

ESG

ENVIRONMENTAL · SOCIAL · GOVERNANCE



XPeng Inc.
2020 Environmental, Social and Governance Report

—
Published in October 2021





About The Report

Report Introduction

This is the first Environmental, Social and Governance Report issued by XPeng Inc. (hereafter “the Company”), which aims to demonstrate the management, commitment, actions and performance of XPeng Inc. and its subsidiaries (hereafter “the Group” , “XPeng” or “we”) in terms of sustainable development.

Reporting Standards

This report refers to the Global Reporting Initiative (GRI) Standards and the Environmental, Social and Governance (ESG) Reporting Guide in Appendix 27 of the Main Board Listing Rules of the Hong Kong Exchanges and Clearing Limited (HKEx). The United Nations’ Sustainable Development Goals (SDGs) and the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) have also been taken into account during the preparation of this report. Therefore, this report is presented in a framework conforming with recognized international and market practices.

Reporting Scope

Unless otherwise specified, this report covers XPeng Inc. and its subsidiaries. The reporting period is from January 1, 2020 to December 31, 2020 (hereafter “the reporting period”), which is in line with the Group’s fiscal year, with some sessions dated back to previous years or updated to the issuance of this report.

Information Resources

Unless otherwise specified, the information and data cited in this report all come from the Group’s official documents, statistical and financial reports as well as other ESG information collected, summarized and reviewed by the Group.

Access to this Report

This report is electronically available in both Chinese and English. Please view or download this report from the Group’s official website (www.xiaopeng.com).

Disclaimer

Certain statements in this report, including the statements regarding future development, are forward-looking statements that are subject to risks and uncertainties. These forward-looking statements are based on management’s current expectations. Uncertainties might arise and cause materially different results. XPeng Inc. disclaims no obligation to update any forward-looking statement contained in this report.





CONTENTS

	About The Report	2
	ESG Overview	6
	About Us	10
1	Corporate Governance and Compliance	16
	1.1. Corporate Governance	18
	1.2. Code of Conduct	20
	1.3. Sustainability Development	23
2	High Quality and Innovative Smart EV Products	34
	2.1. Product Quality and Safety	37
	2.2. Product Planning and Innovation	48
	2.3. Supply Chain Management	55
	2.4. Customer Service and Communication	59
	2.5. Information Security and Privacy Protection	65
3	Eco-friendly Operation and Environmental Protection Strategy	68
	3.1. Environmental Management System	70
	3.2. Eco-friendly Operation	72
	3.3. Zero-emission Products	80
	3.4. Climate Actions and Low-Carbon Strategies	85
	3.5. Environmental Key Performance Indicators	92
4	Human Capital Development	96
	4.1. Employment	98
	4.2. Occupational Health and Safety	102
	4.3. Employee Training and Development	104
	4.4. Diversity and Equal Opportunities	107
5	Care for Community, Responsible for Society	110
	5.1. Flood Control and Disaster Relief	112
	5.2. Fighting the COVID-19	112
	5.3. Poverty Alleviation and Agricultural Subsidizing	113
	Appendix: GRI Content Index	114

ESG Overview

ESG Performance Highlights

Environment



Compared with the internal combustion engine vehicles, XPeng's smart EVs delivered in 2020 reduced the carbon emission by approximately

5,520
tons of CO₂ equivalent.



As of May 2021, the Group has achieved an

100%
recycling and reuse rate of recyclable solid waste.



XPeng innovatively adopts the core concept of X-SEG (Smart, Efficiency and Green), builds and operates green factories, produces all **zero-emission** products.



XPeng received MSCI ESG AA rating for two consecutive years,

the highest ESG rating

among auto companies globally.



Eco-friendly and high quality manufacturing with **Photovoltaic Roof Power Generation.**



The painting workshop of Zhaoqing plant achieved **94%** waste paint residue reduction, **25%** energy consumption reduction, over **90%** automation rate.

Technology and Innovation



XPeng has been producing popular smart EVs for Chinese consumers with innovative **ADAS, connectivity and core vehicle systems.**



As of March 31, 2021, **39.8%** of our employees are in our research and development function.



Our proprietary XPILOT 3.0 represents one of **the most advanced ADAS** technologies in China.



As of March 31, 2021, we had **759** patents, **504** registered trademarks in China and certain other jurisdictions.

Social



XPeng P7 became the first to receive the

5-Stars rating from the Chinese i-VISTA intelligent vehicle testing platform.



XPeng G3 and P7 received

5-Stars rating with scores of 92.2% and 89.4% respectively in the **C-NCAP Crash and Safety Test**.



In 2020, the Group reported

0 case of work-related fatalities and **0%** of Lost-Time Injury Frequency Rate.



XPeng's in-house quality management system has passed the

IATF 16949 and obtained the certificate of **ISO 9001:2015**.



Superior product quality and technology, contributing to a

96% customer satisfaction rate.



Contribute to **disaster relief, poverty alleviation and subsidy of agriculture**.

Support the community to control the pandemic of **COVID-19**.



In 2020, the Group reported

0 case of the COVID-19 pandemic.



Open and inclusive culture to attract talents with

2,488 positions created in 2020.



We created our **"XPENG" talent cultivation system**,

providing comprehensive job trainings for our employees and expanding our database of training courses.

Governance



The Board has established

5 Committees

including the Audit Committee, the Compensation Committee, the Nomination Committee, the Corporate Governance Committee, and the ESG committee to enhance the Board's efficiency.

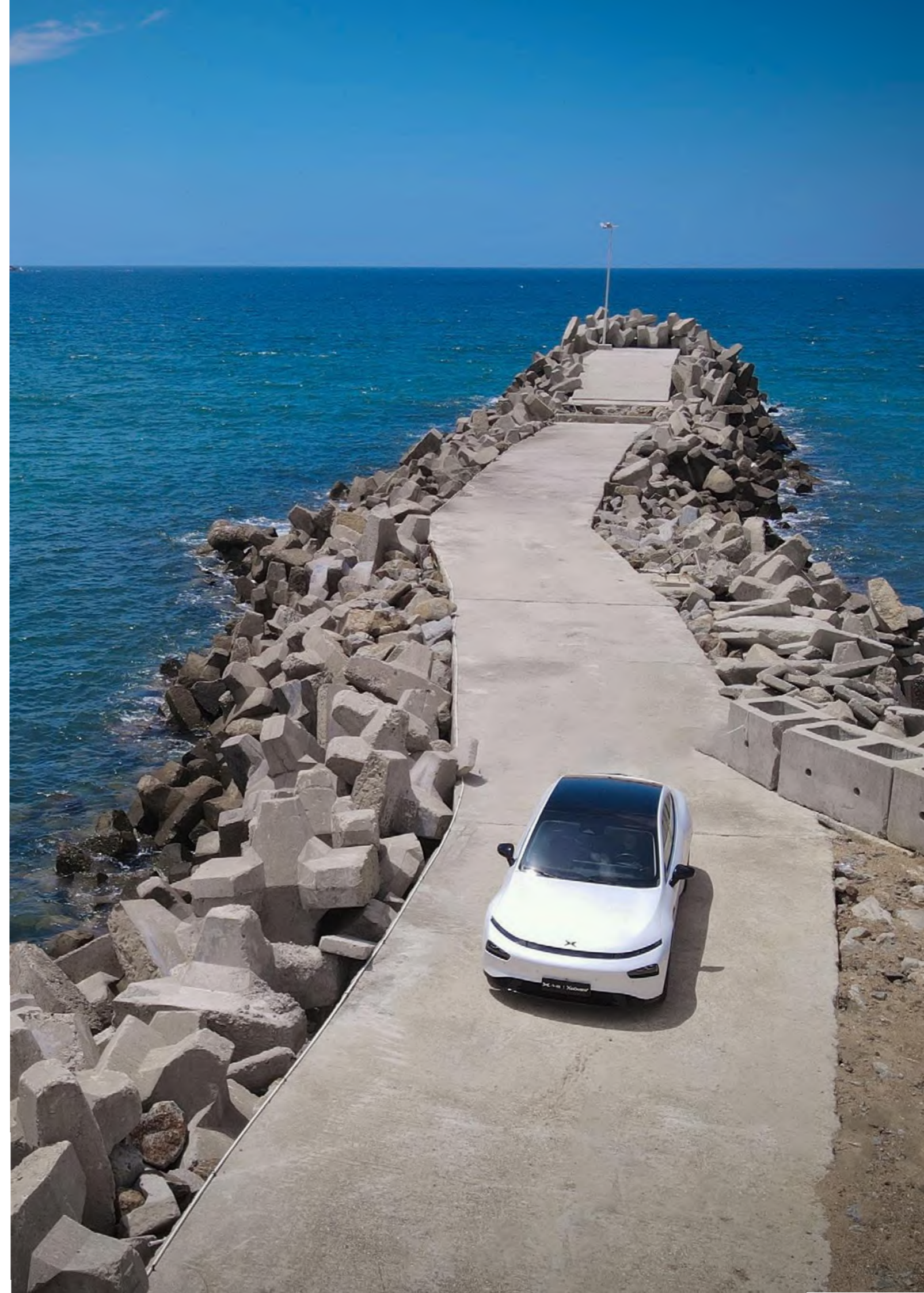


A comprehensive corporate governance

structure to comply with NYSE and HKEx requirements.



3 of the existing 9 directors of the Board are independent directors, and **1** of them is female.



ABOUT US

Within only six years since our inception in 2015, we have become one of the leading smart electric vehicle (hereafter, “EV”) companies in China, with leading software, data and hardware technology at our core and bringing innovation in advanced driver-assistance, smart connectivity and core vehicle systems.

XPeng Business Milestone

2015	2017	2018	2019	2020	2021
<ul style="list-style-type: none"> Chengxing Zhidong was founded. 	<ul style="list-style-type: none"> Entered into our Series A, Series A1 and Series A2 financing arrangements. 	<ul style="list-style-type: none"> Entered into our Series B, Series B1 and Series B2 financing arrangements. The Company was founded as a part of the Reorganization to facilitate an initial public offering in the United States. Commenced delivery of the Company's first Smart EV model, the G3. 	<ul style="list-style-type: none"> Entered into our Series C financing arrangements. 	<ul style="list-style-type: none"> Entered into Series C+ financing. Commenced delivery of the Company's second Smart EV model, the P7. Completed our initial public offering and listing on the NYSE as well as a follow-on offering. 	<ul style="list-style-type: none"> Rolled out navigation guided pilot (NGP) for highway driving, a function of XPILOT 3.0 which is the Company's latest proprietary advanced driver-assistance system (ADAS) released in January, via OTA. XPeng Inc. was listed on HKEx (stock code: 9868).

XPeng Inc. was listed on New York Stock Exchange (NYSE) (stock code: XPEV) on August 27, 2020 and raised USD 1.7 billion. On July 7, 2021, XPeng Inc. was listed on HKEx (stock code: 9868), becoming the first Chinese company dual primary listed in both NYSE and HKEx within three years.

In October 2020, XPeng Inc. initially received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment and the rating was maintained in the annual update of 2021.



HKEX Listing Ceremony



Leading the Smart EV transformation with technology and innovation

XPeng strives to transform Smart EVs with technology and data, shaping the mobility experience of the future. Our proprietary ADAS offers our customers more freedom when driving and delivers a comfortable and safe mobility experience. Our proprietary ADAS XPILOT 3.0 represents one of the most advanced driver-assistance technologies adopted on commercially available vehicles.

Today, we have become a proven leader in the rapidly growing Smart EV market in China, producing popular and environmentally-friendly vehicles, namely the G3 - a smart SUV, the P7 - a smart sports sedan, the P5 - the world's first mass-produced Smart EV equipped with LiDAR. Our Smart EVs offer attractive design and high performance, coupled with safety and reliability.

Advanced driver-assistance, vehicle connectivity and electrification are expected to revolutionize the future of mobility, which represents a smarter, more energy-efficient and more environmental-friendly mobility experience. XPeng is dedicated to developing smart EVs and leading the environmental-friendly and low-carbon transformation of the traditional auto industry which has been dominated by internal combustion engine (hereafter "ICE") vehicles.

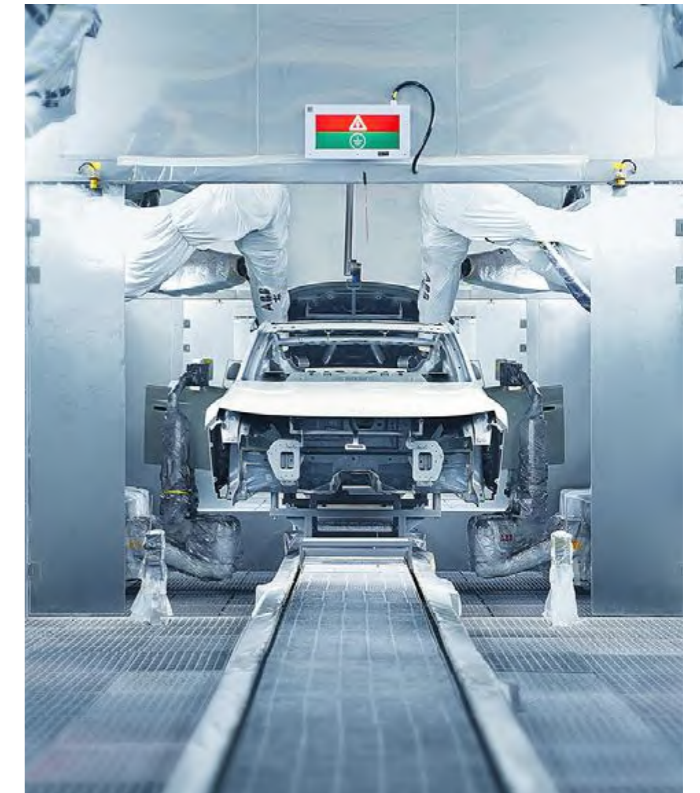


XPeng Smart EVs

Environmental friendly and quality manufacturing

XPeng's manufacturing philosophy centers on quality, environmental-friendly, flexibility and high operating efficiency. We take a lean production approach, with the aim of continuous optimization in operating efficiency and product quality. We have an eco-friendly, digitalized and intelligent manufacturing facilities, which produce multiple models concurrently based on customer orders. The Zhaoqing plant houses five highly-automated major manufacturing workshops covering stamping, welding, painting, assembling and battery packing. The plant has a designed annual production capacity of 100,000 vehicles, with a flexible manufacturing capability of several models from multiple platforms. We utilize an advanced manufacturing execution system (MES), that coordinates a large number of robots and automated guided vehicles (AGVs), to manage our production processes based on customer orders. In our quality control process, we utilize advanced technological systems, such as vehicle control unit (VCU) testing system and advanced driver-assistance sensors' intelligent calibration system, to ensure the quality of our Smart EVs.

Apart from the XPeng's Zhaoqing Smart EV Manufacturing Base, we are also planning to establish a smart manufacturing plant in Guangzhou, Guangdong and Wuhan, Hubei, in order to meet the booming demand for XPeng Smart EVs.



XPeng Smart Manufacturing Facilities



XPeng Zhaoqing Smart EV Manufacturing Base



XPeng Smart EVs

Quality Smart EV Products

XPeng's in-house quality management system has passed the IATF 16949 (Automotive Quality Management System Standard) and obtained the certificate of ISO 9001:2015 (Quality Management System). XPeng also developed and verified key components in accordance with the functional and safety requirements of ISO 26262 for road vehicles.

The XPeng P7 electric sports sedan became the first to receive the 5-star rating from the Chinese i-VISTA intelligent vehicle testing platform. Our smart features including smart driving, smart safety, smart connectivity, and smart energy are well recognized by the industry. XPeng's G3 was selected by consumers as the best compact new energy vehicle (NEV) in terms of quality and ranked first in consumer satisfaction on driving experience, infotainment system and seating based on the China New Energy Vehicle Initial Quality Study (NEV-IQS¹) conducted by J.D. Power²

The XPeng G3 and P7 received five stars with overall scores of 92.2% and 89.4% respectively in the crash and safety test conducted by of C-NCAP. In addition, the XPeng P7 scored 98.51% in C-NCAP active safety, which is the highest score among EVs so far.

¹ NEV-IQS, the New Energy Vehicle Initial Quality Study, is based on the Voice of the Customer to measure and count the quality problems encountered by new energy vehicle owners during the first 2-6 months ownership period. According to brands, models, and market segments, the study analyzes the quality of traditional products (production quality) and potential products (using defects caused by design). This study is based on the IQS system and adds a charging experience specially among new energy vehicles.

² J.D. Power, a world-leading company, provides services in consumer insight, market research, consulting, data and analysis. It is dedicated to helping companies improve customer satisfaction, enhance driving performance and increase profits.

Awards and Recognitions



The 8th Xuanyuan Award - Car of the Year (P7)

Auto Business Review and EFS Consulting China



Auto Parking Award in the 2020 i-VISTA China Intelligent Vehicle Indexes (G3)

China Automotive Engineering Research Institute and i-VISTA³



Dingge Award - China Digital Transformation Pioneer Enterprises

Harvard Business Review, Institute for Global Industry, Tsinghua University and SAP



The 10th Guangdong Governor Cup Industrial Design Competition, Gold Award (Xmart OS2.0 intelligent operating system)

The Organizing Committee of the 10th Guangdong Governor Cup Industrial Design Competition



The First 5-star Rating from the 2021 i-VISTA (P7)

i-VISTA

³ Intelligent Vehicle Integrated Systems Test Area (i-VISTA) is a third-party intelligent vehicle test system under the guidance of China Automotive Engineering in China.

1 Corporate Governance and Compliance

XPeng operates in accordance with laws and regulations, strives to build a robust modern corporate governance structure and a culture of trust and integrity, and continuously improves the effectiveness of the risk management and internal control system, in an effort to safeguard the legitimate rights and interests of our stakeholders.



1.1 / Corporate Governance

In accordance with the Company Law of the People's Republic of China, NYSE Listed Company Manual, HKEx Listing Rules⁴ and relevant laws and regulations, we have developed a comprehensive corporate governance structure. Our General Shareholders Meeting, Board of Directors, and Senior Management exercise responsibilities and obligations in line with our Articles of Association, with special committees under the Board of Directors and independent directors actively dedicating to their roles. This enables us to effectively implement corporate governance, safeguard interests of shareholders and the Group, and to ensure the Group's sustainable growth. For more details about the Group's corporate governance, please refer to the XPeng Inc. Annual and Transition Report 2020.

1.1.1. Governance Structure

The General Meeting of Shareholders has the decision-making rights as stipulated by laws and regulations and the Articles of Association, and exercises such rights to decide on significant matters such as the Group's business strategy and policies, financing, investment and profit distribution in accordance with the law.

