

# GREAT WALL MOTOR COMPANY LIMITED

## Corporate Social Responsibility Report 2017

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### I. CORPORATE OVERVIEW

#### (I) Corporate Profile

Great Wall Motor Company Limited (“Great Wall Motor” or the “Company”) is the largest SUV and pick-up truck manufacturer in the People’s Republic of China (the “PRC”). The H Shares and A Shares of the Company were listed in Hong Kong in 2003 and in the PRC in 2011, respectively. Currently, the Company has three product brands, namely Haval, WEY and Great Wall, covering three major product lines, i.e. SUVs, sedans and pick-up trucks. The Company has two production bases in Baoding and Tianjin, and is able to independently produce engines, transmissions, and other core parts and components. The Company has over 40 subsidiaries and more than 70,000 employees.

The Company adheres to the business philosophy of “making progress every day” and has advanced corporate culture and management teams. It has established a unique operating and management model, making it one of the best-run companies in the domestic automobile industry. Great Wall Motor regards “safety” as the core value of its brand and upholds the carmaking principle of “safety first” in relentless pursuit of car safety.

In recent years, the development potential of Great Wall Motor has been widely recognized. It topped the list of “Zhonglian Top 100 Listed Companies in Terms of Performance” (“中聯上市公司業績百強”) and was accredited as one of the “Most Valuable Listed Automobile Companies” (“最具價值汽車類上市公司”) and one of the “Top Ten Listed Automobile Companies in the PRC” (“中國汽車上市公司十佳”). It was also repeatedly listed as one of the “Top 500 Enterprises in the PRC” (“中國企業500強”), the “Top 500 Machinery Enterprises in the PRC” (“中國機械500強”), the “Top 500 Manufacturers in the PRC” (“中國製造500強”) and the “Fortune 500 Chinese Companies” (“《財富》中國500強”). Furthermore, it was named as a “Recommended Brand for Export” (“推薦出口品牌”) by China Chamber of Commerce for Import and Export of Machinery and Electronic Products and a “National Automobile Export Base” (“國家汽車整車出口基地企業”) by the Ministry of Commerce and the National Development and Reform Commission.

The Company’s corporate strategy is to produce high-quality products with high-tech equipment and high-performance design under the brand philosophy of “Focus, Professionalism and Specialization”. The strategic direction of Great Wall Motor is to focus on producing boutique SUVs. As such, it is committed to developing Haval into a world-class professional SUV brand and WEY into one of the world’s largest luxury SUV brands.

Great Wall Motor has maintained a leading position in both overseas and domestic markets. In the domestic market, it has the largest sales volume of SUVs for 15 consecutive years and the biggest market share and sales volume of pick-up trucks for 20 consecutive years. In overseas markets, the brand awareness and reputation of Great Wall Motor keep improving.

## **(II) Corporate Culture**

In more than 20 years of development, the management of Great Wall Motor always takes the lead in honoring the mission of “surprising customers, improving the well-being of staff, creating value for customers and contributing to the society” and the business philosophy of “making progress every day”. By doing so, the Company has developed excellent corporate culture centering on honesty, integrity, creativity and quality that can unite employees, impress customers and attract potential partners, thus providing a permanent driving force for Great Wall Motor to become an industry legend and realize sustainable and coordinated development.

## **II. SHAREHOLDERS AND PROTECTING THE RIGHTS AND INTERESTS OF SHAREHOLDERS**

### **(I) Conscientiously performing the obligation of information disclosure**

The Company has established an effective information disclosure management system and actively performs its obligation of information disclosure in accordance with the laws and regulations, including the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Administrative Measures for the Disclosure of Information of Listed Companies as well as relevant rules and regulations of the Company. It ensures the truthfulness, accuracy, completeness and timeliness of the information disclosed by it and guarantees that all shareholders have equal access to the disclosed information of the Company.

### **(II) Striving to maximize the interests of shareholders**

In pursuit of mutual benefit, harmony and win-win, the Company actively expands its presence in domestic and international automobile markets to enhance business performance and attaches great importance to shareholders’ investment returns while balancing its sustainable development and dividend distribution. Since its listing, the Company distributes dividends every fiscal year. As of 2016, the Company has distributed approximately RMB14.086 billion of dividends in aggregate. Pursuant to its proposed profit distribution plan for 2017, the Company will distribute a cash dividend of RMB1.70 (tax inclusive) for every 10 shares, representing a total cash dividend of RMB1,551,635,730.00.

### **(III) Strengthening investor relations management**

1. In an active effort to carry out investor relations management, the Company discloses corporate information on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company in strict accordance with the provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company. As such, investors can keep abreast of the operating conditions of the Company.
2. The Company will explain its operating results to investors through such means as road shows and telephone conferences after announcing its operating results.
3. The Company will designate personnel to answer the questions from investors in an objective and truthful manner by phone, email or via the e-interaction platform of the Shanghai Stock Exchange (上交所e互動), subject to relevant laws and regulations, facilitating the efficient communication with investors.

