ✓ Further improve the relevant systems of customer information security and privacy protection according to the relevant ESG requirements and prepare regular statistics on the details of implementation



### AI governance

- ✓ Establish AI Ethics Committee
- ✓ Build AI governance system

## 1 Asset risk quality

- ✓ Set up responsible investment strategy
- ✓ Stipulate five principles of responsible investments
- ✓ Formulate responsible investment manual for professional subsidiaries

For example, extreme weather disasters or the increase in production cost due to the introduction of carbon price affect the corporate revenue and the value of asset portfolio.

## 3 Compliance risk



### Business ethics

- ✓ Business Code of the Company: include ESG-related issues, such as fair business competition
- ✓ Employee Business Code: include ESG-related issues, such as anti-bribery, corruption and fraud



### Responsible products

- ✓ Add responsible product code to ensure the whole life cycle operation from product development, sales to after-sales



### Sustainable supply chain

- ✓ Include 5 ESG-related general terms in contracts

## 5 Brand reputation risk



### Intelligent ESG public opinion management

- ✓ Extensive monitoring of ESG-related risk events and stakeholder ESG events

For example, tightening policy control leads to corporate image and social responsibility risks.

### Whole process for risk management and control of classified assets



Risk control before investment/loan



Continuous monitoring of post-investment/loan management



Regular statistics and disclosure

# Updataing carbon neutralization plan, become a world-leading company

The updataing action of “**Ping An Green Finance+**” is committed to the following five directions :

## 1 Green Operations

Strive for comprehensive emission reduction

Carbon neutralization in **2030**

- Green buildings
- Green data center
- Employee behavior
- Carbon elimination

Set goals from the aspects of optimizing workplace operations, business process emission reduction and carbon elimination.

## 2 Green Assets

Define the direction and act as soon as possible based on “**3060**”

- Grasp green opportunities and deploy green assets
- Manage transformation risks and reduce brown assets

Constantly reduce the proportion of brown assets by enhancing the layout of green assets

## 3 Green Insurance

Provide **comprehensive** green insurance products and services

- New energy vehicle
- Green buildings
- Green engineering
- Life insurance

Provide insurance and concessions for green enterprises, products and projects, and innovate green life insurance

## 4 Green Public Welfare

Create a “carbon neutralization” charitable trust scheme

- The Sewing of Mother
- Charitable Carbon Sequestration Forest
- Low-carbon car owner
- Low-carbon credit card

Green public welfare projects focus on enhancing the impact, which in turn benefit the business, bringing in business opportunities.