The Board of Directors (hereafter "the Board") is accountable to the General Meeting of Shareholders and exercises the management rights of the Group in accordance with the law. Specifically, it reviews the overall operation and development strategy of the Group, and makes decisions on operating principles and investment plans. The Board also supervises and gives guidance to management, including guidance on improvement of existing policies and guidelines, formulation of a comprehensive decision-making mechanism, standardization of work processes, establishment of stricter approval procedures etc. in order to build an organization structure with enhanced investment decision-making efficiency and quality. The Board has established five professional committees, namely the Audit Committee, the Compensation Committee, the Nomination Committee, the Corporate Governance Committee, and the ESG Committee to enhance the Board's efficiency. Three of the existing 9 directors of the Board are independent directors, and one of them is female. Independent directors account for a majority stake in all the five professional committees, and matters within the responsibilities of each professional committee are submitted to the Board for review after being approved by the professional committees, which facilitates independent directors to play a more engaged role.

Senior management is responsible for the operation and management of the Group. Specifically, it organizes and implements the

resolutions of the Board and the Group's annual plans and investment programs, formulates specific rules and regulations of the Group, and exercises other powers and responsibilities granted by the Articles of Association or the Board. We have established a system of policies and rules to support our operations and regulate our daily activities. The above-mentioned system includes over 300 policies, regulations and process guidelines covering R&D, procurement, production, sales, human resources, finance and other areas.

1.1.2. Board Diversity

We believe that action on promoting board diversity is one of the key elements to maintain the Group's strengths and can contribute to the Group's sustained growth. Our diverse board members come from three different background - technology, automobiles and finance - and have shaped the unique DNA of XPeng. Our board members have deep industry experience, among whom one non-executive director and two independent non-executive directors have industry experience in consumer discretionary industry, while one independent non-executive director has experience in risk management and governance. Three of the existing 9 directors of the Board are independent directors, and one of them is female. Meanwhile, we are aware of the fiduciary duties of our directors and the Board to safeguard the rights and interests of our shareholders. To ensure our diversity practice is in line with stakeholders' expectation, we respect the rights of electing and re-electing directors at the shareholders' general meeting and actively provide sufficient information for shareholders to make judgement.



Xiaopeng He
Co-founder, Chairman of the Board,
Executive Director and CEO



Heng Xia
Co-founder, Executive Director and
President



Brian Gu
Honorary Vice Chairman of the
Board and President



Tao He
Co-founder and Senior Vice
President

We specified in the Charter of the Nomination Committee that, the Nomination Committee should consider the contributions that the candidates can bring to the Board in terms of independence, knowledge, skills, industry experience, education background, gender, age and diversity in the context of the Group's business and development plans when exercising their fiduciary duties, such as review of the structure and composition of the Board, examination of the criteria and procedures for the selection of directors and senior management and search for qualified candidates for directors and senior management. As part of Nomination Committee's responsibility, policies and specific rules as mentioned above will be reviewed periodically and revised if necessary.

1.1.3. Risk Management and Internal Control

The Board is responsible for making decisions and overseeing the operation of the Group's risk management and internal control systems. On behalf of the Board, the Audit Committee reviews how management deploys, implements and supervises risk management and internal controls on a quarterly basis and whether the risk management and internal control systems work on an annual basis.

To ensure the effectiveness of the risk management and internal control systems, an internal control model of "three lines of defense" is applied with reference to the actual conditions of the Group:

FIRST LINE OF DEFENSE

Mainly composed of the Company's business and functional departments in charge of daily operations and management, design and implementation of relevant controls and risk response.

SECOND LINE OF DEFENSE

Mainly composed of finance, internal control, legal and product quality departments. Key responsibilities are to assist the first line of defense in establishing and improving the risk management and internal control systems, and to oversee and ensure the effectiveness of risk management and internal controls carried out by the first line of defense.

THIRD LINE OF DEFENSE

Mainly composed of the audit team and the supervision team of the Internal Control Department. Key responsibilities are to assure and monitor the effectiveness of risk management and internal control systems of the first and second lines of defense, perform supervision and investigation functions, and implement the rectification and improvement to the Group's "three lines of defense".

⁴ Rules that have been exempted are not included.



1.2/Code of Conduct

XPeng incorporates requirements of compliant operation and expectations into daily operations and management of the Group. In the past six years since our inception, we established and have been improving our code of conduct and ethics at the Group level, and have formulated the Employee Code of Conduct, Code of Integrity, Administrative Measures for Conflict of Interest, Measures for Data and Information Disclosure and Amended and Restated Statement of Policies Governing Material Non-public Information and the Prevention of Insider Trading, which are applicable to all employees of the Group and have been uploaded to our office system for reference at any time. All employees will be required to receive onboard training on code of conduct and ethics, to stay aware of the Group's basic policies on employee behavior with different types of incentives. In this way, the Group requires its employees to comply with the law and business ethics, and ensures our code of conduct is in place throughout their employment at XPeng. During the reporting period, we have organized 15 anti-

corruption and anti-bribery trainings and achieved 7,626 training hours in total.

The Group has also established a standardized fraud reporting process, as well as several communication channels for customers, suppliers, media, investors and employees on the Group's official website, including the fraud reporting mailbox (report_xp@xiaopeng.com), hotline, WeChat Official Account, to enable external feedback and communication in a timely and effective manner. Investigators in charge will carefully look into complaints and reports, and keep the information of complainants and informants' identities strictly confidential. The audit team of Internal Control Department is responsible for gathering and investigating frauds, preparing reports, coordinating the investigation under the supervision of the Audit Committee and the Board.

As part of our due diligence, we include integrity and confidentiality terms in the agreements with our third-party partners and provide them

with dedicated whistleblowing channels. This demonstrates our zero tolerance to fraud. We have been a member the Enterprise Anti-Fraud Alliance (EAFA)⁵ since April 2018, and we take initiatives to promptly cease partnership with suppliers who violate the Group's integrity rules and hold them accountable for rectification. Any cases of violation by suppliers will be published to EAFA's supplier information platform accordingly.

In 2020, XPeng Inc. joined the Trust and Integrity Enterprise Alliance (TIEA)⁶, in a joint effort with other enterprises to combat corruption, fraud, counterfeiting and cybersecurity crimes with internet-related technologies. We are committed to take initiatives to strengthen the anti-bribery control and create an integrated workplace.

⁵ EAFA is an alliance co-founded in 2015 together by several Chinese leading enterprises, including Vanke, Alibaba and Sun Yat-sen University. The establishment of the alliance aims to build a resource sharing platform to improve company's anti-fraud capabilities and to create a clean business environment.

⁶ TIEA was founded in 2017 by JD Group and other Chinese leading enterprises with Criminal Law Research Center of Renmin University of China. It aims to form a positive cycle of honesty and integrity within the alliance.



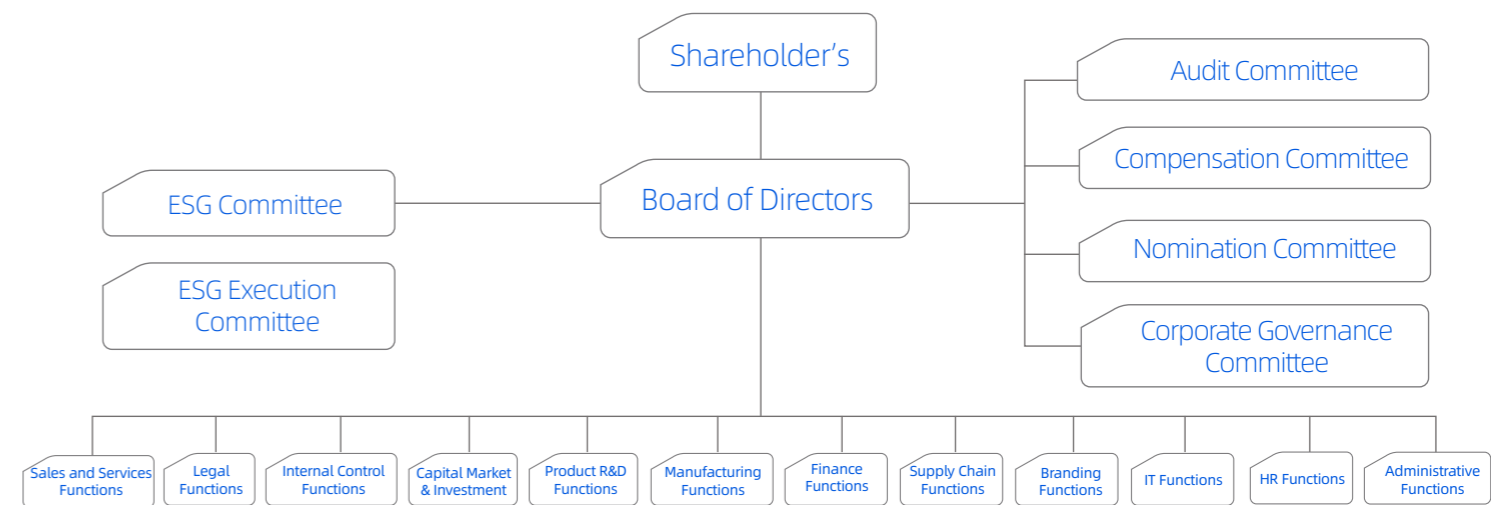
1.3/Sustainability Development

Over the past year, the world has experienced challenges including the global pandemic, extreme weather such as forest fires and large-scale social unrest activities in different parts of the world. The impacts of such environmental and social events are either acute or chronic, ranging from short-term economic downturn to long-term shifts in how we work, live and do business. These impacts present various risks and opportunities to our business activities. Despite the uncertainty, XPeng will continue to take a long-term horizon to create values for shareholders, customers, employees and the broader community. To achieve this goal, we are committed to uphold XPeng's values to refine and explore ways to achieve our mission.

1.3.1. Sustainability Management

The Board of XPeng assumes overall responsibility for the review and supervision of the Group's sustainable development issues. The Board is responsible for setting the sustainability strategy and reporting to stakeholders. In order to establish a robust governance structure in line with our goal of sustainable value creation, the Board formed an ESG Committee in August 2021 to assist the Board to monitor the Group's sustainable development and to implement strategies related to sustainability. With the formation of the ESG Committee, the Group aims to establish a four-tier sustainability management structure consisting of the Board, the ESG Committee, the ESG Executive Committee and execution-level ESG-related departments. With this top-down structure aligning both the Board's oversight and management's execution, we will be able to ensure an efficient decision-making and communication channel to identify the most material ESG issues and incorporate them in the Company's agenda.

XPeng Governance Structure



1.3.2. Sustainability Strategy

In September 2015, 17 SDGs released by UN, which provide guidance on global social, economic and environmental development from 2015 to 2030, came into force. UNSDGs is a call for global actions to address sustainability challenges. In addition, with Chinese Government's commitment on "Carbon Emission Peak" and "Carbon Neutrality", we believe that the development of EVs will have a significant potential to drive contributions to carbon neutrality. The Group actively responds to the SDGs through dynamic identification of the ESG issues that are most relevant to our business. XPeng is dedicated to shaping the sustainable image of Smart EVs with advanced technology and quality products, leading future transportation of 100% electric, zero-emission, safer and smarter vehicles. Based on identification of the most material SDG aspects to our business and stakeholders, we will continue to enhance our ESG performance in response to stakeholders' expectations and supporting our long-term business strategy through systems, targets, roadmaps, regular reviews and timely adjustments.

Areas	SDGs	Our Risks	Our Opportunities	Our Actions
Business Operation		<ul style="list-style-type: none"> Quality of product and service Customer relationship management Information security Intellectual property rights Supply chain management R&D Manufacturing processes and facilities Transformation to shared services in the automobile industry 	<ul style="list-style-type: none"> Intelligent technology Innovation of management Integration of industry resources Improvements in supply chain reliability and capability 	<ul style="list-style-type: none"> Quality management Customer demand study and satisfaction survey Ensuring customers' information security Protecting intellectual property rights Strict review of marketing contents Paying attention to the anti-corruption, environmental and social performance of supply chain Independent R&D and product innovation Developing car sharing business
Environment Protection		<ul style="list-style-type: none"> Policy and regulatory risks Market trends Energy consumption Water pollution Waste management Extreme weather Carbon emission from production processes 	<ul style="list-style-type: none"> Expanding zero-emission, low-carbon footprint products and services Reducing production cost and our carbon footprint through the use of renewable energy Improvement of environmental protection and green technologies Optimization of resource acquisition and allocation Climate-change emergency plans Material reuse Battery recycling 	<ul style="list-style-type: none"> Setting medium and long-term carbon neutrality targets Planning product life cycle assessment Monitoring pollutant emissions Promoting paperless office Monitoring the use of company vehicles Managing waste classification Constructing green plants
Hiring and Employment		<ul style="list-style-type: none"> Unlawful employment Labor costs Staff welfare Turnover Equal opportunity Occupational health and safety 	<ul style="list-style-type: none"> Human capital empowerment Use of technology tools Multi-channel learning 	<ul style="list-style-type: none"> Providing equal opportunities Ensuring employee diversity Offering reasonable compensation and benefits Well-designed trainings and promotion systems Protecting occupational health and safety of employees
Community		<ul style="list-style-type: none"> Reputation Public security 	<ul style="list-style-type: none"> Establishing charity foundation Offering public travel convenience 	<ul style="list-style-type: none"> Enhancing social value of our brand Creating job positions Engaging in public welfare Actively participating in poverty alleviation

Stakeholders	Agenda	Communication Channels/Methods
Customers and Consumers	<ul style="list-style-type: none"> • Product quality • Service and experience • Information security and privacy protection 	<ul style="list-style-type: none"> • Online promotion • Offline showcase and promotion activities • WeChat Official Account • New product release conference • Market research • Customer satisfaction survey
Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Occupational health and safety • Training and education • Diversity and equal opportunities 	<ul style="list-style-type: none"> • Townhall meeting • Employee training
Investors	<ul style="list-style-type: none"> • Corporate governance • Return on investment • Risk management and control • Information transparency 	<ul style="list-style-type: none"> • General meeting of shareholders • Roadshows • Regular information disclosure • Email and telephone enquiries
Suppliers	<ul style="list-style-type: none"> • Supply chain management • Cost control • Fair competition 	<ul style="list-style-type: none"> • On-site investigation • Supplier meetings and review • Supplier contracts and agreements • Supplier trainings
Governments ⁷	<ul style="list-style-type: none"> • Compliant operation • Tax payment in accordance with laws • Energy conservation and emission reduction 	<ul style="list-style-type: none"> • Government-enterprise seminars
Industry/Standard Associations	<ul style="list-style-type: none"> • Product quality and safety • Product planning and innovation 	<ul style="list-style-type: none"> • Industry information exchange and sharing
The Public	<ul style="list-style-type: none"> • Pandemic prevention and reaction • Poverty alleviation • Assistance for the disadvantaged groups 	<ul style="list-style-type: none"> • Participation in community projects • Public welfare activities • Offer job opportunities
Media	<ul style="list-style-type: none"> • Brand reputation 	<ul style="list-style-type: none"> • Press release • Media exchange meetings

⁷ We did not make any contributions to and spending for political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups.

1.3.3. Stakeholder Communications

XPeng actively integrates sustainability management into all aspects of the Group's operations and management. We actively consider stakeholders' demands and suggestions in our business, and have developed the stakeholder communication and engagement procedures as demonstrated in the table below. With the establishment of the ESG Committee, we will further improve the regular stakeholder

communication to engage stakeholders in reviewing the current status of the Group's sustainable development, identifying the risks and opportunities that the Group may face in the development process (including climate risk management and target setting), and will take effective measures to respond to the expectations and demands of stakeholders.



Xpeng Team

1.3.4. Materiality Assessment

We recognize the importance of the identification and management of sustainable development issues. Through stakeholder communications and investigations, we collect opinions and feedback from shareholders, governments, employees, customers and other stakeholders to identify important ESG issues. We disclose the most material issues identified in this report and will enhance our sustainable management continuously.

1) Identification and management of material issues

Review the material issues related to the Group's sustainable development, take into consideration of the stakeholders' concerns, conduct benchmarking analysis on the best practices of domestic and global peers in order to identify the most material issues of the EV industry.

Summarize the evaluation criteria of the ESG rating and index in the capital market, such as the criteria of MSCI ESG Rating and the Dow Jones Sustainability Indexes (DJSI), and refer to GRI Standards and HKEx's ESG Reporting Guide, in order to identify the Group's targets and potential risks in the field of sustainable development.

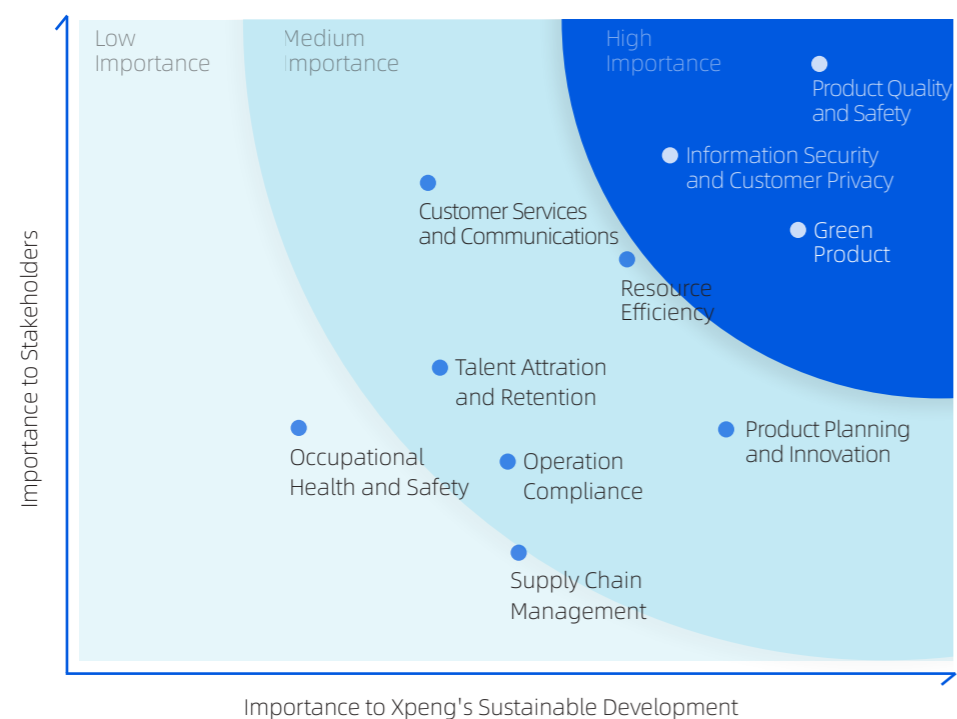
2) Stakeholder communications

Collect opinions from directors, management, employees, customers, investors, partners, media, the public and other stakeholders on the XPeng's sustainable development issues in daily operations.