### III. PROTECTING THE RIGHTS AND INTERESTS OF EMPLOYEES

Based on the strategic objective of “build a strong enterprise with talents” and the principle of “talents are the foundation for car production”, Great Wall Motor put a great effort in talent development and cultivates a high-caliber, professional and passionate workforce by providing a platform for talents to realize their career dreams, thereby laying a solid talent foundation for achieving the visions of the Company. In the principle of “put people first and care for staff”, the Company creates a safe and healthy work environment and a simple and transparent work atmosphere. Moreover, the Company provides a visible career development platform to ensure common development with the staff and a distinctive happy life platform to ensure work-life balance, so as to achieve the goal of giving staff satisfying lives and careers and improving their well-being.

#### (I) Providing a safe and healthy workplace as part of putting people first

##### 1. *Advancing occupational health and safety management*

In the principle of “safety first, prevention-focused and comprehensive governance”, the Company implements a multi-level production safety accountability system and constantly improves its occupational health and safety management system to ensure the suitability, adequacy and effectiveness of such system in strict compliance with the laws and regulations including the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Fire Protection Law of the PRC (《中華人民共和國消防法》). By having the staff make commitment to safety and conducting performance appraisal, the Company enhances the fulfillment of safety responsibilities and effectively prevents the occurrence of safety accidents.

##### 2. *Continuously improving work environment*

The Company improves workplace safety through standardized safety production. Each new factory, new technology and new equipment will go through ex-ante safety review to ensure that they meet safety requirements before being put into operation. The Company systematically identifies occupational hazards through workplace observation, workplace hazard analysis and equipment testing while determining, regularly reviewing and dynamically managing the hazard list, measurement methods and indicators for monitoring of occupational health hazards in key places. Every year, the Company engages professional agencies to conduct inspection and assessment of its toxic and hazardous workplaces. The Company improves dust removal, noise reduction and other safety facilities in workplaces as well as raw materials and processes to prevent occupational hazards from the source; establishes and improves staff health records, organizes occupational staff to take occupational health examination, and distributes labor protective supplies to individual employees according to safety standards; always takes both prevention and control measures, and constantly improves work conditions through application of automation technology and ongoing improvement in processes, so as to create a safe, healthy and comfortable work environment for staff.

### **3. *Strengthening emergency response capacity***

The Company has a firefighting team to supervise the firefighting equipment and the fire safety of workplaces. The team is responsible for establishing an on-site safety management mechanism, and improving emergency facilities in key fire prevention areas and enhancing the emergency ability to control fire and explosion risks in places such as oil depots and coating areas. The team also improves the contingency plan system, revises comprehensive plans, special plans and on-site emergency plans, and regularly organizes drills to assess and improve emergency procedures and enhance the Company's ability to control major risks.

## **(II) Recruiting diverse talents at all levels**

### **1. *Recruiting highly-educated graduates of key universities***

Great Wall Motor recruits graduates majoring in automobile and mechanics as the backbone of technology research and development. The Company has 18,845 employees with a bachelor's degree or above. It established a postdoctoral research center in May 2006 after obtaining the approval of the Ministry of Personnel of the PRC and the National Post-doctoral Management Committee (全國博士後管委會). The expertise of each graduate is well recognized, employed and put into play by Great Wall Motor which in turn becomes a promising platform for their career development.

### **2. *Employment of social workers***

In order to help and support veterans and to maintain social stability, the Company offers a variety of positions for the employment of veterans.

### **3. *Various staff training and development programs***

The Company innovates in personnel training mode and always aligns personnel training with business needs to help staff enhance capabilities and thrive rapidly. After analyzing the internal and external environment and reviewing its human resources, the Company gradually builds up a multi-level multi-category talent development and training system. Versatile management personnel are cultivated through cross-functional job rotation, assignment of major tasks, external training and consultation. The Company speeds up the cultivation of senior technicians and senior management personnel through built-in models, "one-on-one" training, cooperative problem solving, and knowledge accumulation and impartation. Management/technical personnel are fostered through job rotation in a professional field, problem solving, project management, external training and consultation. High-skilled personnel are trained through external professional training, learning from peers, practical skill training, and study of theory and practice of specialized equipment manufacturers.

### **(III) Establishing a career development platform to help staff thrive**

#### ***1. Multiple visible career paths to promote personal growth of staff***

The Company has developed four major career and job rotation paths covering “management, technology, specialty and skills”, in an effort to build a broad career development platform for employees and to align their personal career development with the Company’s development. All employees, including senior management, have the opportunities of vertical promotion and horizontal rotation. Meanwhile, job responsibilities, learning requirements, skill and performance requirements, and remuneration packages are clearly defined to create a transparent internal and external career development system that provides “driving force” for staff development.

The Company has established a career development system that is based on performance and competency evaluation, sound talent development and fair internal competition, driven by remuneration adjustment, and supplemented by career development counseling.

#### ***2. Fair, open, equal and transparent promotion system***

In the principle of “fairness, openness, competition and selection of the best”, the Company clearly lays out the criteria for promotion in terms of knowledge, experience or achievement, expertise, improvement and innovation. Employees are selected for promotion through qualification assessment, performance review, professional knowledge test, talent-post matching evaluation and interviews. The Company has built up a fair promotion system combining talent selection and competition, where vacancies are posted for open application and candidates are subject to investigation and required to pass a probation period before being promoted.

### **(IV) Creation of joyful life for employees to promote their sense of belonging and satisfaction**

#### ***1. Put people first and care for employees to improve their well-being***

Employees are the backbone of the Company’s sustainable development, and seeking happiness for them is one of our core objectives. In a mission to bring “Great Happiness in a Small City”, Great Wall Motor launched six “wellbeing projects” for employees who are generally young and built up the “Great Wall City”, a new motor city with Great Wall Home at its center, creating a unique living environment with a perfect blend of life, work and culture.

