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FTG Accountability Program for EHSQ Incident

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[EHSQ Team]

Fosun Tourism Group

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FTG Accountability Program for EHSQ Incident

To prevent and reduce the safety, quality, environmental incidents, strengthen safety ownership and clarify EHSQ responsibility for business and enterprise leaders, according to relevant laws and regulations as well as "who in charge, who is responsible" principle, FTG developed this policy to hold headquarter and enterprise's main leaders accountability once EHSQ serious incident occurred.

1. Incident Classification

According to relevant laws and regulations of the state, incidents are classified into the following four grades according to the casualties or direct economic losses caused by incidents:

1. Extra serious incident
2. Serious incident
3. Larger incident
4. Normal incident

According to the division of the main body responsible for the incident, the incident will be divided into "primary responsibility incident", "secondary responsibility incident" and "non-responsible incident".

Main responsible incident: because our personnel violated the relevant laws and regulations or management rules of the country, region, group and company, resulting in personal injury, fire, food poisoning and public health incidents, we shall bear the main responsibility in the responsible incident

Secondary liability incident: The incident occurs due to the contractor, lessee, related third parties, and tourists violating the relevant regulations or management rules of the country, region, group, and company. We have part of safety management defects for the incident and take partial or secondary liability.

Incidents without responsibility: For incidents caused by force majeure such as sudden illness, suicide, terrorist attack, criminal case, meteorological and geological disasters or physical reasons occur on our personnel, related third party personnel, individual tourists, we are not responsible for the incident

2. Incident Accountability Principle

After the incident, according to the results of the incident investigation, the main person in charge of the "responsible incident" enterprise and business line shall be held accountable.

Main responsible incident: The main responsible person of the company and the main responsible person of the business line who have the main responsible incident shall be held accountable according to the following table.

Incidents with secondary liability: For the company and business line with secondary liability incidents, shall strengthen the safety management of contractors, personnel of related parties, tourists, etc., and the

accountability for the main person in charge of the enterprise and business line, shall refer to the following table. The results of the accountability can be downgraded.

For multiple liability incidents in the same year, the results of accountability can be upgraded.

Based various incident severe levels classifications, the following standards shall be followed when considering discipline actions after incident occurred.

Table 1: FTG EHSQ incident Accountability Matrix

Levels Incident ^[1] Classification ^[4]		FTG Headquarter		Sub Enterprise
		Chairman, CEO, President	VP of each business	Enterprise/Project head, GM
Extra Serious incident		Government judiciary authorities processing or removed from position	Government judiciary authorities processing or removed from position	Government judiciary authorities processing or contract termination
Serious incident		Administrative sanction (Severe Demerit recording),or demotion or removed from position	Government judiciary authorities processing or removed from position	Government judiciary authorities processing or contract termination
Larger incident		Administrative sanction(Severe Demerit recording),or demotion	Administrative sanction(Severe Demerit recording),or demotion or removed from position	Government judiciary authorities processing or contract termination
General Incident	Level C: such as 2 deaths	Administrative sanction (notice of criticism)	Administrative sanction(Demerit recording),or demotion	Government judiciary authorities processing or contract termination
	Level B: such as 1 death, or 3 serious injury	Administrative sanction (verbal criticism)	Administrative sanction (verbal criticism)	Administrative sanction(Severe Demerit recording),or demotion
	Level A: such as 1-2 serious injury or half to one million property loss	Admonishing conversation	Administrative sanction (verbal criticism)	Administrative sanction (verbal criticism)

Notes:

[1]Guest injuries severity, in China refer to < Standard for identification of degree of human body injury>, in global shall refer to regional or local regulation and standard.

[2]Employee serious injury , in China refer to GB6441-86< Standards for the classification of casualty incidents of enterprise staff and workers>, which means work lost days more than 105days. In global shall refer to regional or local regulation and standard.