3) Ranking of identified material issues

We rank the identified material issues by two dimensions, i.e. "importance to the company's development" and "importance to stakeholders" based on relative materiality and we engage with the Group's management and external professionals to review the results of materiality assessment.

4) Materiality Mapping Matrix



XPeng's Materiality Assessment



In light of the findings of the above signification issues, we examined the consistency between the results and the current sustainability plan, further strengthened the management and disclosure of material issues, and made appropriate adjustments to the work plan for the next year. Meanwhile, in the "corporate governance", "business operation", "environment protection", "hiring and employment" and "community contribution"⁸ areas, we effectively control and manage processes and improve the quality of our work in accordance with the PDCA (i.e. plan, do, check, act) management model in order to promote our development through a virtuous circle and meet the demands and expectations of our stakeholders.

⁸ Currently, we have just started our explorations in the social welfare area. Referring to the PDCA management model, we aim to provide volunteer services or convenience in the focused contribution areas with the advantage of our brand and products. XPeng is proactively taking social responsibilities and improving our social values.

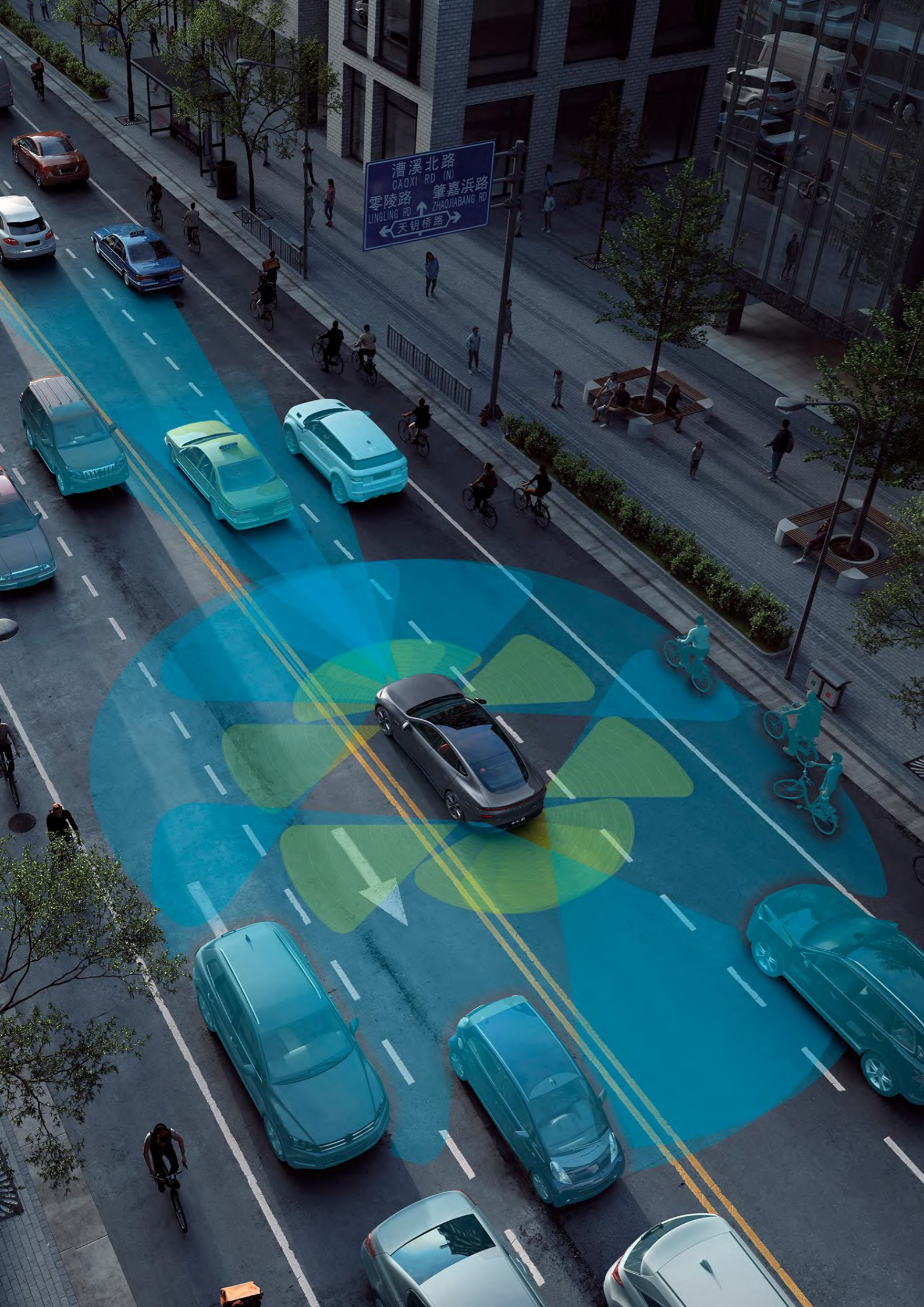
Area	Plan	Do	Check	Act
Corporate Governance	<ul style="list-style-type: none"> • Safeguard shareholders' interest with a stable governance structure and risk management; • Adhere to laws & regulations and business ethics to develop a sustainable operation for economic development. 	<ul style="list-style-type: none"> • Refine our governance structure & risk management according to listing rules, investors' suggestions, and laws and regulations; • Implement policies and trainings on compliance, to fulfil our commitment on laws and regulations and business ethics. 	<ul style="list-style-type: none"> • Continuous review on the effectiveness of risk management by the Board, management, internal control department.; • Listen to regulators, investors and capital market's suggestions. 	<ul style="list-style-type: none"> • Continue to refine governance structure & risk management, and enhance the information transparency to our stakeholders.
Business Operation	<ul style="list-style-type: none"> • Create an exceptional mobility experience via technology and innovation; • Apply technological breakthroughs in new energy, intelligence, connectivity and shared mobility on consumers' products; • Set indicators to formulate relevant workplan to provide quality products and excellent services. 	<ul style="list-style-type: none"> • Invest in various technologies and apply on new products to realize its uses; • Refine quality management system and implement various quality assurance and improvement; • Obtain quality management certification like ISO 9001, IATF 16949, ISO 26262; • Trainings for enhancing service personnel to provide better service; • Continuous communication with customers and resolve customer complaints quickly. 	<ul style="list-style-type: none"> • Market reception on new products to validate the outcome of R&D; • Complete trainings on service personnel and handled 100% of customers' complaints; • Conduct customer satisfaction survey and benchmark with peers. 	<ul style="list-style-type: none"> • Optimize product planning and innovation based on market; • Enhance measures on quality management to improve quality; • Improve based on feedback from complaints and surveys, enhance customers' experiences.
Environment Protection	<ul style="list-style-type: none"> • Support China's carbon neutrality goal and global climate change mitigation; • Obtain green certifications in products, construction and factories; • Continuously refine a life-cycle environmental management system to lower energy consumption and pollution. 	<ul style="list-style-type: none"> • Develop advanced technologies to provide a variety of high-performance new energy vehicles; • Build green factories, upgrade production process and equipment to lower energy consumption; • Upgrade facilities for better treatment on wastewater & air pollutants. 	<ul style="list-style-type: none"> • Review sales and market reception of new energy products; • Monitor various environmental indicators' performance. 	<ul style="list-style-type: none"> • Swiftly adjust strategy to accommodate market and fulfil strategic goal; • Set up specialized task force to accelerate formulation of carbon reduction; • Rectification based on the environmental indicators' accomplishment.
Hiring and Employment	<ul style="list-style-type: none"> • Cultivate employees to support enterprise' sustainable development, help employees achieve their goals and protect their interests; • Set a life-cycle plan for XPeng employees and plan for their compensation and benefits, training and development, health and safety, etc. 	<ul style="list-style-type: none"> • Tailor-made trainings for different employees; • Improve and safeguard employees' benefits and interests; • Eliminate and mitigate risks and hazards according to the system of occupational health and safety; • Communicate with employees via various channels to increase their cohesiveness. 	<ul style="list-style-type: none"> • Check the completion of employee training programs; • Conduct employee engagement survey to identify weakness and room for improvement; • Review occupational safety indicators' performance. 	<ul style="list-style-type: none"> • Broaden paths for employees' personal development and communication channel to improve their trust in the enterprise.



2 High Quality and Innovative Smart EV Products

XPeng adheres to the core principle of “quality manufacture and ecological operation”, aiming to build high quality smart EVs with “full-stack in-house R&D, continuous innovation”. We intend to offer revolutionary mobility experiences to our consumers. We believe this can be achieved by rapid software innovation and seamless integration with hardware, which enable us to lead the innovation of technologies and provide differentiated Smart EV products to our consumers. In addition to the improvement of the product quality, we also make comprehensive efforts in sales, after-sales and charging services, aiming to provide customers an all rounded experience throughout the product life cycle with operation and service.





2.1 / Product Quality and Safety

2.1.1. Product Quality Management

XPeng values quality in our corporate culture and emphasizes the sense of responsibility on quality to all employees. Rooted in our constant quest to improve the user experience, we aim to build safe and quality smart electric vehicles, equipped with global leading advanced driver-assistance software, hardware and services.

XPeng Quality Management System

Quality Management System	Formulate the Quality Management System Manual in strict accordance with the National Standard of the People's Republic of China - Quality Management Systems Requirements, establishing a quality management system covering the entire process and value chain from parts procurement, new vehicle development, manufacturing to marketing.
Quality Objective Management	Set up quality objectives at various levels in accordance with the Quality Objective Management Procedures of the Group. The Quality Department of the Automotive Technology Centre is responsible for breaking down and managing the quality objectives and establishing the quality performance evaluation system.
Production Preparation Management	Ensure the vehicle development meets the expected schedule, quality and cost in accordance with the Vehicle Design and Development Control Procedures; carry out process development and ensure new vehicle quality maturity based on the New Vehicle Production Preparation Management, standardizing production preparation management and improving the efficiency and effectiveness of production.
Components Quality Management	Manage and control the quality of suppliers' parts and components in accordance with the Management Measures for Approval of Production Parts of the Group.
Production Process Management	Standardize management on vehicle production process in accordance with the Production Process Management Procedures of the Group to control the quality during the production process and ensure mass production quality.
After-sales Service Management	Provide customer service in accordance with the After-sales Service Management Procedures and Customer Complaint Handling Procedures of the Group, and quickly respond to customers' comments and suggestions.
Quality System Evaluation	Regularly review the Group's quality system in accordance with the Management Review Procedures of the Group to optimize our management methods in a timely manner, and continuously improve our product quality.

Through establishing a closed-loop quality management system and periodic review mechanism, we have optimized quality control over R&D, manufacturing, supply chain and after-sales market. Given the connectivity features of smart EVs, XPeng has been enhancing the smartification and the driving quality of our production vehicles. In addition, XPeng also spares efforts on improving the quality of suppliers and adopts reasonable suggestions from customers to make our products even smarter and more reliable.

In 2020, in line with the Group's quality control policy and business strategy, we continuously improved our product competitiveness and service capabilities, effectively operated and continuously improved our quality management system to enhance product quality and customer satisfaction.



XPeng P5 Test

We set up the Quality Management Center to release annual quality objectives at the beginning of each year, and release project quality objectives at the conceptual stage of project development. We develop quality objectives in line with the "SMART principles (Specific, Measurable, Attainable, Relevant and Time-bound)", and delegate these objectives to different business units and processes. We also continuously track, analyze and monitor the implementation to improve quality performance.

XPeng's Key Measures for Product Quality Management in 2020



Establishing Quality System Management

Set up quality system management for Zhaoqing Manufacturing Base, and certify the entire process, including the R&D quality control, production process, and sales services.



Improving the Customers Service Process

Improve the collection and working process, build a complete recall mechanism and a sound customer complaint system; rapid response and follow up on customer complaints on Xpeng G3.



Optimising Product Development Process

Promote the mass production of XPeng new model P7, optimise and improve the development process of new models, prevent existing problems from getting into the development of new models, strengthen design verification and road simulation tests, so as to expose problems in advance and get timely improvement.



Enhancing Supply Chain Management

Optimise and improve quality control over the supply chain, strengthen supplier management for mass-produced models; drive the quality maturity of new models of suppliers to ensure stable quality of new models of suppliers.



Raising Quality Inspection Standards

Establish and improve the quality assurance system of Zhaoqing Manufacturing Base, implement process quality supervision and control over the five major workshops; set process quality indicators and quality threshold, formulate special measures for improvement; and establish complete vehicle quality inspection standards to ensure the delivery quality of XPeng P7.

XPeng Three-tiers Quality Objective System

Tier-1 Quality Objectives

Objectives directly related to vehicle quality or customer satisfaction

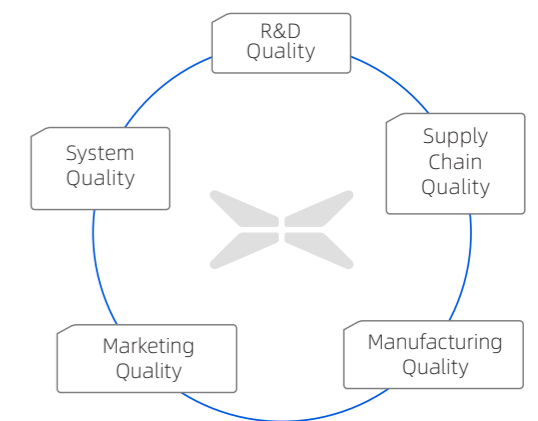
Tier-2 Quality Objectives

Product quality objectives directly related to process control results

Tier-3 Quality Objectives

Quality objectives on process control by each centre/department/unit

Xpeng Five Parts of Product Quality Management





At present, XPeng's in-house quality management system, covering R&D, manufacturing, sales and services, has passed the IATF 16949 (Automotive Quality Management System Standard) and obtained the certificate of ISO 9001:2015 (Quality Management System). XPeng also develops and verifies key components in accordance with the functional and safety requirements of ISO 26262 for road vehicles.

XPeng Quality Management System Certification

ISO 9001: 2015
Quality Management System

IATF 16949
Automotive Quality Management System Standard

ISO 26262
Road Vehicles-Functional Safety

2.1.2. Product Quality Assurance

XPeng conducts product quality assurance in accordance with the requirements of relevant laws, regulations and rules of the People's Republic of China, guaranteeing that the models being sold meet the requirements of national mandatory standards, and are consistent with the declaration information of the Announcement of the Central People's Government of the People's Republic of China, the Catalogue of New Energy Vehicle Models Recommended for Promotion and Application, and the Catalogue of New Energy Vehicle Models Exempted from Vehicle Purchase Tax. We have established an integrated after-sales service, emergency response system, power battery recycling and product quality and safety responsibility program to ensure that we comply with relevant laws and regulations within the jurisdictions of our operations.

XPeng offers competitive warranty terms for different models, covering vehicle repair, replacement and refund, which meet the required standards of product failure warranty services stipulated by laws and regulations. We annually make provisions to product warranty by referencing to the sales volume and the expected unit costs for warranty. As of December 31, 2020, we had product warranty provisions of RMB111.35 million (USD 17.1 million).

Since the implementation of the Regulations of the People's Republic of China on the Recall of Defective Automobile Products in 2004, XPeng has fully implemented the automobile recall mechanism. To protect consumers' rights and interests, we have been strictly following the Letter of Commitment for After-sales Service of Vehicles and Power System that we drafted. In the event of safety-related technical problems, we will analyze the cause of the incident through technical support, and report the incident in accordance with the requirements of relevant government entities; if a recall is required, our internal departments will work together to suspend the sales or delivery of vehicles with found but yet to be eliminated defects; after the recall, XPeng will provide a summary report to facilitate continuous quality improvement. During the reporting period, XPeng had no incidents related to product recalls.

In order to realize the goal of "building first class smart EVs shaping mobility experience of the future", XPeng identified three pillars of quality control, i.e. quality design & development, quality products and quality services and focuses on developing four core capabilities, i.e. control over software quality, reliability management of batteries, motors and electronic control, lean production, and supply chain quality. We also

plan to improve management from organization, capability, process, system and culture, strengthen comprehensive and efficient quality control. We believe quality and execution of it is the key to deliver internationally renowned smart, reliable and quality products.

The result of the 2021 JD Power China New Energy Vehicle Initial Quality Study (NEV-IQS) proves our efforts in upholding quality. As mentioned, Xpeng's G3 was selected by consumers as the best compact NEV in terms of quality and ranked first in consumer satisfaction on driving experience, infotainment systems as well as seats.



Xpeng P7 Interior



Xpeng P7 Top View

2.1.3. Product Safety

XPeng has established a New Energy Vehicle (NEV) corporate monitoring platform in accordance with GB/T 32960-2016 Technical Specifications of Remote Service and Management System for Electric Vehicles. The platform integrates functions such as fault monitoring, data monitoring and remote diagnosis and enables real-time monitoring on the vehicle, power battery, driving motor, vehicle failure, etc. The platform also passes the testing by China's regulatory platform and has obtained the conformity report from the National Monitoring and Management Platform for New Energy Vehicles.

In order to ensure the safe operation of vehicles, XPeng has produced the Management Measures for Fault Alert Handling of Vehicle Management Platforms to monitor vehicle faults in real time. When there is a fault, the monitoring platform will automatically send the information to the customer service center, and the customer service staff and after-sales technicians will address it in a timely manner.

XPeng always utilizes the latest safety protection technology and safety products, and continues to fulfil its commitment to build the safest vehicles.

Vehicle Body Safety Assessment for XPeng G3 and XPeng P7



XPeng G3 Receives C-NCAP Five-Star

XPeng's G3 and P7 received five stars with a comprehensive score of 92.2%, 89.4% respectively in the crash and safety test of China New Car Assessment Program (C-NCAP), while Xpeng's P7 scored 98.51% in active safety, the highest score for electric vehicles so far. In addition, XPeng G3's received 4 "excellent" and 2 "good" in China Insurance Automotive Safety Index (C-IASI).

XPeng P7 Leads the Industry with the first i-VISTA 5-star Smart Car Rating



XPeng P7 Receives i-VISTA Five-star

According to the i-VISTA (Intelligent Vehicle Integrated Systems Test Area) test of the first batch of intelligent vehicles of 2021, the XPeng P7 became the first vehicle to receive the 5-star rating from the i-VISTA intelligent vehicle testing platform in China. The P7 achieved "Excellent" rating from the i-VISTA in smart safety. The car also obtained full marks in active safety technologies, such as AEB (Autonomous Emergency Braking), LDW (Lane Departure Warning) and RCW (Rear Collision Warning), bringing consumers safer and smarter travel experience.