Income guarantee: make sure that the salary level of ordinary employees is competitively high in Baoding and the salaries of key positions are comparable to those in first-tier cities in the automobile industry;

Transportation: provide special offers for car purchases and transport allowance, and work with the government to build bus stops around its workplaces;

Leave policy: offer high temperature leave so that staff can relieve work pressure by visiting relatives or going on a vacation; and our Spring Festival holidays are longer than the statutory holidays so that our employees can have more time for friends and family reunion.



Health: build stadiums, badminton halls, table tennis halls and swimming pool for staff and provide them with free health checkups every year;

Worry-free life: leverage resources to provide employees with quality public and household services and shopping privileges.

In addition, the Company offers well-furnished free apartments and provides down payment loans for young employees to buy houses.

Upholding the philosophy of “put people first and care for employees”, the Company provides guarantee and personal support for the lives of employees in many aspects so that they can work and live in peace with greater work initiative and happiness.

**2. *Comply with labor laws and regulations to safeguard the rights and interests of employees***

The Company implements its employment, working hours and dismissal policy in full accordance with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant regulations. The Company has signed a labor contract with each employee and contributes statutory social security contributions for all employees to dispel their worries. We treat men and women equally and firmly guard against any employment discrimination based on gender, nationality, race, religion or physiological condition to protect the legitimate rights and interests of employees; we employ an ID card verification system to prevent the use of child labor; for women employees, especially pregnant women, the Company strictly abides by the relevant laws and regulations regarding their working hours, work intensity and environment. The Company also distributes fine gifts to them on March 8 each year.

**IV. PROTECTING THE RIGHTS AND INTERESTS OF SUPPLIERS AND CUSTOMERS**

**(I) Protecting the rights and interests of suppliers**

The Company promotes its growth with integrity and honesty and seeks win-win cooperation with suppliers in an effort to create a “fair, equal, open and transparent” cooperative environment. The Company signs a Sunshine Agreement with each supplier as a precondition for cooperation and promotes integrity culture to regulate the cooperative behavior of both sides. The Company also cracks down hard on corruption, safeguards the interests of suppliers and maintains a sound cooperation platform, thereby guaranteeing sustained and healthy cooperation. In order to regulate the conduct of employees, key personnel of the Company are required to sign the Integrity Commitment (《廉潔承諾書》). The Company has formulated the Regulations on Integrity of Partners (《合作方廉潔制度》) and signed the Sunshine Agreement (《陽光協議》) with each supplier to regulate the cooperative behavior of both sides. The Company has set up a supervision department and established a public hotline and a chairman mailbox to effectively supervise its procurement, tender and other sensitive activities, so as to safeguard the interests of its partners.

The Company closely collaborates with suppliers in product development, quality control and product delivery on the premise of mutual support and sharing of achievements. In order to protect the interests of suppliers against price fluctuation of raw materials, the Company has entered into a Price Adjustment Agreement (《價格聯動協議》) with each supplier to ensure their profitability. The Company works with suppliers to carry out VA/VE activities for shared improvements in quality, cost control and delivery. The Company also collects issues and complaints from suppliers concerning research, production, supply and distribution through various channels, and organizes relevant departments to develop countermeasures and optimize processes, so as to improve supplier satisfaction.

## **(II) Protecting the rights and interests of customers**

The Company pursues the strategic objective of becoming a market leader highly acclaimed by customers and strives to provide customers with high-quality service experience following the service principle of “integrity, sincerity, professionalism and uniqueness” in compliance with the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》), the Product Quality Law of the PRC (《中華人民共和國產品質量法》), the Advertising Law of the PRC (《中華人民共和國廣告法》) and other relevant laws and regulations.

In order to improve its competitive edge, the Company has established an industry-leading sales service system to provide excellent customer service. The Company builds up a business ecosystem by developing a diversified “1+N” network, and establishes regional presence in an integrated way to achieve regional fine management. The Company focuses on developing service functions and enhancing brand image to provide customers with more convenient and better services.

The Company adopts Internet thinking to promote digital marketing. Aiming to develop the most reliable car service platform for customers, the Company leverages Internet technology and innovates in business model to build up a comprehensive internet ecosystem connecting Haval with users, so as to provide customers with the best seamless “O2O” services in the industry.

The Company has developed a “Customer Satisfaction Index System” based on five aspects, i.e. staff quality, good faith service, service quality, sincere care and brand image, and introduced relevant policy to stimulate self-improvement of all its network terminals based on customer needs. To attract more loyal customers, the Company also innovates in service experience and creates surprises for customers to improve overall service quality and efficiency.

In order to effectively protect the rights and interests of customers, the Company introduces a good faith service system to provide reliable services in respect of finished cars, parts, and repair and maintenance and to create a good-faith service environment for end customers, so as to improve customer satisfaction and brand image.

Any dissatisfaction of customers, no matter how insignificant, is always a major problem for us. The Company handles complaints carefully and sincerely by building an intelligent maintenance guidance platform to provide professional and convenient technical support for front-line technicians. The Company promotes regional distribution of technical experts and lines up skillful technical personnel resources to solve 100% of customers’ problems, so as to gain customer trust and improve customer satisfaction.