## 5 Green Technology — Achieve accurate statistic, adopting technology for carbon neutralization



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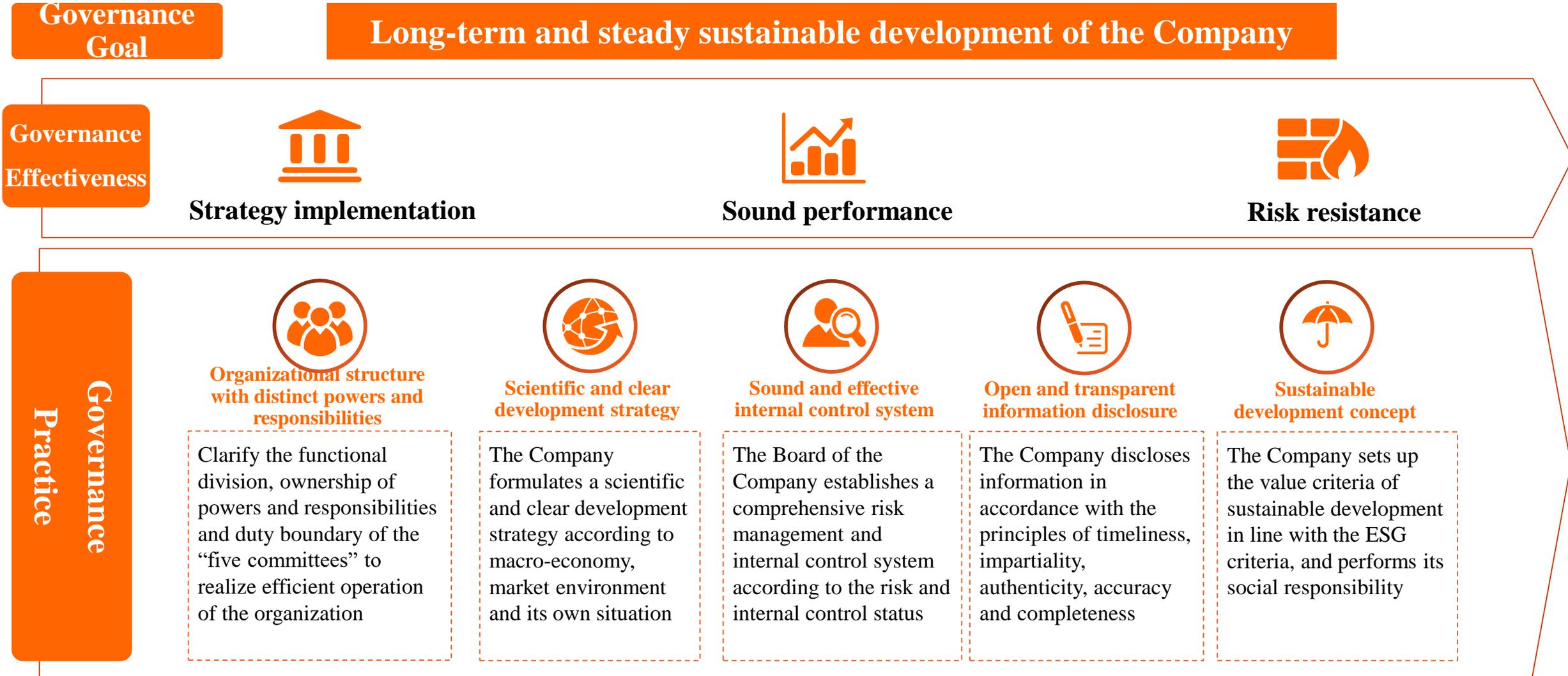
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04

**Effectiveness of Corporate Governance**

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# Good corporate governance helps escorting Ping An's long-term and steady development



# Good corporate governance constantly enhances the competitiveness of Ping An

## Constant improvement in Fortune 500 ranking



2021	Ranked 16 <sup>th</sup>	Ranked 1 <sup>st</sup> in China insurance industry
2020	Ranked 21 <sup>st</sup>	↑ 6
2019	Ranked 29 <sup>th</sup>	↑ 12
2016	Ranked 41 <sup>st</sup>	↑ 55
2015	Ranked 96 <sup>th</sup>	↑ 32
2014	Ranked 128 <sup>th</sup>	↑ 53
2013	Ranked 181 <sup>st</sup>	↑ 61
2012	Ranked 242 <sup>nd</sup>	↑ 86
2011	Ranked 328 <sup>th</sup>	↑ 55
2010	Ranked 383 <sup>rd</sup>	↑ 79
2008	Ranked 462 <sup>nd</sup>	
Established in 1988		

## Widely recognized by society



- Ranked 6<sup>th</sup> in 2021 *Forbes* Global 2000 list, **ranked 1<sup>st</sup> again among global insurance conglomerates**
- Ranked 38<sup>th</sup> in BrandZ Top 100 Most Valuable Global Brands, **ranked 1<sup>st</sup> among global insurance brands**
- Ranked **1<sup>st</sup>** in Top 100 Brand Finance Insurance 2020 list
- Won the title of **Most Respected Enterprise in China** for 19 consecutive years
- Won the title of **Most Responsible Enterprise** for 12 consecutive years

An aerial photograph of a modern skyscraper with a distinctive glass pyramid top. The building is the central focus, with its sharp angles and reflective surfaces catching the light of a sunset. The sky is a mix of deep blues and warm oranges, with a few wispy clouds. In the background, a large body of water stretches across the horizon, and a dense urban landscape with numerous high-rise buildings is visible. A small airplane is seen flying in the upper right portion of the sky.

Thank you!