Battery Safety Outperforms the International Standards

The batteries of XPeng P7 and G3 have passed 17 rigorous inspections, out-performing national standards. Dustproof and waterproof reach the highest level of IP68, where the battery pack can still work normally after being immersed in 1m deep water for 48 hours.

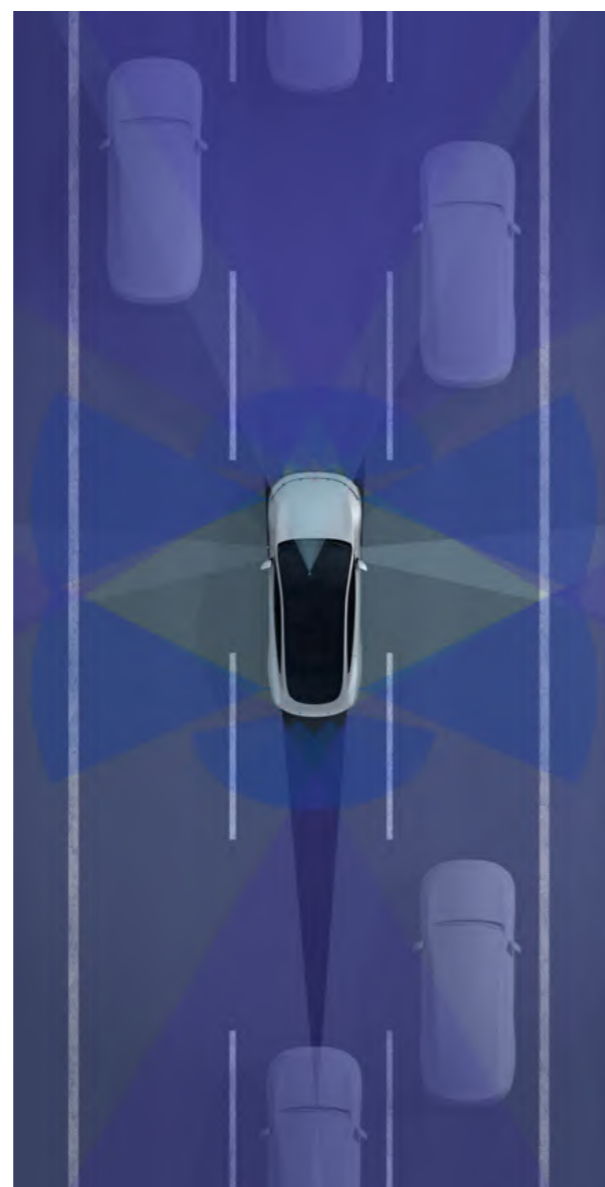
In-depth Research on the Durability of Vehicles

In 2020, XPeng dismantled and analyzed an XPeng G3 after driving for a mileage up to 150,000 kilometers and found that the vehicle remained satisfactory in terms of passive safety protection, product quality, vehicle durability and reliability.

2.1.4. Production Safety Management

In order to strengthen the production safety management of XPeng and effectively prevent and control production safety and occupational hazards and accidents, in strict compliance with the Production Safety Law of the People's Republic of China, Fire Control Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Occupational Diseases and GB/T33000 Guideline of China Occupational Safety and Health Management System, the Group has set up a special safety management office to organize and coordinate safety management, and formulated the Production Safety Management Measures, which is applicable to three major production safety areas, including production safety, vehicle driving safety and information safety. A safety and health committee was established. One or two meetings were organized every year. The President and Senior Vice President of the Company serve as the directors of the safety and health committee, they are responsible for reviewing and making decisions on safety and health strategies and other major related issues. In addition, we have developed the production safety responsibility system covering all departments and all positions following the principles of "one position with dual responsibilities" and "territorial management", which specifies the production safety responsibilities and assessment standards for each company member.

The safety management office has formulated a five-year safety plan and an annual safety activity plan, and delegate specific responsibilities to



Safety Feature

implement and report the plans to corresponding business units. We have established a sound production safety education and training system, conducting safety education and training for employees in various forms to ensure they are equipped with necessary safety capabilities. Employees who have not passed safety education and training are not allowed to onboard. In addition, in order to implement the principle of "safety first, one-vote veto policy against safety incidents", we have also formulated the Production Safety Reward and Punishment System for supervision and implementation, and conducted production safety assessments for all business units, in an effort to achieve zero production safety accident throughout the year.



2.2/Product Planning and Innovation

2.2.1. Product Development and Ecosystem

XPeng is committed to creating a safe, comfortable and transformational mobility experience through business development driven by innovative technology and quality production under strict control. XPeng has currently launched three smart electric vehicles, and will continue to accelerate product development and expand our product portfolio. Our Vehicle Design and Development Control Process defines 15 milestone stages for vehicle design and development. We have established a product pre-research process to demonstrate the definition, competitiveness, and feasibility of our new products from five perspectives: market, users, competition,

technology, and resources. We conduct internal discussions every year to determine the product portfolio and the product launch time in the next 5 to 10 years through product spectrum management and provide guidance on our future product development. On October 20, 2020, the 10,000th XPeng P7 officially rolled off the assembly line, setting the fastest rolled out record among the emerging NEV makers.



The 10,000th G3 and P7 Rolled Out

XPeng G3^{*9}

XPILOT2.5 ADAS, Xmart OS in-car intelligent system, dynamic design, C-NCAP five-star safety standards, super charging.



XPeng P7*

SEPA intelligent platform, XPILOT 3.0 ADAS, intelligent cockpit, Xmart OS in-car system, concert hall on the move, advanced sport sedan curve design, NEDC 706km super-long range, cage-shaped vehicle body structure, wing door design.



XPeng P5*

XPILOT 3.5 ADAS, dual LiDAR, Xmart OS 3.0 in-car system, customized third space for XPeng owners, X Robot Face dynamic intelligent aesthetics design, X-Safety carefree safety, X-HP practical endurance.



In addition to robust product planning and development systems, XPeng also has a large R&D team, which equips us with best-in-class innovation capabilities and forms our core competitiveness. As of March 31, 2021, our group had 2,440 employees in China and the United States from research and development team, of which 62.1%, 16.3% and 21.5% were on automotive design and engineering, advanced driver-assistance and intelligent operating system, respectively. For the year ended December 31, 2020, R&D expenses were RMB 1,725 million.

⁹ * Vehicle features might vary from version to version.



2.2.2. Product Innovation Management

With its strategic positioning of “Smart EVs Tailored for the China Market”, XPeng has been producing popular smart EVs for Chinese consumers via the innovation of ADAS, connectivity and core vehicle systems. Now, XPeng has become one of the top players in ADAS.

Our Smart EVs offer impressive performance, attractive design, and a fun driving experience. Our in-house engineering know-how and close collaboration with various business partners enable our products to achieve high technical

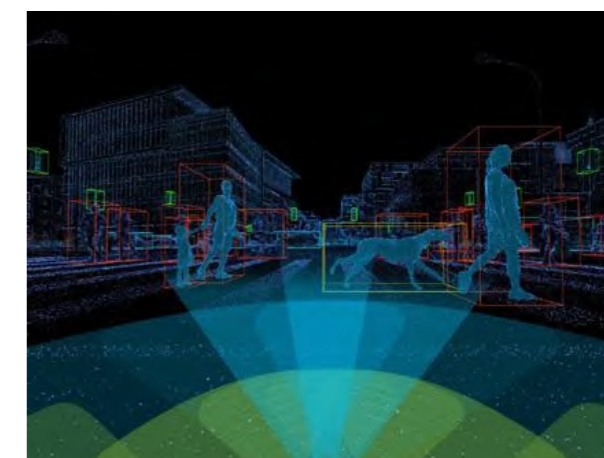
goals in various areas, such as safety, reliability, range, vehicle dynamics, as well as noise, vibration and harshness. We design and develop our own software, data and core hardware technologies, and we also design powertrain and E/E architecture in-house, which we regard as our core competency.

In 2020, XPeng has been constantly innovating its ADAS and in-car intelligent operating system to create innovative mobility experience for consumers:

XPeng Products R&D and Innovations in 2020

Advanced Driver-Assistance Technologies

The global mass production model - XPeng P5 is the first mass production model to be equipped with LiDAR. With the 150-degree lateral front vision, centimetre-level positioning accuracy with a maximum detection range of 150 metres, the angular resolution of 0.16 degrees and higher spatial resolution, XPeng P5 can better detect pedestrians and obstacles on the road, irrespective of ambient light. XPeng P5 is set with up to 32 perceptual sensors, integrating vision, radar and high-precision positioning units [Global Navigation Satellite System (GNSS) and Inertial Measurement Unit (IMU)] for environment perception, and showing stronger perception ability, which is more suitable for China's complicated road conditions.



XPeng LiDAR



AI Voice Assistant

AI Voice Assistant

Our AI voice assistant is capable of supporting natural and continuous dialogs without having to be activated repeatedly. We have developed natural language processing and natural language understanding capabilities based on deep-learning neural networks, which can identify keywords, categorize text and understand semantics. In addition, the AI voice assistant can focus on instructions from one person without being distracted by the voice from others in the vehicle, based on our deep-learning neural network technology, which can dynamically reduce semantic noises in the vehicle. Leveraging our full-duplex concurrent voice streaming technology, our AI voice assistant currently can receive and execute as many as 10 requests in only 25 seconds. Furthermore, it can execute requests covering a broad range of scenarios.

Ecosystem for Third-party Apps and Service

Leveraging our in-car app store, we have built a broader ecosystem to better serve our customers. The in-car app store offers a wide selection of apps, including music, audio books, games and video ones, thereby making the in-car experience more enjoyable. To build our smart connectivity ecosystem, we have also opened certain vehicle hardware functions to third-party apps.

AIoT Hardware Ecosystem

XPeng P5 develops a number of intelligent hardwares compatible with the vehicles: drones, smart car air freshers, car refrigerators, remote-controlled and portable 12V power supply, etc., bringing more possibilities to smart life on the road.



Intelligent Hardware

Digital Car Keys

We have developed two types of digital car keys for the convenience of our customers. First, our XPeng mobile app offers a car key function by utilizing Bluetooth. Secondly, through collaboration with third parties, we have enabled car key functions on certain third-party devices equipped with NFC capabilities.



Digital Car Key



Intelligent Third Space

Scenario Planning for Intelligent Third Space, Configuration and Development of In-car Products

The car in the future is no longer just a means of transportation, but a mobile and intelligent third space, to satisfy more different needs of users. Based on the user-centred scenario, we have developed X-sleep (smart sleep system), X-play (movie-watching, games, singing, etc.), X-life (office and life) and other modes and corresponding product packages, which provides better user experience.



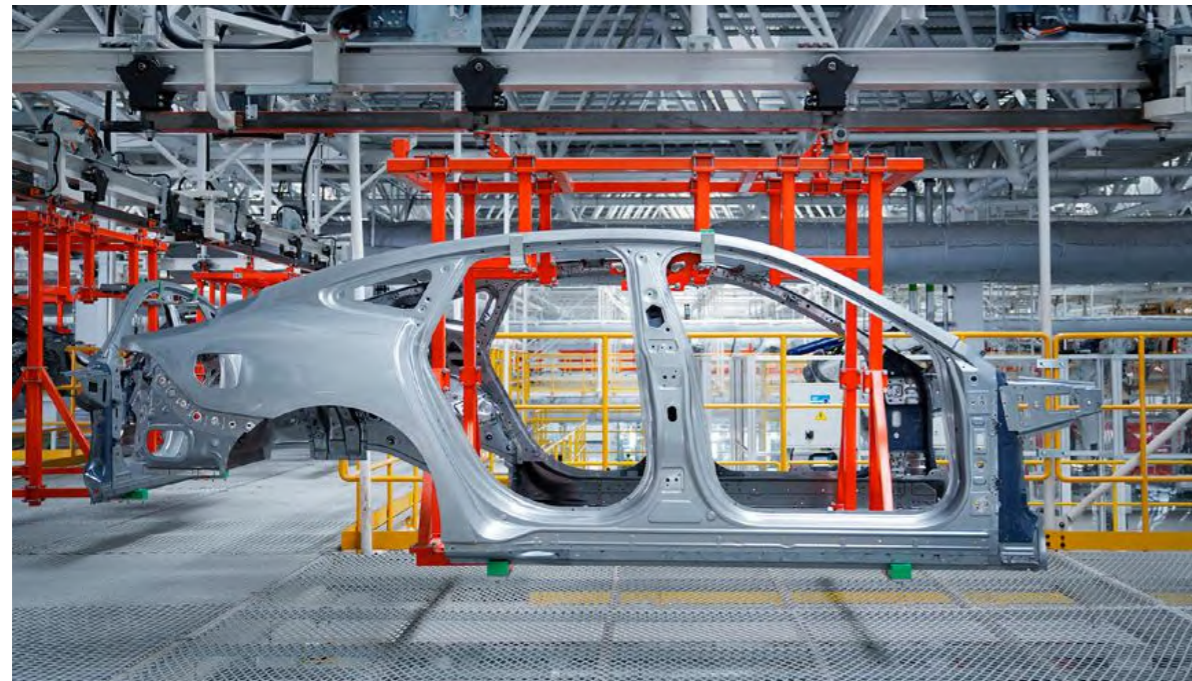
XPeng will continuously invest in smart electric vehicles, and explore the mainstream market segments of passenger vehicles, sedan and SUV, providing users with smart electric vehicle products for various living and working scenarios.

2.2.3. Intellectual Property Management

In order to establish a sound intellectual property protection system, encourage corporate inventions and creations, protect the company's own intellectual property rights, resist unfair competition, and protect ourselves from infringement and improper use of third-party intellectual property rights, XPeng established and implemented the Intellectual Property Protection Rules and Intellectual Property Management Measures. Meanwhile, in order to promote the company's technological innovation, strengthen the company's management and protection of innovation achievements, and establish an effective company patent management system, we followed the Patent Law of the People's Republic of China and the Regulations for the Implementation of the Patent Law of the People's Republic of China and formulated and implemented the Patent Administrative Measures. As of March 31, 2021, we had 759 patents (including 202 invention

patents), 1,375 pending patent applications, 504 registered trademarks and 116 pending trademark applications in China and certain other jurisdictions.

Furthermore, we have confidentiality and proprietary rights agreements with our employees, and have due diligence questionnaires for prospective employees to assess the risks of potential disputes arising from hiring employees of our competitors. We regularly monitor the status of intellectual property rights of our products under development to avoid infringement. In addition, we include contract clauses relating to the ownership and protection of intellectual property in each of our research and development agreements with business partners. We also require our business partners to avoid infringement of intellectual property rights of other third parties.



XPeng Assembly Workshop

2.3/Supply Chain Management

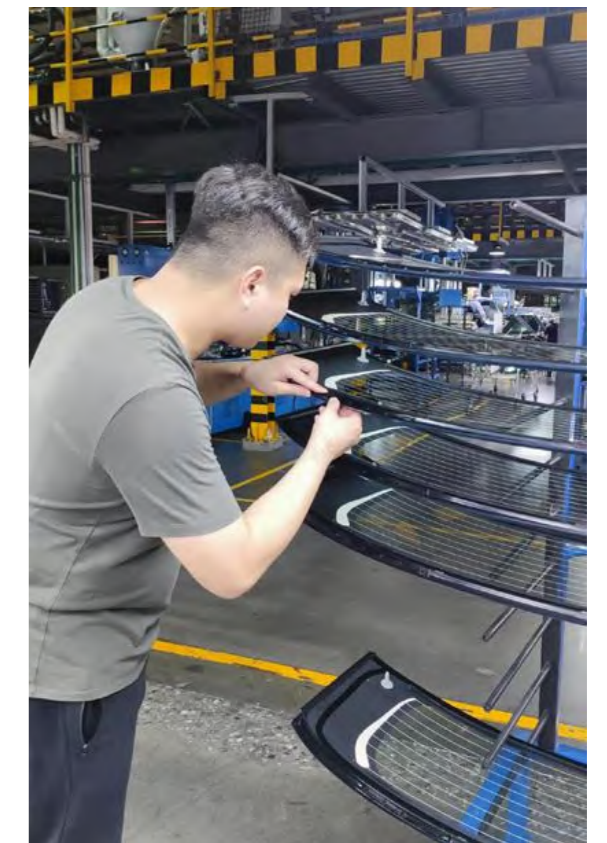
During the operation, XPeng maintains close cooperation with partners to promote the coordinated development of the industry's value chain and achieve synergies within all parties. In compliance with the Law of the People's Republic of China on Tenders and Bids, we have established a supplier management system to promote fair and open procurement practices. We have formulated and implemented multiple internal management policies, including the Supplier Selection and Management Measures, Procurement Control Process, and Compliance Management on Prohibited Substances and Recycling. This enables us to implement closed-loop management processes, including supplier sourcing and pre-selection, supplier site inspection, supplier selection and designation, agreement signing, component product development/integrated procurement design phase, purchase order release, payment processing, supplier list management, supplier performance evaluation and supplier information change management. These processes enhance the quality control within our supply chain and ensure that we select the most qualified suppliers.

As of December 31, 2020, among the Group's more than 300 suppliers in the procurement of components, which are all located in mainland China.

2.3.1. Supplier Selection

Our procurement and supply chain department, technical department, quality center, project management department and other departments jointly further shortlist the qualified suppliers. The procurement and supply chain department organizes on-site investigations of the suppliers conducted by the quality department and the technical department to conduct, and arranges a meeting to determine the supplier selection plan. For the selection of suppliers, we promise that all cooperating suppliers must strictly comply with the national regulations on employee occupational health and business ethics. We also comprehensively consider the supplier's quality level, delivery capability, price level, technical capabilities, support services, human resources, reputation, business ethics track record, and existing cooperation status; for supplier access standards and qualification requirements, we require our suppliers to be qualified for IATF 16949/ISO 9001 or other equivalent certifications. Meanwhile, we will prioritize the cooperation with leading domestic and international suppliers in the passenger vehicle sector, and uphold strict standards on technology, quality, strategic cooperation, cost reduction and order delivery, to ensure that we work with the best suppliers who share our sustainable development vision. For suppliers who cooperate with us for the first time, we require them to fill in the "Supplier Basic

Information Survey Form". To improve the cost effectiveness and manage the supply chain risk, we are aiming to localize our supply chain where practicable and thus a majority of our components are sourced and purchased in China.