To protect customer information security, the Company has established a customer data and information control system to introduce stringent rules on data access, transmission and related authorizations and to implement comprehensive management covering system management, process control and application of security technology.

The Company continues to promote General Enquiry (萬事通) and Sunshine Platform (陽光曬平台) to break through obstacles to communicating with suppliers and build a smooth channel for collecting feedback from distributors, so as to create an equal, fair, open and transparent cooperation environment. As such, the Company forges a win-win relationship with suppliers and distributors based on good-faith cooperation and mutual benefits.

## **V. PRODUCT SAFETY**

Safety is the premise of luxury and quality is the foundation of all innovations. In a relentless effort to create value for customers and contribute to society, Great Wall Motor focuses on the health, safety and innovation of automotive products to make the best-quality cars. It endeavors to create surprises for customers and help them save as much trouble as possible. And how to maximize harmony among people, cars and the environment is a long-term research topic of the Company. The Company has established a scientific and systematic product design and development system through such measures as technological innovation, international operation and talent development.

### **(I) Emission control**

#### ***1. Set emission targets according to law and meet challenges with ongoing innovation***

The main considerations for setting emission targets are health and environmental protection. First, to get a clear picture of the applicable regulations and standards on emissions of different kinds of vehicles, such as the Limits and Measurement Methods of Pollutant Emissions for Light-duty Vehicles (GB 18352), the Company arranges for professional personnel to look through and gain a deep understanding of such regulations and standards, so as to ensure that the minimum requirements defined therein are met.

Second, the Company continues to meet challenges and make improvements through technological innovation. For example, the 7-speed wet dual-clutch transmission independently developed by Great Wall Motor won the title of “Top Ten Transmissions in the World”; the 1.5GDIT engine independently developed by Great Wall Motor won the title of “Ten Best Engines” in the “China Heart” Annual Top Ten Engine Selection Event; The Company also signed a joint venture framework agreement with Yogomo (a Hebei-based carmaker) for development of new energy vehicles. Through technological innovation and continuous optimization of power and transmission systems, the Company ensures that the emissions of its products meet the standards and regulatory requirements, and makes continuous improvements in this regard with industry-leading performance.



## **2. *Develop standardized measurement methods and a scientific mode of operation***

To set emission control standards, the Company has formulated the Norms for Emission Test Process Control to standardize the emission test process from preparation and confirmation of sample vehicles, testing, admission determination to consistency control, thus establishing a scientific and rigorous mode of operation.

## **3. *Ensure realization of emission targets by controlling the conditions for passing production stages***

The Company regards emission as a KPI of finished vehicles and incorporates such KPI into the Conditions for Passing Standard Production Stages which specifies the emission targets for each vehicle model in all development stages. Those that fail to meet such targets are prohibited to enter the next stage, and there will be professional engineers to analyze the reasons for failing to meet the targets and formulate countermeasures to make sure that the targets will be met.

## **(II) VOC control**

### **1. *Forward VOC technology R&D system***

In order to provide healthy, environment-friendly, relaxed and pleasant driving experience, the Company has taken the lead in establishing a system for developing in-vehicle air quality control technology in the automobile industry since 2005 and has built up a whole process management system covering R&D, manufacturing, suppliers and quality consistency in mass production. By doing so, the Company adopts the forward design process from raw materials to parts and to finished vehicles, and controls technology basics such as raw materials, formulas, processes and auxiliary materials to ensure that each process and product meet the international and national environmental standards.

### **2. *Scientific and rigorous VOC technology standard system***

Based on the ISO standard and national standards such as the Guidelines for in-vehicle Air Quality Evaluation of Passenger Vehicles (GB/T 27630) and the Methods for Sampling and Measurement of In-vehicle Volatile Organic Compounds, Aldehydes and Ketones (HJ/T 400), the Company carries out in-depth technical research on VOC control from auxiliary materials for production, raw materials, parts to finished vehicles, and has developed technical standards for VOC control in the whole process of R&D and production, including the In-vehicle Air Quality Testing Methods and Limits, the Limits on In-vehicle Volatile Organic Compounds and Aldehydes from Non-metallic Parts and the Measurement Methods and Limits of Volatile Organic Compounds, Aldehydes and Ketones from Interior Non-metallic Accessories. By doing so, the Company makes sure that there are rules to follow for environmental performance in all stages.

### **3. *Strict and meticulous supplier management system for VOC control***

The Company has built a meticulous and strict production management system to ensure compliance of VOC in the production process, and has established an environmentally qualified supplier admission mechanism, a material development approval mechanism, a supplier quality audit mechanism and an environmental control process in the whole production process to ensure environmental compliance of VOC in the entire production and supplier management process.

### **(III) Recycling and reuse**

#### **1. *Carry out recycling activities according to laws and regulations***

The Management Requirements for Hazardous Substances and Recycling Rate of Automobiles (《汽車有害物質和可回收利用管理要求》) formulated by the Ministry of Industry and Information Technology and the Road Vehicles -Recyclability and Recoverability – Calculation Method (GB/T 19515) (《GB/T 19515道路車輛可再利用率和可回收利用計算方法》) are the basic guidelines for the Company to carry out recycling work. In an effort to improve the efficiency of comprehensive utilization of resources, the Company has a dedicated department to perform unified recycling management.