3. Incident classification

Classification	No	Type	criterion
Extra serious incident	1	Property loss	Direct property loss more than 100 million RMB
	2	Safety	More than 30 deaths, or Serious injuries more than 30 but less than 100, or Food poisoning to cause more than 100people been hospitalized
	3	Environment	More than 10 people died as a result of environmental pollution, or Evacuate and transfer more than 50 thousands, or Others required by regulation and laws
	4	Quality	Same levels with property loss and safety
	5	Customer Services	More than 1000 guest complaints on product or services which cause a social hot spots, national websites continuously tracking, result extra damages to group brand, or direct property damaged more than 100millions RMB.
Serious Incident	1	Property Loss	Direct property loss more than 20 million but less than 100millions RMB
	2	Safety	More than 10 but less than 30 deaths More than 50 but less than 100 serious injuries More than 50 but less than 100 people food poisoning been hospitalized
	3	Environment	More than 3 but less than 10 deaths, or more than 50 but less than 100 poisoning More than 10thousands but less than 50thousands people been evacuate or transferred Other determined by regulation or laws
	4	Quality	Same levels with property loss and safety
	5	Customer Services	More than 500 but less than 1000 guest complaints on product or services which cause a social hot spots, national websites continuously tracking, result serious damages to group brand, or direct property damaged more than 20millions but less than 100millions RMB.

Larger Incident	1	Property Loss	Direct property loss more than 10 million but less than 50millions RMB,or Environment pollution incident cause 5millions above but less than 20millions property loss
	2	Safety	More than 3 but less than 10 deaths, or more than 10 but less than 50 serious injuries More than 30 but less than 50 people food poisoning been hospitalized
	3	Environment	Less than 3 deaths, or more than 10 but less than 50 poisoning More than 5000 thousands but less than 10 thousands people been evacuate or transferred Other determined by regulation or laws
	4	Quality	The product is notified by the industry or national supervision department due to quality problems Major passive product recalls
	5	Customer Services	More than 500 but less than 1000 guest complaints on product or services which cause a social hot spots, national websites continuously tracking, result serious damages to group brand, or direct property damaged more than 10millions but less than 20millions RMB.
Normal Incident	1	Property Loss	Direct property less than 10 million RMB(Safety), or Direct property less than 5 million RMB(Environment)
	2	Safety	More than 3 but less than 10 people deaths Level C: 2 deaths, or serious injuries more than 6 but less than 10, or direct property less than 5 million but less than 10 million RMB Level B: 1 deaths, or serious injuries more than 3 but less than 6, or direct property less than 1 million but less than 5 million RMB Level A: serious injuries more than 1 but less than 3, or direct property less than half but less than 1 million RMB, or more than 15 but less than 30 people food poisoning been hospitalized
	3	Environment	Level C: violation and penalized by central environmental supervision group Level B: violation and penalized by province level environmental supervision group Level A: Major environmental risks found in internal audit and flight inspection and refused to rectify
	4	Quality	Level C: Causing heavy losses of more than 10 million yuan due to unqualified official spot checks

			<p>Level B: The audit of important certificates is unqualified, or causes losses of less than 10 million yuan and more than 5 million yuan</p> <p>Level A: The unqualified product is found by internal inspection before leaving the factory, or causes losses of less than 5 million yuan and more than 1 million yuan</p>
	5	Customer Services	More than 50 but less than 100 guest complaints on product or services which cause a social hot spots, national websites continuously tracking, result damages to group brand, or direct property damaged more than 1millions but less than 10millions RMB.

Notes: " Above, More" in the text includes this number, "below, Less" does not include this number; Direct economic losses shall be calculated at cost unless otherwise stipulated by law.

4. Performance Assessment

In addition to administrative accountability, the performance bonus of all employees of the incident company will be withheld according to the responsibility of the incident. The specific withholding ratio and scope need to be reported to the CEO/CRO of the Tourism Group for review.

Incident Severity	Main responsible incident:	Secondary responsible incident
All employee of incident company bonus reduces	5~10%	2~5%

5. Interpretation

FTG EHSQ Management Department is responsible for formulating, modifying and interpreting this program.

It's encourage each company and business line to develop specific requirements.

This policy shall be effective immediately from the date of release.

6. Revision History

Date	Revision illustration	Version
August, 2019	Initial publish	Rev 1.0
June, 2022	According 2022 version <FOSUN EHSQ Incident Accountability Program>, add Major, Secondary and no responsible incident categories to better mapping actual situation. Adjust table to keep same step with FOSUN. Add Bonus	Rev 2.0

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