Supplier Site Inspection



2.3.2. Supplier Performance Evaluation

For parts and components procurement, we will evaluate supplier performance from three aspects, i.e. quality, business terms, and delivery. The performance evaluation cycle is divided into two categories: monthly performance and annual performance. For comprehensive procurement, we will factor in the progress of each project in our evaluation and rate suppliers after project delivery. For marketing /administrative procurement, we conduct performance evaluations on suppliers every six months based on project progress.

In addition, to establish a sustainable supply chain, we review suppliers regularly by means of process

review, product review, special review, spot check, technical review, to improve suppliers' quality assurance capabilities and ensure consistent product quality.

We have set three sustainability related KPIs for our supply chain management and are aiming for a 100% coverage for our tier 1 suppliers by 2021.

XPeng Supply Chain Management Sustainability KPIs



2.3.3. Supplier Training

In 2020, in order to help suppliers better understand the quality management process and requirements of XPeng for new models and mass-produced parts, we carried out a series of supplier trainings for 100% tier 1 suppliers, including trainings on APQP (Advanced Product Quality Planning) promotion, 29 quality assurance methods, OTS (Off Tooling Samples)/PPAP (Production Part Approval Process) authentication process, error-proofing, 4M (Man, Machine, Method, Material) change management, historical defect verification, promotion of key management projects, 5 Principles/8D (Eight Disciplines Problem Solving) problem solving, variability management, etc.

In the future, the procurement and supply chain department will strive to implement more effective measures of supply chain management.

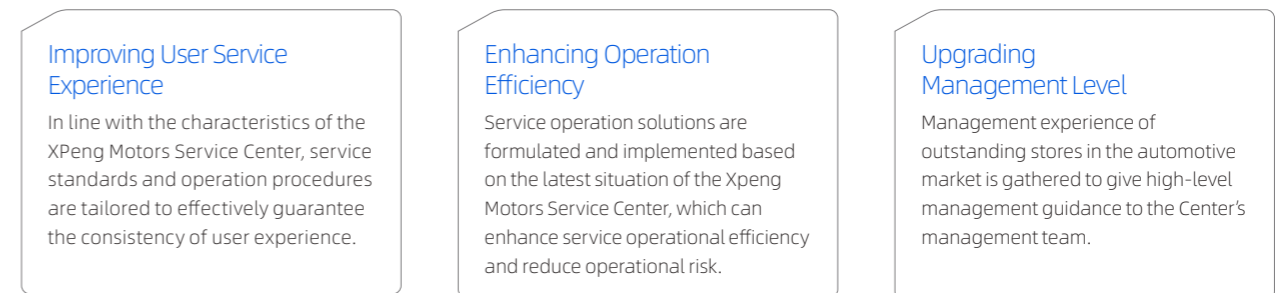
Our key activities will include separating the powertrain procurement and electrical equipment procurement, extending the supply chain management, sourcing key products from tier 2 and tier 3 suppliers, and tapping into potential risks for prevention and control in advance. We will also adopt specialized classification of products by their materials and manufacturing features, shifting from previous generic classification to facilitate centralized management based on material and manufacturing features, and gather resources for the purpose of quality improvement and cost control. Meanwhile, we will also focus on the recruitment and training of international talents, and strengthen operation capabilities to prepare for international business development and multi-base production.

2.4/ Customer Service and Communication

XPeng adheres to the after-sales service concept of "friendly service and comfortable experience", attaches great importance to quality control and comprehensive after-sales service management system, and has sophisticated service standards and process systems in place to offer all-rounded and diversified after-sales service, to improve customer satisfaction. As of December 31, 2020, XPeng operated 54 services stores in 43 cities.

To bring the premium "XPeng Club+" service experience to every consumer, XPeng Service Centre has developed the Service Operation Manual to standardize and provide guidelines to after-sales service operations.

XPeng Guiding principles of Service Operation Manual



XPeng Service Center is equipped with intelligent customer service robots and offers 24/7 comprehensive vehicle troubleshooting service in response to consumers' demand with timely all-rounded support. We strive to deliver XPeng owners a smooth and carefree user experience and continuously promote customers' mobility experience with our intelligent services including "remote diagnosis" and "smart claim settlement". We address customers' concerns with value-added services centering on customer welfare, including "ultra-long vehicle warranty" and "domestic roadside assistance services for unlimited times and mileage".



XPeng Service Center

2.4.1. Customer Complaint Management

To timely respond to customers' requests, properly handle customer complaints, and enhance customer satisfaction and loyalty, the Group has formulated the Management Procedures/ Measures for Customer Complaint Handling and Letter of Commitment for the After-sales Services of Vehicles and Power Systems. We follow the principles of "resolution at the first time" and "quick response" for simple online complaints, and adopt classified resolutions for offline complaints that require support from other departments based on our assessment of severity and urgency of such complaints. We aim to solve customers' problems efficiently and continuously deliver our promise to customers.

2.4.2. Customer Satisfaction Management

XPeng Service Center collects customer satisfaction data from after-sales stores on a daily basis and aggregates monitoring data and analysis in weekly and monthly reports to enhance customer satisfaction. In our 2020 customer satisfaction survey, customers responding to the survey accounted for 31% of all XPeng's customers, with a satisfaction rate of 96%. In 2021, in response to customers' feedback, we adopt an online evaluation method, we refine the rules for customer satisfaction survey, i.e. roll out a 5-second instant evaluation to encourage participation, and set 93% as the annual target for rate of CSI (Customer Satisfaction Index) 5-star rating.

	FY 2018	FY 2019	FY 2020	Target for FY 2020
% of satisfied respondents out of total number of respondents to the survey	N/A	84%	96%	95%
% of customers/consumers surveyed	N/A	25%	31%	30%

2.4.3. Shaping the XPeng Owner Culture

XPeng has always pursued to establish a virtuous mechanism to interact and communicate with the owners of Xpeng vehicles. We have established XPeng Club to serve as the first line of contact with customers. Staff from the Customer Relations Department are active in the communities as well as various XPeng customer groups and work cohesively to maintain trusted relationship with XPeng owners online and offline through listening to their feedback and communicating with them. Our Customer Service team aims to serve as a channel between our company and users and enable smooth communication, mutual growth and success. We also organize diverse customer engagement activities to strengthen customer satisfaction and loyalty, including "X-MOMENT", "XPeng Club" and "XPeng Owners' Day".



"X-MOMENT" in 20 Cities

In 2020, XPeng held 20 meetings of medium to large scale to celebrate the "get-together of XPeng owners" and to demonstrate the "XPeng-owners-centered" concept. These activities were widely recognized with over 1,000 customers participating.

Extensive Store Network Across the Nation

XPeng institutes a coordinated operation mechanism of "headquarters - region - store" and draws on stores, the smallest operating unit, to reach out to customers and enhance customer relationship. During the reporting period, 167 stores organized 758 owner activities in total, with 15,200 participants and a 5-star rate of 96.2%.



Customer Care on "XPeng Owners' Day"

To show its "sincere love for customers", XPeng celebrates the 10th of every month as "XPeng Owners' Day", carrying out customer care activities with various themes such as "Free Masks", "Assisting Farmers", "Customized P7 Model", etc. During the reporting period, 11 sessions of "XPeng Owners Day" were held with 86,000 participants, equivalent to 93% of owners.



2.4.4. Emergency Service

On July 17, 2021, a sudden heavy rainfall occurred in Henan. XPeng quickly issued an announcement and organized nation-wide resources to fully carry out emergency and rescue services for the disaster-stricken area in Henan. XPeng strives to provide effective help to customers under emergency situation and provide support to the front line.

Rescue Services

Emergency rescue: arrange rescue vehicles around Zhengzhou to participate in the rescue, and notify local stores in Zhengzhou to assist customers in carrying out trailer services;

Spare parts support: increase the spare parts support for the Zhengzhou central spare parts warehouse, and try to shorten the follow-up maintenance time;

Transport service: provide free transport service to car owners whose vehicles were damaged in the disaster in the form of taxi vouchers;

Green service channel of insurance claims: collaborate with Insurance Companies to provide green claims service guarantee for Xpeng vehicle owners.

Charging Troubleshooting

The charging operation team conducted a comprehensive overhaul of home charging piles and self-operated charging stations, eliminating risks and restoring services. XPeng APP will also update the operation status of all charging stations in a timely manner.

Emergency Support

7x24 hours support: the stores and service teams in Zhengzhou area will be on standby 7x24 hours to provide car owners with services within their capabilities;

Emergency response suggestions and reminders: emergency inquiries were pushed forward to car owners and communities through service SMS and XPeng APP during the disaster;

Community support: XPeng community, groups and official channels published the latest disaster announcements in real time, so that XPeng vehicle owners can get the latest news.



2.5/Information Security and Privacy Protection

The global regulatory development regarding data security, e.g. the launch and adoption of the Personal Information Security Regulations and breakthroughs in new technologies such as 5th Generation Mobile Communication Technology (5G), Internet of Things (IoT), Artificial Intelligence (AI), Big Data create new challenges for data security and privacy protection. Data governance becomes a key to secure confidentiality, completion and usefulness of data. In providing products and services to customers, XPeng considers data security and privacy as our utmost priority in delivering our products and services to customers. Since the delivery of XPeng vehicles until the end of the reporting period, there were no incidents related to information security leakage or other cybersecurity violations.

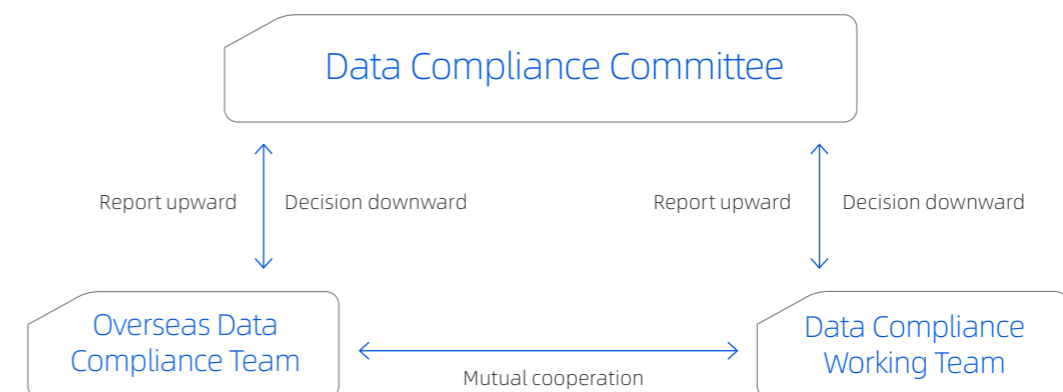
We are dedicated to safeguarding data security at each stage of our product and service delivery to meet customers' expectations. We have launched our Privacy Policies based on the following principles: purpose; customer consent; data restriction; openness and transparency; data security; data ownership, etc. In addition, we pledge to take proper measures to protect customers' personal information in line with established safety standards of the industry, to prevent unauthorized access, unauthorized public disclosure, unauthorized use, modification, damage or loss of data. We provide employees with data privacy-related trainings and require employees to report any data security breaches. Since the delivery of XPeng vehicles to the end of the reporting period, we did not receive any complaints in relation to violation of customer's privacy from the customers or the regulators.

In compliance with ISO27001: 2013 Information Security Management Systems, we build our Information Security Management System

(ISMS), which enhances the capability of privacy protection and information security governance in terms of organizational support, process standardization, technology application, and safety operation. We are expecting ISO 27001 Information Security Management System certification and ISO 27701 Privacy Information Management System certification in late 2021.

We set up the Data Compliance Committee, which is chaired by the President, and the committee is dedicated to leading our data security exploration. We also appointed professional legal privacy compliance team, IoT security team, information and technology security, privacy and security specialists to implement the committee's data compliance strategy at execution level. Meanwhile, specific privacy compliance and information security protection are carried out by professional legal privacy compliance team, IoT security team, information and technology security, privacy and security specialists. With regard to personal data protection, we strictly abide by the Personal Information Security Regulations, the Measures on Data Disclosure Management. We always follow the privacy compliance requirements throughout the entire development process, and implement the "privacy compliance development guidelines". We periodically evaluate our privacy compliance security, invite specialists to assess our privacy compliance security, and continuously cross-check our monitoring systems containing personal data. In 2020, we performed the "Special Review on Data Access Rights" on systems containing personal data to ensure compliance with laws, regulations, security requirements of privacy protection throughout the life cycle of personal data. In 2021, we will continue to carry out the evaluation of crucial systems such as the National Cybersecurity Level Protection evaluation.

XPeng Data Compliance Committee Organizational Structure



We have disciplinary measures against any department or employee's intentional misconduct or negligence that violates the principles, regulations on data disclosure in the Measures on Data Disclosure Management, relevant laws or regulations. We attach great importance to improving information security management and promoting awareness of information security among employees. In 2020, we conducted online and offline information security trainings for all employees, including 8 offline sessions, covering 10 core departments. Throughout our daily operations, our colleagues are also required to increase their awareness of data security through examinations, sign confidentiality agreements, and properly handle the disposal of confidential assets.

During our cooperation with the third parties, we also sign confidentiality agreements with them and evaluate their security level, clarifying confidential information, obligations and liability for breach of contract, to ensure that both parties' confidential information and intellectual property are properly protected, laying the foundation for long-term cooperation.



3 Eco-friendly Operation and Environmental Protection Strategy

XPeng has integrated environmental protection into all our business aspects, including construction, production, operation and daily administration. We implement the concept of "environmental protection and resource-saving". XPeng strictly complies with laws and regulations of the countries and regions where it operates, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, and the Law of the People's Republic of China on the Prevention and Control of Soil Pollution. We are committed to making positive changes to promote green sustainable development and reduce the operation and production impact on the environment.



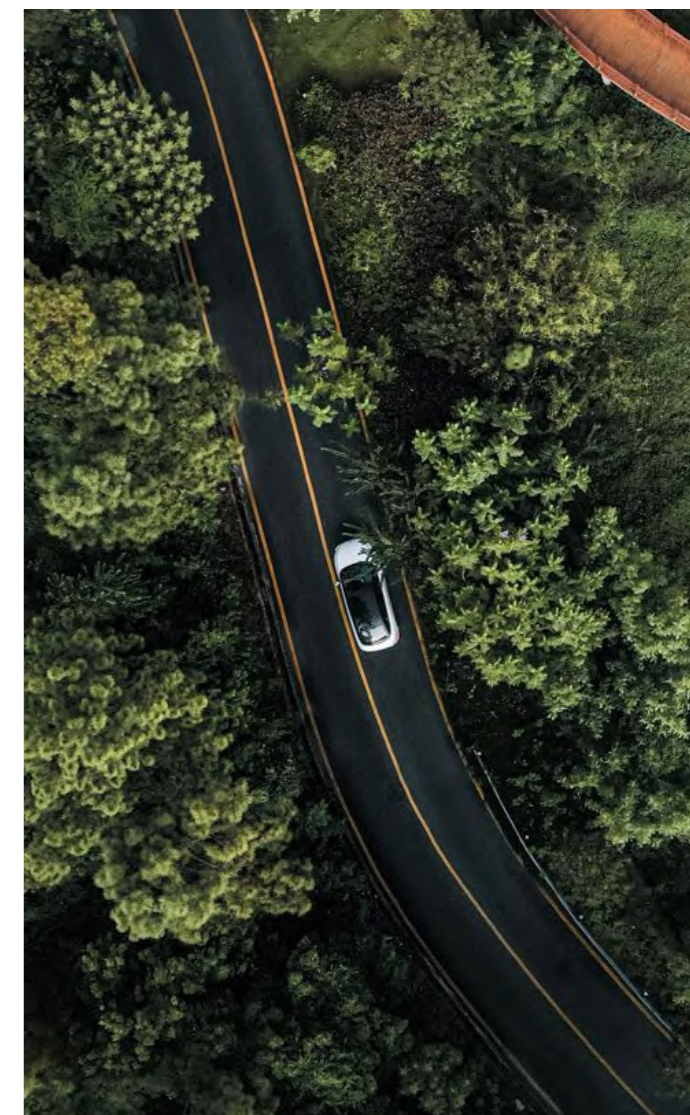
3.1/Environmental Management System

In accordance with laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the National Catalogue of Hazardous Wastes, the Law of the People's Republic of China on Environmental Impact Assessment, and the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution, XPeng establishes and implements the Environmental Protection Management Procedures, the Emergency Plan for Environmental Pollution Incidents, the Procedures for Control and Management of Sewage Pollution, the Procedures for Control and Management of Hazardous Wastes, the Regulations for Management of General Wastes, the Procedures for Control and Management of Exhaust Gas Pollution, the Procedures for Control and Management of Noise Pollution, the Environmental Monitoring

and Management Procedures, the Environmental Protection Facilities Management Procedures, the Environmental Factors Identification and Evaluation Management Procedures, the Environmental and Occupational Health and Safety Management Manual. We standardize the management of environmental impact including the management of the Group's "Three Wastes" (solid wastes, waste gas, and wastewater) and noise, identify and evaluate various environmental factors to provide a basis for determining the goals and metrics of significant environmental factors, clarify the division of responsibilities of each department, safeguard the occupational environmental safety for employees, and actively promote resource conservation measures.

In light of the actual situation, we have set up an Environmental Emergency Response Team to strengthen the prevention, management and quick and effective treatment of sudden environmental pollution accidents. We conscientiously implement the policies of "Environmental Impact Assessment on new, renovated and expanded projects" and "Three Simultaneities", meaning that the pollution prevention and control measures should be designed, constructed and operate in sync with the main part of the project. We invest in environmental governance for optimization and improvement in processes, raw and auxiliary materials, equipment, facilities and other source aspects; We focus on equipment operation, abnormal handling, process supervision, etc.; We standardize our equipment and facility operation management and improve the level of "Three Wastes" management. We regulate the waste management in our manufacturing bases, ensure the safety of the Group's property, strengthen waste recycling and disposal process, rationally use existing resources, enhance management, turn waste into resources, and prevent waste loss. We initiate and improve the environmental and occupational health and safety management system, safeguard the environmental and occupational health and safety in the Group's office and production areas, and improve our green manufacturing capability. We organize internal promotion and training, as well as annual emergency drills and assessments to hoist the Group's ability to respond to environmental incidents and effectively prevent and control the occurrence of environmental incidents.

To effectively fulfil environmental protection obligations, we act on our fiduciary duties and welcome public supervision. We regularly commission qualified third parties to monitor wastewater, waste gas, and groundwater. The monitoring results are all up to standards. During the past three fiscal years we have not paid any significant fines (> USD \$10,000) related to environmental or ecological issues.