#### **2. *Line up supply chain resources and select suppliers reasonably***

The Company rationally selects suppliers based on the recycling requirements on finished vehicles. Whether a supplier meets the recycling requirements is a key precondition for us to cooperate with the supplier. When initiating cooperation with a supplier, the Company will have a deep talk about recycling with the supplier, and both sides will reach consensus on recycling and make joint efforts to achieve recycling goals through exchange of experience, technology sharing, etc.

#### **3. *Strengthen training and introduce recycling design concept***

The Company organizes various forms of training from time to time to create company-wide environmental awareness. Furthermore, it firmly follows the design principles of easy disassembly and recyclability to choose reasonable structures and functional design and environment-friendly materials, and integrates recycling ideas into the product design process to realize better recycling.

### **(IV) Active and passive safety control measures**

#### **1. *Pay close attention to the latest standards and regulations to grasp the new trend of automotive safety***

The Company always abides by the laws, focuses on the present and looks forward to the future. It always keeps a close eye on the new trends of automobile safety standards and regulations, such as the Road Vehicles – Functional Safety – Part 5: Product Development: Hardware (GB/T 34590.5) (new standard that will come into force in 2018) and the Technical Conditions for Automotive Safety (GB 7258). By keeping itself updated on the latest standards and regulations, the Company can grasp the development trend of automotive safety and know where to invest its resources while ensuring its compliance with the relevant standards and regulations.

## **2. *Build safety armor with technology innovation***

The Company is always committed to the development of new technologies, and strives to provide better safety protection for automobile products through technological innovation. For example, new Haval H6 adopts laser welding technology with over 65% of high-strength steel, thereby building a comprehensive “armor-like safety system” and greatly reducing the damage caused by vehicle deformation in an accident; and the crush-resistant VV5s passed the container static pressure test.

## **3. *Abundant safety functions to guarantee safe driving***

To meet the customers’ needs for a safe, comfortable and convenient driving environment is the primary responsibility of the Company’s safety performance engineers. Automotive safety relies on prevention. As such, the Company worked with excellent suppliers to develop such safety functions as frontal collision warning (FCW), automatic emergency braking (AEB) system, adaptive cruise control (ACC) system, lane change assistance (LCA), lane-keeping assistance (LKA), lane departure warning (LDW), semi-automatic parking and Panoramic View System, which have all been applied to the Company’s vehicle models. The Company has started research and development of automated driving technology and achieved some results. It will continue to increase R&D investment to ensure that its products are safe, reliable, convenient and worry-free.

# **VI. ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT**

Upholding the philosophy of “harmonious coexistence of people, vehicles and the environment”, Great Wall Motor carries out energy and environmental management and adheres to sustainable development with “low pollution and low energy consumption” in strict accordance with the laws and regulations such as the Environmental Protection Law of the PRC and the Law on Prevention and Control of Water Pollution of the PRC.

## **(I) Emission reduction and low-carbon development**

Facilities for controlling sewage, exhaust gas, hazardous waste and noise pollution are designed, constructed and put into operation in tandem with the main structure to ensure that all pollutants meet the emission standards stipulated in environmental laws and regulations. Exhaust gas mainly consists of exhaust gas emitted by painting workshops and the main pollutants are benzene, toluene and xylene. Exhaust gas produced by the coating procedure of painting workshops will be treated by RTO, and spray and other exhaust gas of painting workshops will be treated by zeolite rotor facilities and discharged after meeting the required standards (for instance, in 2016, the exhaust gas produced by the coating procedure of Tianjin painting workshop No.1 contained 0.0327mg/m<sup>3</sup> of benzene and a total of 0.177 mg/m<sup>3</sup> of toluene and xylene, while the exhaust gas produced by Baoding automobile painting workshop contained 0.09mg/m<sup>3</sup> of benzene and a total of 4.48mg/m<sup>3</sup> of toluene and xylene, far lower than the national benzene emission standard of 1mg/m<sup>3</sup> and toluene and xylene emission standard of 20mg/m<sup>3</sup>; in 2017, the exhaust gas produced by the coating procedure of Tianjin painting workshop No.1 contained 0.038mg/m<sup>3</sup> of benzene and a total of 0.115mg/m<sup>3</sup> of toluene and xylene, while the exhaust gas produced by the spraying procedure of Baoding automobile painting workshop contained 0.0486mg/m<sup>3</sup> of benzene and a total of 1.113mg/m<sup>3</sup> of toluene and xylene, far lower than the national benzene emission standard of 1mg/m<sup>3</sup> and cumulative toluene and xylene emission standard of 20mg/m<sup>3</sup>). The main

pollutant of sewage discharge is COD. Each plant site has a sewage outfall and after being treated at the sewage treatment plant, sewage will be discharged into the municipal sewage network after meeting the requirements of national laws and regulations (for instance, the COD emission level of the automobile business department was 46.2mg/L, and that of Tianjin automobile plant was 64mg/L, far lower than the national COD emission standard of 500mg/L). The plant sites are not in the proximity of noise-sensitive regions in which cultural and educational facilities are located. The maximum level of noise emitted (measured on a nearby main road) was 59.3dB, lower than the national standard.