P5 Test Drive Event



3.2/Eco-friendly Operation

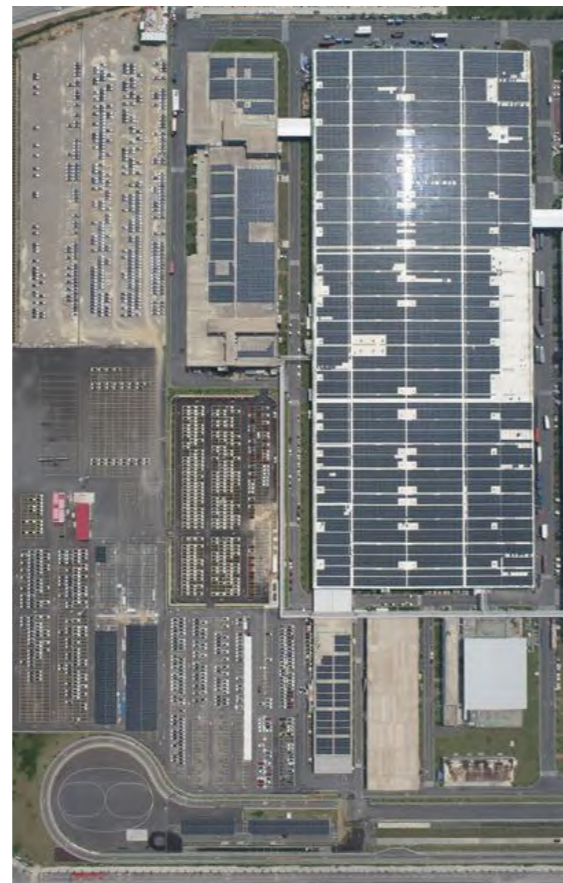
XPeng adheres to the corporate culture of quality and efficiency, innovatively adopts the core concept of X-SEG (Smart, Efficiency and Green), takes the guiding principles of “Put compliance and safety first; Keep pollution and contamination the lowest; Keep improvement and enhancement uninterrupted”, establishes and achieves environmental goals, builds and operates green factories, as well as initiates and improves the environmental occupational health and safety management system for the continuous improvement of green manufacturing level.

3.2.1. Energy Consumption

Starting from the design and planning stage of our manufacturing plants, we practice the strategy of “environmental protection and energy conservation” and deploy energy-using products in conformity with the standards of “Government Procurement List of Energy-saving Products” issued by the Ministry of Finance of the People’s Republic of China and the National Development and Reform Commission of the People’s Republic of China. For instance, we adopt smart LED, electric machines with energy efficiency grade 2¹⁰, office appliances with energy efficiency grade 1, amorphous metal transformer, and environmental-friendly refrigerants. The integrated LED light boxes that we installed for assembly line are 70% more energy efficient than fluorescent lights in traditional automobile factories. We took energy saving measures in our daily operations, such as using light/voice operated switch along the staircase, using time-delay switch for lights in courtyard, neon signs on exterior walls as well as decorative lights, applying manual lighting control in office areas to save energy during non-peak hours, using radar-sensor lights for parking lots, controlling lighting in office areas and the use of air conditioner, and adopting a central air conditioner monitoring system to adjust the room temperature according to seasonal changes.

XPeng implement clean energy R&D and application projects to control carbon emission from its source. In 2021, it is estimated that the cost of electricity would be reduced by approximately RMB 2.3 million through the planned 22.6 MW Photovoltaic Carport and Roof Power Generation Project at Zhaoqing plant. The Project will generate approximately an amount of electricity of 20 million kWh and reduce greenhouse gas emissions of approximately 11,000 tons of carbon dioxide equivalents. Meanwhile, the photovoltaic

power generation project in Guangzhou and Wuhan Manufacturing Plants are under planning and construction, and are expected to generate energy and connect to the electricity grids in 2023 and 2025, respectively. Going forward, the Group’s Zhaoqing plant will promote the use of energy-efficient equipment, turning the facility to green building, drive the use of clean energy, and reuse heat from power plants to generate hot water.



Zhaoqing Plant's Photovoltaic Carport and Roof Power Generation Project



Zhaoqing Plant's Photovoltaic Carport and Roof Power Generation Project

3.2.2. Water Consumption

XPeng focuses on effective management of water quality and usage across the operation. We actively introduce advanced sewage treatment and reclaimed water recycling technologies to improve the water use efficiency and reduce water consumption and pollution. In manufacturing plants, we recycle air conditioning condensation water, cooling tower drainage, and concentrated water of reverse osmosis (RO) membrane in electroplating stations; meanwhile, recycling water is used in cooling tower and the recycling rate of industrial water reaches 96%. A rain and sewage diversion system was equipped during the planning and construction stage of the plant to discharge clean rainwater directly into the nature. In addition, a sewage interceptor was installed at the rainwater main outlet to ensure that the polluted rainwater returns to the sewage treatment station. The waste water generated in the production process was discharged to the sewage treatment station after filter and quantified diversion; in addition, the advanced physical and

chemical treatment technologies, biochemical treatment technologies, and membrane treatment technologies were applied to the waste water treatment to meet the standards. To improve water consumption efficiency, a treatment processing system was adopted in the Zhaoqing plant to convert waste water from the sewage treatment station into grey water. This water can reuse for factory greenery, toilet flush, car wash, and cooling towers. It can save up to 110,000 tons of fresh water annually.

Going forward, we will strengthen the rain and sewage treatment systems in the plants, improve the discharge efficiency of municipal sewage, and ensure the smooth running of drainage pipes in the plants to avoid blockage. We will continue to implement water conservation measures. The Zhaoqing plant plans to use 304,000 tons of tap water, saving up to 243,000 tons.

¹⁰ Energy Efficiency Index is a classification method to indicate the energy efficiency of household appliances. China's energy efficiency label divides energy efficiency into five levels. Grade 1 refers to that products reach the advanced international level with the lowest energy consumption; Grade 2 for better energy conservation; Grade 3 refers to that energy efficiency of products reaches the average level of domestic market; Grade 4 refers to that energy efficiency of products is maintained below average market level; Grade 5 stands for high energy consumption and is an indicator for market access.

3.2.3. Waste Management

We strictly control the disposal of non-hazardous and hazardous solid waste. We apply cement hardening anti-seepage treatment at the waste storage sites. We have built ground leakage collection trenches, and we classify, recycle, and treat metal scraps, waste packaging materials, hazardous waste (paint residues, waste organic solvents, sludge, waste paint buckets, etc.), and domestic garbage, etc. in order to minimize the negative impact on the environment. Our painting workshop was planned in the design phase to include sustainable development concept and environmental protection features. We adopt advanced pre-treatment film technologies to reduce the production of waste paint residue by 94% and energy consumption by more than 25%; We have 49 spraying robots, and the automation rate of spraying line is more than 90%, which greatly improves the spraying efficiency and reduces the waste of paint. In terms of process selection, we adopt the world's leading b1b2 intermediate-free coating processes to reduce the air volume and baking times of the topcoat; in addition, we circulate the air in the spray room to save energy and reduce the exhaust emission by 30%. According to the annual maintenance plan, our technicians in coating workshop regularly maintain the spraying robot and slag scraper equipment to ensure the smooth operation of the equipment and reduce material use and paint waste. We recycle empty plastic buckets tighter with our supplier and consider the ton tank recycling and transportation feasibility for the industry. The average reduction in coating waste was about 16.4%. In addition, we've built our own waste storage, and it started to operate in June 2021. This waste storage provides better storage and transfer conditions for recyclable materials and improves the recycling efficiency of recyclable resources.

XPeng Targets and Progresses of Solid Waste Management

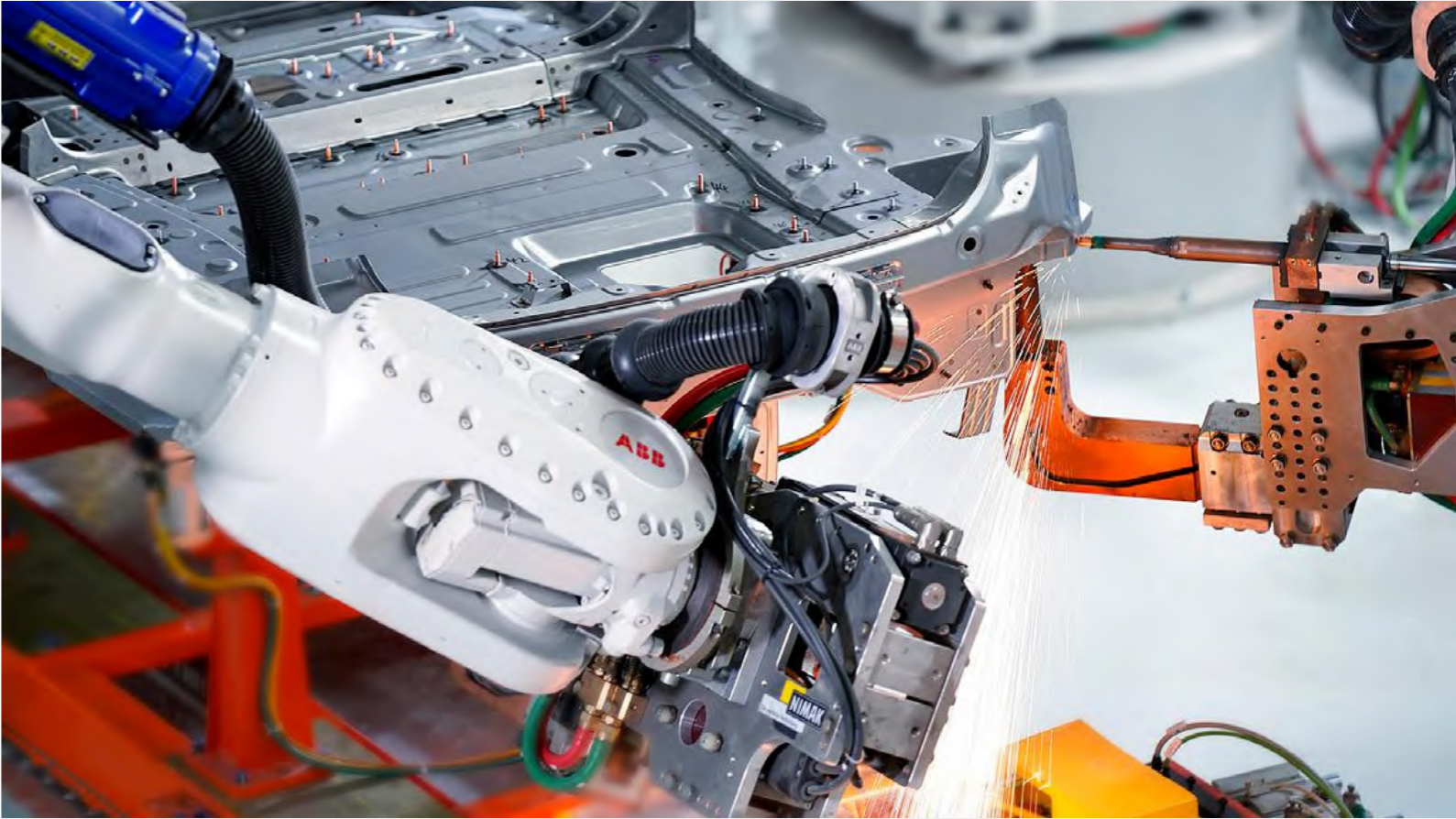
To reduce the disposable packaging from the source, we require our suppliers to gradually adopt recyclable packaging of parts. Currently, **80%** of our parts are packed with recyclable boxes.



As of May 2021, the Group has achieved an **100%** recycling and reuse rate of recyclable solid waste.



In the future, we will continuously optimize solid waste management measures with a target of **100%** solid waste recovery.



XPeng Automated Workshop

XPeng Measures on Waste Classification Management



In response to Chinese government's policies, we have developed a waste classification, recycling and treatment system in advance, and have deployed trash bins with waste classification signboard in all plants. In addition, we closely cooperate with the production unit to build a recyclable resource management platform to classify and recycle all types of solid waste, and increase the reuse rate of recyclable resources.

Provide trash bins with waste classification signs in all areas of the headquarter building in accordance with the Guangzhou municipal policies on waste classification; place tea dregs bins and kitchen waste bins beside the drinking fountains and pantry; place recyclable waste and trash cans in the public halls in the office area and the photocopying areas; place trash cans in the restroom; cooperate with government entities to report the status of waste sorting daily, and make daily waste sorting account records.

Regularly organise and carry out domestic waste classification publicity to guide employees to develop the habit of waste classification and recycling; gradually implement waste classification at each plant; post waste classification publicity knowledge in front of the TV and garbage room on each floor to improve the environmental protection awareness of all employees.

In the future, we will apply waste solvent reduction equipment to separate 80% of the water in the waste solvent, and the remaining 20% of the concentrated waste solvent will be outsourced for treatment. It is estimated that RMB 2,560 would be saved per ton of waste solvent and the equipment can also further reduce the amount of hazardous waste and the disposal costs.

3.2.4. Exhaust Emission Management

We use high-efficiency filter collectors in the welding workshop to absorb smoke and dust, realizing a dust removal efficiency of 99%. We have installed a mobile welding fume purifier to purify the welding fume exhaust gas, absorb dispersed carbon dioxide, and release the purified gas into the workshop. This system can improve the air quality in the working environment, reduce exhaust gases and other pollutants, and achieve green production. We use environmentally friendly water-soluble paints in the paint shop, which greatly reduce the production and emission of organic pollutants from the source. In addition, we adopt the most advanced "Regenerative Thermal Oxidizer (RTO)" device in the industry, which can achieve the fully burning and decomposition of the organic pollutants in the exhaust gas and purify the organic pollutants.



XPeng P5

3.2.6. Green Business

XPeng integrates the concept of sustainable development into our business activities to increase the utilization rate of resources and advocate a parallel system of green management and manufacturing. We've formulated and implemented the Conference Room Management Rules, 5S (Seiri, Seiton, Seiso, Seiketsu, and Shitsuke, that is, tidying, neatening, sweeping, cleaning, and maintaining) Management Rules, Business Travel Management Rules, Administrative Measures on Car Renting by Employees, Vehicle Management Rules, Administrative Measures

3.2.5. Noise Control

We take greening measures at the manufacturing plants. We have planted trees and low shrubs in the greening areas to form a green belt that can absorb and reduce noise. We keep equipment that generates enormous noise such as air compressors and other equipment inside a building to reduce noise pollution. We apply full-line sound insulation closure systems made of sound-absorbing materials in the press workshop. We also select low-noise equipment and take necessary shock absorption and noise reduction measures.

on Road Traffic at the Headquarters and Use of Charging Piles, Administrative Measures on Administrative Assets and Vehicle Scrapping and Disposal, and other policies to manage business activities, advocate the transfer of offline meetings to online, and encourage employees to minimize unnecessary business travels. In addition, we provide more than 30 electric vehicles to employees for their business travels. The Group provides charging support and advocates low-carbon, environmentally friendly, and green business travel.

XPeng Measures on Saving Resources



Control use of computers and other high-power electric devices

Encourage not to enable the screen protection function of LCD, and to power off the display when a long-time idle is expected; encourage to adopt for the computer with a power management setting that will activate the sleep mode if the screen's not in use for over 5 minutes; encourage not to place any high-power electric device at employees' seats, such as electric pot, induction cooker, microwave oven, etc.



Paperless office

The Company has established a hardware and software system for paperless office to build online series connections between different links such as approval and signing that used to be processed separately, giving more convenience at the links of review, approval and signing, saving the onerous steps of document printing, and reducing paper consumption; a high-efficiency instant communication tool is applied, which enables instant commenting and communication on the circulated documents in the form of online documents, so as to improve the general working efficiency; the Company has an email and Office Automatic (OA) system to reduce the amount of printing and copying for daily document review & approval and communication; double-sided printing with recycled paper is encouraged in the use of printer or copier.



Management of power consumption in meeting rooms

A meeting room management system is established to improve the utilisation rate of space resources and avoid waste of office area. Employees are advised to turn off the air-conditioners, lights, TVs and projectors in the meeting room or reception room when the meeting ends, and prompting signs are arranged beside the controllers. Meanwhile, the property management company will designate persons to patrol on a regular basis and turn off the electric appliances in meeting rooms not in use.



In the future, we will continue to promote green business with various efforts, including:

- 1) carry out fresh air improvements in the office area to deliver a higher fresh air flow rate and increase the oxygen content;
- 2) encourage employees to walk and use elevators less through green programs and health education;
- 3) continue to promote cloud printing and paperless office to promote responsible use of paper, and cease the practices of using printed forms for review & approval through the establishment and implementation of online approval work streams. Through these efforts, XPeng is determined to achieve low carbon footprints and promote environmental protection.





XPeng P7

3.3/Zero-emission Products

XPeng actively promotes the scenario iteration and consumption reformation related to smart green travel to reduce the negative impact of the product on the environment while ensuring the performance of the product and the customers' driving experience.

XPeng Green Technologies



Battery Management System, BMS

Our BMS is self-designed to accurately calculate remaining battery capacity, monitor the status of each cell in real time, and ensure the safe operation of the battery system through a comprehensive troubleshooting mechanism to improve battery safety and longevity and the customer's driving experience.



Vehicle Weight Reduction

The newly developed model body uses aluminum alloy and all-in-one die-casting technology to significantly reduce the weight of vehicle's front compartment and floor, and we will also consider other measures to reduce the vehicle's energy consumption, including wind resistance control, electric drive system efficiency enhancement, low voltage power consumption control and other technologies.



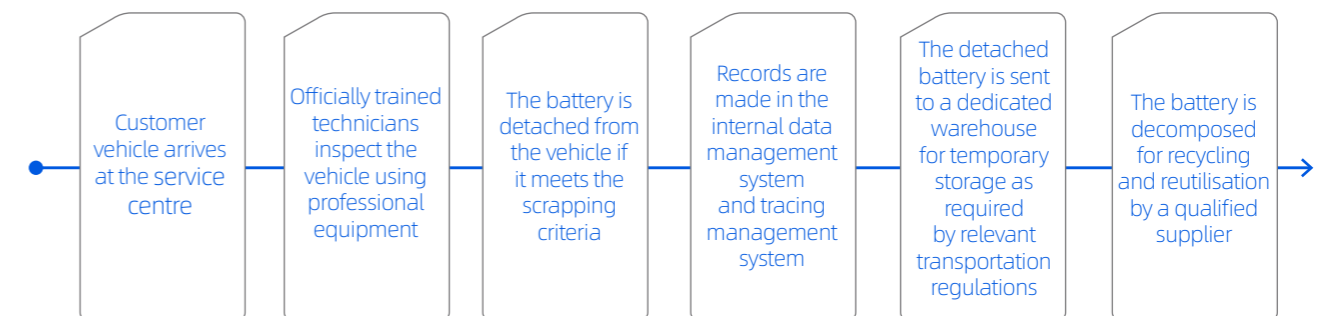
XPeng Supercharging Stations

We offer XPeng Supercharging Stations. As of the end of April 2021, there were over 1,000 stations in our free supercharging network, covering 160 cities.