In 2017, a total of 17,043 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste were produced by the Company, representing 0.016 tons of hazardous waste per vehicle. Such waste was transferred in accordance with the Administrative Measures on Hazardous Waste Transfer (《危險廢物轉移聯單管理辦法》), the Notice on Application of Dynamic Solid Waste Information Management Platform and the transfer approval procedures of the competent authorities in Tianjin and Baoding. All hazardous waste of Tianjin plant was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. for disposal, while the hazardous waste of Baoding plant was transferred to Hebei Fenghua Environmental Protection Service Co., Ltd, Leting County Haichang Environmental Technology Co., Ltd., Qinhuangdao Xushankou Hazardous Waste Treatment Co., Ltd., Hengshui Jingzhen Environmental Technology Co., Ltd., Cangzhou Jihuan Veolia Environmental Services Co., Ltd. and Quyang BBMG Cement Co., Ltd. for disposal. Non-hazardous waste produced by the Company is mainly domestic waste. In 2017, such waste reached 17,000 tons in total, with a unit production of 0.016 tons per vehicle, which was disposed by qualified waste recycling plants engaged by the Company.

The finished products of the Company are mainly vehicles, the shipment of which does not require the use of a large quantity of packaging materials.

Since 2012, the Company has monitored greenhouse gas emission in accordance with the ISO 14064 standard and the Calculation Methods and Reporting Guidelines for Greenhouse Gas Emission of Machinery Manufacturers in Hebei Province (Trial)" (《河北省機械製造企業溫室氣體排放核算方法與報告指南(試行)》). In 2017, the greenhouse gas emission of the Company totaled 1.32 million tons, including the main engine plants and parts plants of Great Wall Motor Company Limited, of which greenhouse gas emission of the main engine plants was 0.65 ton per vehicle.

The Company carries out environmental management in strict compliance with the Law of the People's Republic of China on Environmental Impact Assessment and other environmental protection permits, and holds discharge permits for lawful discharge of sewage, with discharge capacity of sewage pollutants determined to be 43.51 tons of COD per year. The Company entrusts qualified third parties to conduct environmental monitoring on a regular basis, and it also carries out self-monitoring of pollutants to monitor the emission intensity of pollutants (for instance, daily monitoring of the water quality of sewage discharged to the external environment) and implements the established emergency response plan for environmental emergency events, which has been filed with the respective local environmental protection authorities. For sewage, exhaust gas, hazardous waste and noise produced by the Company, emissions of pollutants and noise have met the required standards and there are no non-compliant cases.

The Company strictly controls the emission of various pollutants to ensure continuous emission reduction on the basis of emission compliance. The Company reduces pollutant emissions by employing systemic management measures and equipment, upgrading sewage treatment stations, exhaust gas treatment facilities and other environmental facilities, and introducing emission reduction technology. For sewage emission reduction, the Company carried out reclaimed water reuse projects to reduce its sewage discharge. For exhaust gas emission reduction, the Company effectively reduces the emission of volatile organic compounds by upgrading the equipment for treatment of spray paint exhaust gas in coating workshops and introducing the globally advanced zeolite rotor system to realize advanced treatment of spray paint exhaust gas. For solid waste reduction, the Company employs silane process in Xushui chassis and Boxin chassis in place of phosphating process to reduce the emission of phosphate residue. For noise reduction, the Company eliminates the use of noisy equipment and promotes noise-reduction process to reduce noise pollution in strict accordance with the Noise Emission Standard for Factory Boundary of Industrial Enterprises (《工業企業廠界環境噪聲排放標準》(GB12348-2008)).

## **(II) Energy conservation for sustainable development**

In the principle of “green production and sustainable development”, the Company strives to build a resource-saving and environment-friendly enterprise. Since 2012, the Company has established a professional energy management team to improve its expertise in energy conservation and guide the Company to organize energy management activities and implement energy management under the energy management system. By setting the double-control targets for overall energy consumption and intensity, the Company enhances the energy-saving awareness of all employees and gradually reduces its energy consumption. In an effort to incorporate energy-saving work into production processes, the Company proactively researches energy-saving technologies, works to reduce energy consumption from the source by improving processes, and guides employees to make innovative energy-saving improvements in production lines/equipment. The Company strictly abides by the national energy policies, and identifies and replaces outdated equipment with high energy consumption while introducing clean-energy and energy-efficient equipment to cut down on emission and energy consumption, so as to contribute to building a green China.

The Company has put a lot of efforts in saving energy while improving product quality and the ability to supply parts. In 2017, the Company’s total energy consumption was 2,100,736 MWh, with the unit consumption being 2.04 MWh per vehicle (In 2016, the Company’s total energy consumption was 1,998,144 MWh, with a unit consumption of 1.83 MWh per vehicle). In order to reduce energy consumption, the Company actively introduces new energy and generated 39.61 million kWh of PV power in 2017. In addition, the Company increased its PV power capacity by 78.216 MW by building new PV projects and is expected to generate 100 million kWh of power in 2018. The Company introduced new energy-saving technology for production of finished vehicles and parts, and completed the nano infrared heating transformation of 217 injection molding machines, reducing energy consumption by 1,100 tons of standard coal per year. For energy saving of motors, the Company introduced a project for servo transformation of die casting machines, a high efficiency motor replacement project and a fan pump frequency conversion project, reducing energy consumption by 500 tons of standard coal per year. The Company continued to promote the construction of energy information system, green LED lighting, recycling of waste heat and residual pressure, on-site energy waste elimination, etc. We also make improvements in on-site energy conservation through analysis of energy consumption data to achieve fine energy management.



As to water resources utilization, in 2017, the Company's total water consumption was 4.22 million tons, with the unit water consumption being 4.1 tons per vehicle. According to the water quality demands of different processes, the Company has built reclaimed water and concentrated water recycling projects and realized graded use of water resources. In 2017, the Company reused 870,000 tons of water and 220,000 tons of reclaimed water, realizing zero discharge of reclaimed water in some factories.

## **VII. PUBLIC RELATIONS AND SOCIAL WELFARE UNDERTAKINGS**

### **(I) Building a moral system where staff act in concert with the same ideology**

The senior management advocates integrity-driven coordination for better development, and builds a moral system that encourages employees to act in concert with the same ideology within and outside the Company.

The Company guides employees to establish positive values and outlook on life through internal activities, including ethical education, promoting the Employee Code of Conduct, speech and debate contests, watching movies with morality themes, sharing integrity cases and setting moral models. The Company communicates its integrity values to the relevant parties through high-level visits and special exchanges in an effort to raise moral awareness within and outside the Company.

Over the years, Great Wall Motor abided by the law and operated with integrity. The Company has won a number of honorable titles in the PRC, such as the Trustworthy Enterprise with Contractual Spirit (“守合同、重信用”單位), the National Labor Day Medal (“全國五一勞動獎”) and the Top Ten Chinese Enterprises in After-sale Services (“全國售後服務行業十佳單位”). It also gets “AAA” credit rating from many banks.

### **(II) Establishing a pragmatic system for public welfare undertakings that engage all employees**

The senior management leads by example in giving back to society and encourages employees to participate in public welfare undertakings. The Company promises to act as a real corporate citizen and uses its brand resources to promote harmonious development of people, vehicles and the environment. the Company has identified “industry research, education, environmental protection and charity” as the key areas to support based on its development strategy, industry characteristics and geographical factors, and takes an active part in public welfare activities to promote social progress, cultural development, environmental protection and economic growth in harmony.

1. Industry research: The Company shows strong support for the scientific research of automobile major in national key universities. It has established teaching and research laboratories in colleges and universities including Hebei Agricultural University, and has provided automobiles for teaching purpose to key universities such as Tsinghua University, Jilin University and Yanshan University.
2. Education: The Company provided an off-campus practice base and science and technology competition fund for Yanshan University. The Company helps build hope primary schools in poverty-stricken areas, provides financial support for poor students, and donates teaching tools to high schools, middle schools, primary schools and kindergartens.

3. Environmental protection: In addition to energy conservation and emission reduction in the process of product design and production, the Company organized employees to carry out volunteer activities and always advocates low-carbon commuting, with a view to contributing to the cause of environmental protection in hometown.
4. Charity: The senior executives of the Company regularly visit Jinqiu Home for the Elderly and Baoding First Welfare Institution to present gifts on behalf of the Company in a bid to show love and care for the elderly without family and bring hope and strength to disabled children.

Under the guidance of the Public Welfare Manifesto of Great Wall Motor and the Plan of Great Wall Motor for Public Welfare Support, the Company creates an internal atmosphere where “all employees are volunteers and everyone engages in public welfare undertakings” while calling on all sectors of society to jointly inherit and innovate in China’s charity culture. In an ongoing effort to explore and practice new public welfare models, the Company has built up a public welfare support system where the Company takes the lead in public welfare activities with great sales services and extensive engagement of automobile buffs.

In recent years, the Company has contributed RMB48,491,300 in total to public welfare undertakings. Its efforts and enthusiasm in public welfare have been widely recognized by the society. The Company was awarded a number of honorary titles, including the Advanced Unit in Education Donation in Hebei Province (“河北省捐資助學先進單位”), the Civilized Unit of Hebei Province (“河北省文明單位”) and the Caring Enterprise” (“愛心企業”).

### **(III) Upholding the “poverty alleviation” mission to establish a comprehensive poverty alleviation system**

The senior management attaches great importance to poverty alleviation and convenes meetings to formulate plans and policy for poverty alleviation in impoverished areas. They also designated personnel to visit and investigate the poverty-stricken areas in the province, in order to understand the status quo of poverty. According to its targeted poverty alleviation plans, the Company continued to improve the infrastructure, healthcare, education and other public facilities.

1. Offering employment opportunities to alleviate poverty: After considering its own conditions, the Company provides numerous jobs for impoverished areas and helps employees in need overcome economic difficulties by providing them with subsidies.
2. Offering health subsidies to employees in poverty: The Company offers one-off poverty alleviation funding to employees who are in severe poverty due to natural and man-made disasters, serious illness and other special reasons.
3. Visiting employees in poverty: The Company assessed and investigated the conditions of employees reported to be in poverty to get a clear picture of the reasons for and extent of their poverty as well as their living conditions. Based on that, the Company visited 110 employees in poverty during its annual anniversary and the Lunar New Year to make them feel the warmth of the Company as a big family.

Poverty alleviation is not only an act of kindness but also a manifestation of enterprise value. Great Wall Motor will adhere to the principle of fundamental and long-term poverty alleviation instead of taking it as short-term conduct and continue to carry out poverty alleviation initiatives.