XPeng sales networks comply with relevant laws and regulations, including the Administrative Measures on the Scrapping of Power Batteries, the Administrative Measures on the Disposal of R&D Prototype Vehicles and Sample Parts, and the Administrative Measures on the Traceability of Battery Recycling and Utilization, to recycle, inspect, test, sort, return or scrap waste parts. Taking power batteries as an example: for the used batteries from

the electric vehicles we sold that are scrapped or damaged and cannot be repaired and for which we have the right of disposal, we will recycle them through the after-sales service center and the recycling network we built with the battery recycling companies.

XPeng Administrative Procedures for the Recycling of Waste Power Batteries



XPeng follows the Compliance Management on Prohibited Substances and Recycling and other internal regulations to reduce or phase-out hazardous substances in products. We specify relevant delegation on responsibilities, require that all auto parts' information (structure, weight, surface treatment, etc.) has a third-party test report or relevant documented descriptions for the toxic and hazardous substances, label the material recycling features, including plastic automotive parts over 100g, rubber parts over 200g, and thermoplastic elastomer parts (except tires), and we continuously regulate and optimize the control of hazardous substances in products and improve the recycling management mechanism.

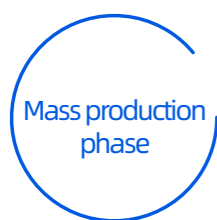


Battery Assembly Workshop

Management Mechanism of Hazardous Sub-parts in XPeng Products



We organise and complete the identification and confirmation of toxic and hazardous substances in products, and conduct sampling confirmation of prohibited and restricted substances and parts material recycling mark of high-risk parts.



Incoming materials are subject to random inspection for prohibited and restricted substances and unqualified incoming material management in accordance with the parts quality control procedures.

As of December 31, 2020, the Group's total delivery of smart electric vehicles reached 27,041 units, with an increase of 112.5% from 12,728 units in 2019. Through the preliminary calculation of the automobile industry institutions, our low-carbon products can improve vehicle performance through powertrain (battery, electric drive system, electric control system) efficiency. Our low-carbon zero-emission products including G3 (SUV) and P7 (sports sedan) account for 100% of our total deliveries. G3 and P7 can reduce greenhouse gas emissions by 15.2 g CO₂ e/km and 16.1 g CO₂ e/km per vehicle, respectively, compared with conventional gasoline vehicles of the same class, leading to an estimated total annual reduction of 5,520 tons CO₂ greenhouse gas emissions. The certain technical features of the configurations of the Group's main models G3 and P7 on sale are as follows:

Certain Technical Features of the Configurations of XPeng G3 and P7

Model	G3 (SUV)	P7 (Sports Sedan)
NEDC (unit: km)	460 / 520	480 / 562 / 586 / 670 / 706
Energy consumption rate (kWh/100 km)	14.1	14.4
Average Vehicle Weight (unit: kg)	1,609 / 1,637 / 1,657	1,865 / 1,890 / 1,910 / 1,920 / 1,935 / 2,060



The Group is planning a carbon footprint estimation throughout the product life cycle to reduce product carbon emissions from all ends, such as raw materials, supply, production and user life cycle. The cooperation with third-party suppliers is also underway.



3.4/Climate Actions and Low-Carbon Strategies

Climate change is the biggest challenge facing mankind in the 21st century. Governments and businesses have prioritized capitalization to accelerate clean energy development, achieve green transportation, ensure the resumption of economic policies to implement net zero greenhouse gas emissions targets, and achieve a green economic recovery. In September 2020, the Chinese government announced at the 75th United Nations General Assembly (UNGA) that China's greenhouse gas emissions will strive to reach the emission peak by 2030 and to achieve carbon neutrality by 2060. In this era of new challenges, new opportunities and new norm, global transformation is accelerating. XPeng will not be absent, and intends to take the lead in accelerating the pace of low-carbon economy.

In the following sessions, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), we disclose our work plans in respects of governance, strategy, risk management as well as metrics and targets.

3.4.1. Governance

We have initiated an ESG management mechanism and continuously improves it to strengthen the management of ESG-related matters. The Board set up an ESG Committee and an ESG Executive Committee in August 2021. The ESG Committee will develop strategies and policies to address the climate change, review risks and opportunities, oversee the implementation of the climate-change-related assignments, and manage the progress and its performance. The ESG Executive Committee will formulate sub-goals based on

climate change related goals, and develop plans based on in-depth investigation. Departments involved in the ESG management will be responsible for the implementation of relevant action plans.



3.4.2. Strategy

To identify climate-related risks and opportunities material to our businesses, we have analyzed the correlation between climate change and the Electric Vehicle industry, government policies and industry trends, with specific considerations for the Group's strategy and carbon reduction plans.

According to the classification of the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks are divided into two major categories, transition risks and physical risks. Transition risks result from the global transition to a climate-resilient low-carbon economy which include policy and legal risks, technology risks, market risks, and reputation risks. Physical risks result from extreme weather events and rising global average temperature which include acute risks and chronic risks. We identified the major climate-related risks and opportunities as follows:

Risk identification	Responses from XPeng
Policy and legal risks	<ul style="list-style-type: none"> For the goal of "carbon neutrality" and "emission peak", new stricter regulations will be established in the medium and long term. As government tightens the environmental regulation, we may face more stringent regulatory requirements and penalties for non-compliance in terms of production energy consumption and emissions as well as the disposal of pollutants.
Technology risks	<ul style="list-style-type: none"> The trend of low-carbon economic transformation is a catalyst for low-carbon production. The application of new technologies and processes of low-carbon production will likely require the replacement of the existing equipment in the short term, which would give rise to asset impairment risk in the medium-term.
Market risks	<ul style="list-style-type: none"> Low-carbon lifestyles, the development of advanced driver-assistance technology, and the EV industry's exposure to the sharing economy are expected to change the automobile market, and consumers will switch from physical automobile asset purchasers to environmentally friendly vehicle users. Therefore, in the mid to long term, EV manufacturers may face the risk of business transformation. As non-renewable resources and energy become scarce, energy prices will face more uncertainty which will affect market acceptance for EV products and customers' preferences in vehicle product type in the mid to long term. Meanwhile, rising traditional energy prices may increase the costs for manufacturing facilities running on non-renewable energy. Capacity and cost challenges are presented to enterprises in accessing renewable energy sources.

Risk identification	Responses from XPeng
Reputation risks	<ul style="list-style-type: none"> In response to concerns and demands of stakeholders such as regulators, investors and the public about the climate change, companies may have the downside risks of losing brand value and reputation if we fail to establish and improve relevant mechanisms and programs in a timely manner, fail to participate in and lead ourselves, the industry and even the society in the low-carbon economic transformation, or fail to mitigate or even eliminate negative impacts on the environment.
Acute risks	<ul style="list-style-type: none"> Our office areas and the Zhaoqing plant are located in the coastal area of China, where it is seriously impacted by tropical storm surges. Financial losses and casualties are caused by storm surges every year. Enterprises are required to effectively assess the risk of storm surges on production facilities, materials and business operations, define the disaster bearing capacity accurately, and cooperate with government agencies to control disaster damage.
Chronic risks	<ul style="list-style-type: none"> With the increasing average temperature and sea level rise and other "chronic" natural disasters, the natural risks caused by global warming and the probability of natural disasters continue to increase, which puts forward urgent requirements of emission reduction of greenhouse gases for the global economy. Promoting emission reduction and enhancing adaptability quickly and orderly, so as to effectively controlling the chronic risks caused by climate change have become a new challenge for enterprises. Adequacy of operating conditions and protection of physical assets are key chronic risks to XPeng. Requirements for strengthening the protection of personnel and assets, enhancing resilience, reducing exposure and taking insurance and financial measures are necessary for the short- and medium-term.



Although climate change presents the above-mentioned risks to enterprises, we believe that the low-carbon transformation also means great opportunities for enterprises that take the lead in planning and investing. As the world's second largest economy, China is expected to and has promised to contribute to global emission reduction, and also intends to cultivate and develop new economic growth drivers. As the leader of future travel, XPeng has seen the opportunities brought by climate change for intelligent electric vehicles. Through technology accumulation and product reputation, XPeng will continue to strive to develop Smart EVs that are popular among Chinese consumers in an effort to make traveling life better. We will also drive the arrival of the entire era of intelligent electrification of vehicles through R&D and innovation, continue to shape the brand of intelligent car made in China and encourage the world to effectively cope with the climate change challenges. Therefore, we have taken carbon neutrality as our strategic goal, which is consistent with the risks, opportunities, and related sustainable development goals that we initially identified in our sustainable development strategy. As a pioneer company with strong ESG and carbon footprint awareness, we will actively identify the challenges and opportunities that the climate change may bring to the Group, and integrate our climate change awareness into the entire life cycle of production design, procurement, production, sales and operation, seeking an "XPeng Economic Model" to deal with climate change risks. We also established XPeng 2021 Carbon Neutral Plan to tackle climate risks.



XPeng 2021 Carbon Neutral Plan

Long-term planning of carbon neutral policies
 Make long-term plans in compliance with China's carbon neutral policies, demonstrating the resolution of XPeng for carbon neutral.

Build a brand image of carbon neutral
 Build a positive image of carbon neutral for XPeng, create long-term social, corporate and sales values, drive domestic and overseas brand development and promotion, and build positive brand images.

Comprehensive measurement of our carbon footprint
 Comprehensively and systematically sort out the carbon footprint and the status of accounting, and arrange production, product planning, energy storage/charging, supply chain and other segments in advance to pass the access certification on carbon emissions in Europe and other overseas markets.

Carbon emission reduction throughout the lifecycle
 Actively promote carbon emission reduction throughout the life cycle of electric vehicles and the industrial chain, create a closed-loop of carbon emission reduction, and promote energy reform.

Act on the strategy of sustainable development
 Improve the Group's sustainable development governance level and achieve long-term sustainable development.

3.4.3. Risk Management

The Group has a well-established risk management framework and related risk management policies and internal control systems. Please see the "Risk Management and Internal Control" section of this report in the "Corporate Governance and Compliance" chapter. After the establishment of the ESG Committee and the ESG Executive Committee, the group will further consider climate change related issues in risk management to identify, assess, and manage climate change related risks. We will form departments involved in sustainable development to implement climate change related risk management policies and processes, and regularly report major climate change related risks to the ESG Executive Committee. The ESG Executive Committee will have the responsibility to evaluate and supervise major climate change

related risks, and regularly report its effectiveness to the ESG Committee. This means we will form a normalized mechanism to assess the effectiveness of climate change related risk management and internal monitoring systems and report to the Board.

As for the climate change related risks we have identified, we are formulating relevant risk response strategies according to their importance and complexity and have set up a carbon neutral plan working group to deal with carbon neutral related risks. The following is the information disclosed in this report in response to the major decomposition of identified climate change related risks:

Major climate-related risks	Countermeasures (Chapter and section)
Green production technologies	3.2. Eco-friendly Operation
Low-carbon products	3.3. Zero-emission Products
Energy use efficiency	3.2. Eco-friendly Operation
Emergency Preparation and plans	4.2. Occupational Health and Safety

3.4.4. Metrics and Targets

In the future, we will continue to improve the climate-related governance, strategy, risk and opportunity management mechanism, actively explore the adoption of renewable energy in the operation and production process, select the indicators that are most relevant to the sustainable development of our business and climate related risk response, set corresponding targets, and regularly review the progress of achieving targets, so as to further act on the efficient use of resources and reduction of greenhouse gas emissions to actively respond to climate change and accelerate the pace towards a low-carbon economy.





3.5/Environmental Key Performance Indicators¹¹

Environmental KPIs	Unit	FY2020
Nitrogen oxides emissions ¹²	Kg	716.9
Sulphur dioxide emissions ¹³	Kg	0.03
Particulate matter emissions ¹⁴	Kg	0.13
Total Greenhouse Gas Emissions	tCO₂e	28,613.7
GHG emissions (scope 1) ¹⁵	tCO ₂ e	2,801.0
GHG emissions (scope 2) ¹⁶	tCO ₂ e	24,529.1
GHG emissions (scope 3) ¹⁷	tCO ₂ e	1,283.4
Total hazardous wastes produced¹⁸	Tons	85.7
General industrial solid waste produced	Tons	2,434.0
Total energy consumption	'000 kWh	44,484.6
Total cost of energy consumption	million CNY	21.0
Total energy density	'000 kWh/'000 CNY	0.01
Non-renewable fuel (direct) consumption¹⁹	'000 kWh	13,983.3
Gasoline	'000 kWh	19.9
Diesel	'000 kWh	60.1
Liquefied natural gas	'000 kWh	13,903.2
Purchased energy (indirect) consumption	'000 kWh	30,501.3
Electricity	'000 kWh	30,501.3
Total water consumption	Cubic meter	253,697.1
Total water consumption intensity	m³/'000 CNY	0.07
Municipal supplied water consumption	Cubic meter	204,239.0
Reclaimed water consumption	Cubic meter	49,458.1

¹¹ The scope of environmental data collection is Guangzhou headquarters and the Zhaoqing plant.

¹² Nitrogen oxide emissions were from the consumption of natural gas and official vehicle travels. The emission factors of natural gas were applied with reference to the "World Energy Statistics" updated by International Energy Agency (IEA) in 2017 and the "Calculation Methods of Pollutants Discharge Factor and Material Balance for Industries not Classified in Pollutants Discharge Permitting Administration (Trial)" issued by the Ministry of Ecology and Environment of the People's Republic of China on December 27 2017. The emission factors of vehicle travels were cited from the "Appendix II: Reporting Guidelines for Environmental Key Performance Indicators" ("Appendix II") of How to Prepare an Environmental, Social and Governance Report? updated and issued by The Stock Exchange of Hong Kong Limited ("SEHK") in May 2021.

¹³ Sulfur oxide emissions were from the consumption of official vehicle fuel (e.g. gasoline). The emission factors of vehicle travels were cited from the "Appendix II" of How to Prepare an Environmental, Social and Governance Report? updated and issued by the "SEHK" in May 2021.

¹⁴ Particles emissions were from official vehicle travels. The emission factors of vehicle travels were cited from the "Appendix II" of How to Prepare an Environmental, Social and Governance Report? updated and issued by the "SEHK" in May 2021.

¹⁵ GHG emissions (Scope 1) were from the combustion of stationary fuel (e.g. Natural gas and diesel) and the combustion of fuel (e.g. gasoline) in official vehicles. The emission factors of natural gas were determined under the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries" published by the National Development and Reform Commission of the People's Republic of China on July 6 2015. The emission factors of diesel and official vehicles were cited from the "Appendix II" of How to Prepare an Environmental, Social and Governance Report? updated and issued by the "SEHK" in May 2021.

¹⁶ GHG emissions (Scope 2) were from the consumption of purchased electricity. In accordance with the "Appendix II" of How to Prepare an Environmental, Social and Governance Report? Updated and issued by The "SEHK" in May 2021, GHG emission factors of purchased electricity are cited from the 2019 Baseline Emission Factors for Regional Power Grids in China published by the Ministry of Ecology and Environment of the People's Republic of China on December 29, 2020.

¹⁷ GHG emissions (Scope 3) were from aviation business travels of employees. The data was calculated based on the calculation method of carbon dioxide emissions from air travel developed by the International Civil Aviation Organization (ICAO).

¹⁸ The scope of hazardous waste disclosure is cited from the National Catalogue of Hazardous Wastes (Version 2021) published by the Ministry of Ecology and Environment of the People's Republic of China.

¹⁹ The unit conversion factors of non-renewable energy (e.g. gasoline, diesel and natural gas) were cited from the "Appendix II" of How to Prepare an Environmental, Social and Governance Report? updated and issued by The "SEHK" in May 2021, and were determined under the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries" published by the National Development and Reform Commission of the People's Republic of China on July 6 2015.



4 Human Capital Development

Employees are the best asset of an enterprise. Adhering to the principle of being open and inclusive, XPeng gathers global talents through cross-regional and cross-cultural communication and integration, treats employees equally, strictly prohibits child labor and forced labor, and adopts policies for employment, working hours and dismissal in compliance with laws. We make continuous efforts in improving human resource system as well as occupational health and safety system, cultivating talents with core competitiveness, while striving to protect employees' physical and mental health.



4.1 / Employment

For talents recruitment, XPeng has always followed the principle of "strict assessment, standardized process, openness and fairness, comprehensive evaluation, job placement, meritocracy, and talent recruitment". We comply with relevant laws and regulation in our employment practice, adhering to the requirements of the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Special Rules on the Labor Protection of Female Employees, the Trade Union Law of the People's Republic of China, and the Law of the People's Republic of China on the Protection of Minors and relevant practices. We implement our human resources management and actively assume our obligations as employers in accordance with relevant regulations.



XPeng 2021 Campus Recruitment Poster



XPeng Employees

4.1.1. Talent Attraction and Retention

We respect the legitimate rights and interests of employees as one of our key priorities. We formulated and implemented the Regulations for Recruitment Management, committing to hiring employees on the basis of competency. We regularly carry out annual strategic workforce planning from a human resource efficiency point of view. Based on the latest status of the business, we sort out human resource needs, adjust labor planning and guide the formulation and implementation of the policies on recruitment, human capital development, on-job management and other human resource related internal procedures, in order to make sure our planning remain instructive and forward-looking. We actively set up a talent pool. For those who fulfill our talent policies and job requirements, we will uniformly manage them in the talent pool, and then restart the recruitment process for candidates as needed. We pay extra attention to employees' personal development and provide purpose driven trainings. Furthermore, we attract talents through cultural cohesion and business value and provide sufficient guidance and job transfer opportunities for employees who are not suitable for their positions.

From 2018 to 2020, the number of new employee hires was 2,226, 2,275 and 2,488 respectively. New hired employees can support our development and team building goals.

For voluntarily resigned employees, we conduct resignation interviews to learn their reason for resignation; meanwhile, we regularly conduct questionnaire surveys and call-backs on resigned employees to review and optimize internal staff management practices.

The Group conducts employee satisfaction and engagement surveys on a regular basis, with a participation rate of 70%. We conduct anonymous surveys of the three dimensions of employee engagement index, motivation drivers, and organizational competence index. We actively adopt employee suggestions, regularly summarize critical issues based on questionnaire data analysis, develop future action plans, and conduct pilot reports.



XPeng Employees

4.1.2. Employee Performance and Promotion

With a sound performance appraisal mechanism in place, we evaluate employees' performance on a semi-annual basis through KPIs setting, process monitoring as well as interviews and coaching after performance results are released, and effectively improve employees' performance through the closed-loop of performance management.

We have a standardized ranking system and promotion mechanism. Employees are evaluated based on qualification of each job level/position by responsible persons, superiors, business related personnel and HR department, ensuring the process is carried out in a fair, just and open manner with authoritative and valid results.

4.1.3. Employee Remuneration and Benefits

We also have a well-established remuneration system. We designed and implemented employee benefit programs such as Administrative Measures for Employee Leave formulated and implemented. Our employees are entitled to statutory holidays, sick leave, annual leave, personal leave, marriage leave, funeral leave, prenatal check-up leave, paternity leave, maternity leave, breastfeeding leave, miscarriage leave, public holidays, work injury leave, etc., throughout the entire employment period. We will implement flexible working hours methods, so that employees can balance life and work. We have continuous remuneration incentives as well as mid-year stock incentive plans in place to ensure the effectiveness of long-term incentives. We strive to integrate internal and external health resources through building our optional welfare platform for employees to sign up and redeem benefits voluntarily. Benefits available include commercial insurance programs covering employees' families, health examination programs, arrangement for qualified medical institutions conducting on-site vaccination, provision of optional discounted health products, etc. During the reporting period, the average remuneration of male and female employees basically remained in the same range. The ratio between the annual compensation, including salary and year-end bonus, for the Chief Executive Officer (CEO) and the median of the annual compensation of all other employees was 2.86.

In the future, the Group will stay compliant with regulations on labor employment and keep improving employees' experience. In 2021, we expand our talent pool to include both local and overseas workforce, and we diligently review and comply with relevant pay with relevant employment regulations from interviews, on-boarding, transfer to resignation.



4.2/Occupational Health and Safety

We consider physical and mental health of our employees one of our utmost priorities. XPeng is devoted to creating a healthy and safe working environment and continuously improving occupational health and safety management systems. We strictly comply with the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Regulations of the People's Republic of China on Occupational Health in the Workplace and other laws and regulations, to continuously reinforce our occupational health and safety work for employees. We have developed and implemented regulations such as the Environmental and Occupational Health and Safety Management Manual, the Administrative Measures for Environmental and Occupational Health and Safety Trainings, the Management System for Monitoring Occupational Hazards, and the Administrative Measures for Production Environment, in an effort to regulate trainings on production safety, occupational health and environmental protection, prevent and control occupational hazards in the workplace, improve the emergency response system and operational mechanism for dealing with sudden production crisis, standardize production crisis handling process, enhance capabilities to handle production issues and

resolve such issues (if any) in a quick, orderly and efficient manner, ensuring employees' safety and health to the greatest extent. During the past three years including 2020, the Group reported 0 case of work-related fatalities and 0% of Lost-Time Injury Frequency Rate (LTIF).

Trainings on safety related laws and regulations, standards, systems, procedures and emergency were conducted in various forms, including certification trainings (qualification training for safety management personnel, safety training for special operation personnel and special equipment operation personnel, etc.) and non-certification trainings safety education for new employees at factory, workshop and team level, safety trainings for "Four Innovation" (new technology, new process, new material, new equipment), and environmental protection trainings, etc., so as to raise safety awareness and improve skills of all employees including new employees, interns, and dispatched workforce.

During the COVID-19 pandemic, we set up special teams to closely monitor our employees' health conditions and actively responded to the national call to carry out epidemic prevention work. During the reporting period, the Group reported 0 case of the COVID-19 pandemic.

Guard Health and Safety of Employees during COVID-19 Pandemic



During February to March 2020, work from home mode was launched, employees were required to check in on a daily basis and report their health conditions as we take employees' health as our utmost priorities.



After the full resumption of work in April 2020, paying close attention to the national pandemic situation, we closely monitored the pandemic policies of different places as guidance for employees from all regions, especially those from Hubei, to resume work and production in accordance with epidemic prevention requirements.



Provided protection guidelines for employees with support from supply chain partners.



Activity Room

Advocating the health management concept of "Prevention is better than cure", we strive to create a healthy organizational atmosphere. For physical health, we regularly organize a number of health promoting activities, such as "Yoga/Dance Club", "Fencing Club", "Jogging Club", "Swimming Club", and various clubs for ball games; for diet health, we provide our employees with a variety of healthy meals, nutritious meals, fresh fruits and health drinks; for mental health, we make use of external resources, set up a health service hotline for psychological counselling and hold lectures on mental health. In 2021, we have demonstrated even more extensive care to employees' mental health and made greater efforts by establishing Employee Assistance Program (EAP) and planning a series of activities, such as "525 I Love Myself" Health Day, promoting health and safety at work across key risk positions from production bases, front lines and relevant divisions.

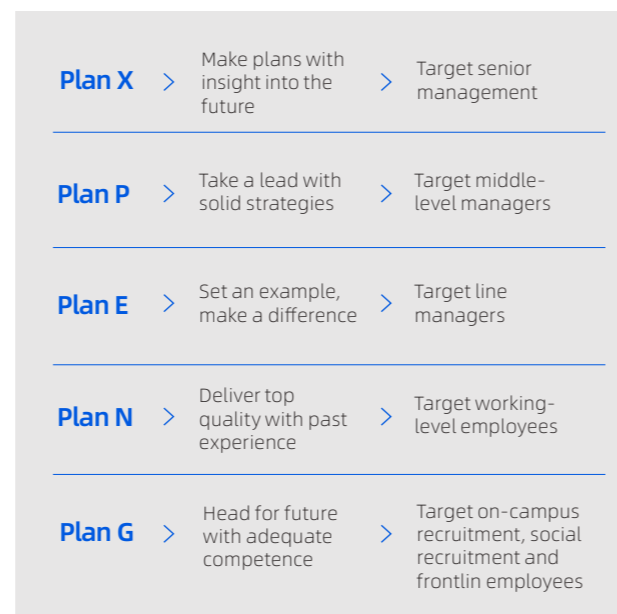
4.3/Employee Training and Development

In alignment with the Group's development objectives, we formulated and implemented the Training Management Policy to improve employees' performance and awareness for quality, enhance employees' work competency and understanding of corporate culture so that they could plan to enrich their knowledge and skills, leverage their potentials and establish healthy relationships, promoting our corporate traditions.

Through formulating and implementing the Training Management Processes, the Internal Trainer Management Measures, and the Instructor Management Measures, we are able to facilitate the establishment of instructor system and internal mentor system, supporting our inheritance of knowledge, technology, culture, talents and management. These internal measures will help our mentors better undertake the mission of "Spreading insights and know-hows" and shape a good mentoring culture in the Group in order to meet the Group's strategic development needs. Internal instructors and mentors are certified, evaluated and officially employed by third parties or by internal organizations of the Group.

We created and continued to consolidate our "XPENG" talent cultivation system, providing various job trainings for our employees. Also, in order to support employees' development, we have been continuously improving our employee training process and taking initiatives on expanding our database of training courses, training our internal mentors and instructors as well as developing E-Learning courses like "Peng-Learning".

"XPENG" Talent Cultivation System



To further motivate and upskill our employees, we have been actively investing and integrating internal and external training resources. During the reporting period, we invested RMB 1.32 million in training, covering all levels of trainees. For "Plan P" targeting middle-level managers, we held marketing skills upgrade tutorials and new middle-level managers tutorials; for "Plan N" targeting all employees, we carried out pilot projects for power charging station platform and launched the "Vision" project, public courses, WO talks, etc.; for "Plan G" targeting new employees, we launched the manufacturing onsite special training camp, marketing onsite special training camp and new employees training with 39, 266 and 654 participants respectively, helping new employees comply with the working standards and fueling

the growth of business. Based on our experience, we improved the operation plan and process of special training camp for positions in sales stores and designed 60 mini courses for manufacturing. During the reporting period, a total of 1,105 employees received trainings with an average of 3.78 training hours per employee.

Category	FY2020
Percentage of employees trained	21.7%
Percentage of employees trained by gender	
Male	77.5%
Female	22.5%
Percentage of employees trained by grade	
Senior management	0.4%
Middle management	18.1%
Staff	81.5%
Employee Group [unit: hour(s)]	FY2020
Average training hours completed per employee	3.8
Average training hours completed by gender	
Male	3.8
Female	3.8
Average training hours completed by grade	
Senior management	6.0
Middle management	31.1
Staff	2.4

XPeng Huangpu Training Camp



In 2021, we will provide continuous support for employees to promote the corporate traditions and corporate culture. We are committed that, by 2022, over 95% of employees will have access to trainings for new appointment and talent reserve organized by the Group before being officially hired or getting promotions; above 50% cadres will be selected from internal employees after 2023.

XPeng 2021 Employee Training Plan



4.4/ Diversity and Equal Opportunities

The Group is committed to shaping a culture of equality and diversity and creating a harmonious and fair working environment. In pursuit of open and equal employment opportunities and welfare, we would not set differentiated standards based on gender, age, race, nationality, religious beliefs, and other social or personal factors, and we offer equal job opportunities to all employees and candidates in accordance with the law. To enhance fairness at workplace, we provide job opportunities for 41 people with physical challenges, accounting for 0.008% of total employees, depending on our job competency requirements and actual needs. We fully respect employees' dignity and we will promise to provide a working environment free from any form of nuisance, abuse or physical punishment, and prohibit anyone from physically,

psychologically or verbally harassing and insulting others. Any violation of this policy can be reported by all personnel through complaints procedures, and those confirmed to be involved in such violation shall be subject to corresponding disciplinary procedures. During the reporting period, we did not have incidents related to discrimination and harassment. The Group promises to prohibit forced or compulsory labor, and not to force employees to work against their own will under any circumstances. Employees are entitled to appropriate remuneration or allowances in compliance with the law if they work overtime voluntarily or when needed. We consider workforce gender diversity and workplace fairness. We monitored the following indicators regarding workforce gender diversity:

	FY 2020
% of women in total workforce	18.3%
% of women in all management positions, including junior, middle and top management	7.6%
% of women in junior management positions	7.7%
% of women in top management positions	6.3%

In compliance with relevant laws and regulations, child labor is strictly prohibited and children under the age of 18 will not be employed by the Group. We won't use any products or services provided by enterprises employing child labor. To ensure all job applicants meet the requirement of legal working age, they shall go through relevant procedures with their legal identity documents. Also, the Group will conduct human rights risk assessment for all employees, regularly reviews the compliance of employment and follows up reasons for wrongful recruitment of child labor, forced or compulsory labor, so as

to take effective measures to eliminate similar incidents. Since the Group's establishment, there has been no violation of labor laws and regulations or relevant standards in places where it operates or any incidents of child labor, forced or compulsory labor.

As of December 31, 2020, the total number of employees was 5,084. Employee statistics grouped by gender, employment type, geographical region, and age are illustrated as follows:

Category	FY2020
Total number of employees	5,084
Percentage of employees trained by gender	
Male	81.7%
Female	18.3%
Percentage of employees trained by grade	
Senior management	0.3%
Middle management	3.8%
Staff	95.9%
Percentage of employees by region	
Mainland China	98.0%
Hong Kong, China	0.1%
Outside of China	1.9%
Percentage of management positions by region	
Mainland China	92.4%
Hong Kong, China	1.9%
Outside of China	5.7%
Number of directors by age	
Under 30 years old	0
30-50 years old	7
Above 50 years old	2



5 Care for Community, Responsible for Society

As a practitioner of corporate social responsibility, XPeng adheres to its own philanthropy strategy and approach and has committed to sustainable corporate responsibility projects, which focus on public safety, poverty alleviation and disaster relief. We are well aware that to promote charity, it is necessary to organically integrate community and business development in order to achieve mutual progress. In 2020, through participating in public charitable activities such as fighting the pandemic and subsidizing local agricultural business, XPeng actively fulfils its corporate social responsibilities in our focused areas. We are committed to contributing to society with love and warmth, demonstrating our sense of responsibility, and living up to our image as a responsible electric vehicle company. Affirmed and recognized by different industries and communities, the social value of our brand is increasingly prominent.

XPeng Philanthropy Strategy and Approach

Core Target

Sustainable corporate social responsibility projects

Two Focus Areas

Public safety, poverty alleviation and disaster relief



5.1 / Flood Control and Disaster Relief

Since July 17, 2021, Henan Province has experienced extremely heavy rainfall. The State Flood Control and Drought Relief Headquarters has launched a level-III emergency response for flood control. The disaster in Henan Province touched the whole nation. On July 21, 2021, while local rescue and relief work is under way, XPeng quickly responded to flood control, and donated RMB 15 million to the Henan Charity Federation for disaster relief.

5.2 / Fighting the COVID-19

In 2020, during the fight against the novel coronavirus pandemic in China, XPeng donated RMB 1 million in cash to Wuhan Charity Federation. We also donated 0.5 million worth of medical supplies, including protective clothing, goggles, masks and other supplies to medical institutions in Hubei and Guangdong, where medical supplies are most urgently in need, to support frontline workers in their efforts to fight the pandemic and build makeshift hospitals in the affected regions. We also sent out free masks for car owners and customers placing orders across the country.



In addition, we have donated RMB 1.5 million worth of XPeng G3 model cars to medical institutions such as Red Cross Society of China Guangzhou Branch and Guangzhou Municipal Health Commission, which were directly put into use at the frontline medical institutions to facilitate the travel of medical professionals and researchers. We also provide free transportation for designated hospitals in Guangzhou.

To make full use of our advantages, we provided free charging service for all electric vehicles in Wuhan, and started to provide time-limited free charging service for car owners of XPeng nationwide since February 8, 2020. We also made use of our technical advantages to remotely upgrade the high temperature sanitization function and cabin air purification function free of charge. At the same time, we provide assistance to the owners when necessary.



XPeng Social Charitable Poster



Donation to Medical Institutions

5.3 / Poverty Alleviation and Agricultural Subsidizing

While the whole nation was combating COVID-19, factors such as travel restriction and market control caused poor sales and delayed delivery of agricultural products. This, on the one hand, led to great waste of resources, brought losses to the farmers, and caused short supplies of fruits and vegetables in the market affecting the daily lives of many residents. In Zigui, Hubei Province, XPeng purchased 10,000 kilograms of oranges from over 20 local fruit farmers led by Ms. Wang Wenjuan, and donated them to 5,000 car owners of XPeng to help farmers fight the epidemic.

Appendix: GRI Content Index

GRI Disclosure	Reporting Requirements	Chapter	Page
102-18	Governance structure of the organization, including committees of the highest governance body; Committees responsible for decision-making on economic, environmental, and social topics.	1.1.1. Governance Structure	18
102-22	Composition of the highest governance body and its committee.	1.1.1. Governance Structure	18
102-29	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities.	1.1.3. Risk Management and Internal Control 1.3.1. Sustainability Management	19 23
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	1.3.2. Sustainability Strategy	24
102-31	Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	1.3.3. Stakeholder Communications	27
102-33	Process for communicating critical concerns to the highest governance body.	1.3.4. Materiality Assessment	28
102-34	Total number and nature of critical concerns that were communicated to the highest governance body; Mechanism(s) used to address and resolve critical concerns.	1.3.4. Materiality Assessment	28
205	Management approach for anti-corruption.	1.1.3. Risk Management and Internal Control 1.2. Code of Conduct	19 20
302-1	Total fuel consumption within the organization from non-renewable source; Total fuel consumption within the organization from renewable sources; Total energy consumption within the organization.	3.2.1. Energy Utilization 3.5. Environmental Key Performance Indicators	72 92
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives; Types of energy included in the reduction.	3.2.1. Energy Utilization	72
302-5	Reductions in energy requirements of sold products and services achieved.	3.2.1. Energy Utilization	72

GRI Disclosure	Reporting Requirements	Chapter	Page
303-5	Total water consumption from all areas in megaliters.	3.2.2. Water Consumption 3.5. Environmental Key Performance Indicators	73 92
305-1	Gross direct (Scope 1) GHG emissions.	3.5. Environmental Key Performance Indicators	92
305-2	Gross location-based energy indirect (Scope 2) GHG emission.	3.5. Environmental Key Performance Indicators	92
306	Management approach for waste.	3.2.3. Waste Management	74
306-2	Total weight of hazardous waste diverted from disposal; Total weight of non-hazardous waste diverted from disposal.	3.5. Environmental Key Performance Indicators	92
308	Management approach for supplier environmental assessment.	2.3. Supply Chain Management	55
401	Management approach for employment.	4.1. Employment	98
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	4.1.1. Talent Attraction and Retention	99
401-2	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	4.1.3. Employee Remuneration and Benefits	100
403	Management approach for occupational health and safety.	4.2. Occupational Health and Safety	102
403-1	A statement of whether an occupational health and safety management system has been implemented; A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system.	4.2. Occupational Health and Safety	102
403-5	A description of any occupational health and safety training provided to workers.	4.2. Occupational Health and Safety	102
403-6	An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.	4.2. Occupational Health and Safety	102

GRI Disclosure	Reporting Requirements	Chapter	Page
403-8	The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system.	4.2. Occupational Health and Safety	102
404	Management approach for training and education.	4.3. Employee Training and Education	104
404-1	Average hours of training that the organization's employees have undertaken during the reporting period, by gender and by employee category.	4.3. Employee Training and Education	104
404-2	Type and scope of programs implemented and assistance provided to upgrade employee skills; Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	4.3. Employee Training and Education	104
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review.	4.3. Employee Training and Education	104
405	Management approach for diversity and equal opportunity.	4.4. Diversity and Equal Opportunities	107
405-1	Percentage of individuals within the organization's governance bodies and employees per employee category in each of the following diversity categories: gender; age group: under 30 years old, 30-50 years old, over 50 years old; other indicators of diversity where relevant (such as minority or vulnerable groups).	4.1.1. Talent Attraction and Retention	99
408	Management approach for child labor.	4.4. Diversity and Equal Opportunities	107
409	Management approach for forced or compulsory labor.	4.4. Diversity and Equal Opportunities	107
412	Management approach for human rights assessment.	4.4. Diversity and Equal Opportunities	107
414	Management approach for supplier social assessment.	2.3. Supply Chain Management	55

GRI Disclosure	Reporting Requirements	Chapter	Page
416	Management approach for customer health and safety.	2.4. Customer Service and Communication	59
418	Management approach for customer privacy.	2.5. Information Security and Privacy Protection	65