## **VIII. CORPORATE INTEGRITY BUILDING**

The Company strives to create an equal, fair, simple and transparent workplace and cooperative environment in compliance with the Criminal Law of the PRC (《中華人民共和國刑法》), the Amendments to the Criminal Law of the PRC (《中華人民共和國刑法》系列修正案), the Public Security Administration Punishment Law of the PRC (《中華人民共和國治安管理處罰法》), the Company Law of the PRC (《中華人民共和國公司法》) and other relevant laws and regulations. With more than 20 years of development and innovation, the Company always upholds the principles of integrity and honesty, promotes excellent corporate culture, disseminates positive energy to the society and builds a corporate image of integrity, thus contributing to national rejuvenation and social progress.

### **(I) Improving the working organ for combating corruption and promoting integrity with strengthened leadership**

The Company has set up an independent “Anti-corruption Committee” and has the Chairman act as the director of the committee which is mainly responsible for setting targets for integrity building of the Company, assigning relevant tasks and steering integrity building in the right direction. A disciplinary panel was set up under the committee to mainly take charge of the Group’s construction of an integrity system, including formulating, maintaining and improving relevant measures, receiving whistle-blowing information from employees/related parties, conducting investigations and imposing penalties, as well as supervising key positions and organizing integrity education.

### **(II) Emphasizing education on integrity and creating a culture of anti-corruption and integrity**

In order to enhance employees’ integrity awareness, build a moral bottom line for employees and ensure the implementation of the anti-corruption measures, the Company has set up an integrity education system covering orientation education, promotion education and special education for different stages of employees’ careers. Such education is carried out through training, pre-job testing, video teaching, outreach activities and so forth to enhance employees’ professional ethics and anti-corruption capabilities.

### **(III) Improving polices and measures to standardize anti-corruption management**

In a drive to make anti-corruption more standardized, systematic and scientific, the Company has developed a whole set of anti-corruption policies, mainly including 14 polices such as the Management Policy on Corruption Prevention (《腐敗預防管理制度》), the Management Policy on Integrity of Partners (《合作方廉潔管理制度》) and the Employee Code of Conduct on Integrity (《員工廉潔行為規範》). These policies provide important institutional support for anti-corruption work.

As for corruption prevention, the Company identifies areas and positions with corruption risks and pushes ahead with multi-party supervision against corruption through optimization of relevant policies and procedures. The Company also detects internal and external business risk exposures through such means as performance appraisal and internal audit, with a view to information for its corruption control. For personnel assigned to key positions such as procurement and tendering personnel, the Company subjects them to regular job rotation to prevent corruption arising from long tenure.

As for the protection of the rights and interests of partners, the Company promotes its growth with integrity and honesty and seeks win-win cooperation with suppliers in an effort to create a “fair, equal, open and transparent” cooperative environment. The Company signs a Sunshine Agreement with each supplier as a precondition for cooperation and promotes integrity culture to regulate the cooperative behavior of both sides. The Company also cracks down hard on corruption, safeguards the interests of partners and maintains a sound cooperation platform, thereby guaranteeing sustained and healthy cooperation.

#### **(IV) Strengthening anti-corruption discipline to guard against and punish corruption**

Great Wall Motor implements a zero-tolerance policy towards corrupt behavior including treats, gifts, cards, offers as well as offering and taking bribe. The Company has a disciplinary inspection team in place to investigate and penalize corruption. Moreover, it has established a variety of whistle-blowing channels, including QQ, hotline, email, WeChat and an anti-corruption APP, so as to enable early identification and handing of corrupt behavior with supervision of all employees and the related parties. Those who violate the criminal law will be turned in to the juridical authority for criminal prosecution.

**APPENDIX: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE**  
**INDEX OF THE HONG KONG STOCK EXCHANGE**

General Disclosures and KPIs	Description	Relevant chapters in this report
<b>Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Product Safety, Environmental Protection and Sustainable Development
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection and Sustainable Development
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainable Development
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainable Development
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainable Development
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Product Safety, Environmental Protection and Sustainable Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Product Safety, Environmental Protection and Sustainable Development



General Disclosures and KPIs	Description	Relevant chapters in this report
<b>Environmental</b>		
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Product Safety, Environmental Protection and Sustainable Development
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainable Development
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainable Development
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection and Sustainable Development
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection and Sustainable Development
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A <sup>1</sup>
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Product Safety, Environmental Protection and Sustainable Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Product Safety, Environmental Protection and Sustainable Development

<sup>1</sup> This item is not applicable to the Group given the business nature of the Group.

General Disclosures and KPIs	Description	Relevant chapters in this report and other information
<b>Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Protecting the Rights and Interests of Employees
<b>Aspect B2: Health and Safety</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Protecting the Rights and Interests of Employees
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Protecting the Rights and Interests of Employees
<b>Aspect B4: Labour Standards</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	Protecting the Rights and Interests of Employees

General Disclosures and KPIs	Description	Relevant chapters in this report and other information
<b>Social</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Protecting the Rights and Interests of Suppliers and Customers, Product Safety
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Protecting the Rights and Interests of Suppliers and Customers, Product Safety
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Corporate Integrity Building
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Public Relations and Social Welfare Undertakings

**Great Wall Motor Company Limited**  
23 March 2018