



北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED

(A joint stock company incorporated in the
People's Republic of China with limited liability)

Stock code: 1958



2018 ESG

Environmental, Social
and Governance Report

行有道·達天下
Your Wish · Our Ways

* For identification purpose only

Notes on Report

When presenting the issues relating to the environmental, social and governance (ESG) performance of BAIC Motor Corporation Limited, this Report will observe relevant policies, concepts and objectives of the Company at the group level as the guide, and describe concrete implementation and performance records of the Company and its subsidiaries.

In this Report, the following terms shall have the following meanings:

“The Company”, “Company” or “BAIC Motor” refers to BAIC Motor Corporation Limited;

“The Group” or “We” refers to the Company and its subsidiaries.

Other terms and definitions: please refer to the 2018 Annual Report of the Company, unless otherwise specified.



Publishing Cycle

This is an annual report covering the period from January 1, 2018 to December 31, 2018. Some contents may go beyond the aforesaid period due to explanation needs.



Principle for Compilation

This Report is compiled in accordance with the Environmental, Social and Governance (ESG) Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).



Notes on Data

In case of any inconsistency between certain financial data in this Report which are derived from 2018 Annual Report and those in 2017 Annual Report, the latter shall prevail. Other data mainly come from internal system of the Company and statistical data of its subsidiaries. All the monetary amounts in this Report are denominated in Renminbi (RMB), unless otherwise specified.



Form of Publication

This Report is published in both Chinese and English. In the case of any discrepancy between the two versions, the Chinese version shall prevail.

The electronic version of this Report is available on the website of the Stock Exchange of Hong Kong (<http://www.hkexnews.hk>) and the website of the Company (<http://www.baicmotor.com>).



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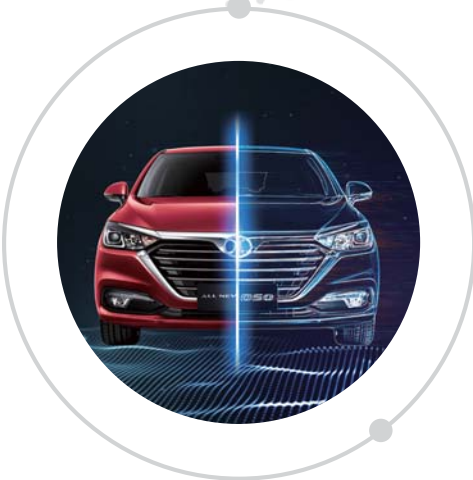
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01 CHAIRMAN'S STATEMENT



Dear stakeholders,

The Group takes “leading the future car life” as its persistent pursuit and responsibility, and strives to create an open automobile ecology and practices the principle of originality, humanity, environment protection and perfection, and provides the people with the most suitable travelling solutions, and leads a good and smart car life of the people for the future. Since its establishment, the Group has taken the responsibility of discovering the new value of the industry and has had the courage to take the lead in industry reform, so as to lead the industry development. The Group focuses on the field of passenger vehicle manufacturing, adheres to the combination of independent innovation, joint venture and cooperation, strives to enhance the comprehensive competitiveness of the entire value chain, and is committed to becoming a leading passenger vehicle manufacturer with strong core competitiveness in China, which is socially respectable, wins trust from customers and partners and gives its employees a sense of pride. We actively communicate with stakeholders, strengthen exchanges with all parties, undertake the corporate social responsibility, and promote sustainable economic, social and environmental development.

We create more value for shareholders and customers, with the craftsman's spirit. We continuously strengthen research and development, and manufacturing capabilities, further deepen and diversify product connotations to fully meet customer needs, and promote profound changes in the automotive industry chain. In 2018, thanks to the efforts of “BAIC Staff”, the Group made the consolidated revenue of RMB151.92 billion and net profit of RMB14.27 billion.

We adhere to green development and lead green travel. We still focused on R&D and manufacturing of new energy vehicles, and continued to promote clean production and develop green products through eco-design to reduce the impact of the full life cycle of products on the environment. Meanwhile, we continued to improve EHS management and apply the overall prevention environmental strategies to the whole production process, so as to explore energy saving potential, improve energy efficiency and reduce energy consumption.

We work with suppliers, employees and the community for a win-win outcome. We strive to promote the exchange and cooperation in the industry chain, continuously improve the lean and efficient supplier management system, so as to maximize the synergy value of the industry chain. We take care of the growth and development of each employee, rely on BAIC Motor Business School (北京汽车商学院) to integrate the superior resources of the human resources system, and provide a diversified learning and improvement platform, so as to make the talent dividend become the endogenous driving force for enterprise development. We stay true to the mission and perform the social responsibility. Under the philosophy of “nurture the world with love, help families with a caring heart”, we will actively utilize the resources and advantages of the industry, make contribution to the society, commit ourselves to poverty alleviation, support the sustainable and long-term development of the communities in which we operate, and give back to the society.

In 2019, we will stay true to the mission, make efforts, keep pace with the new era, and work with the new generation. While creating attractive products, we will realize the alignment and maximization of the economic, social and environmental values of the enterprise.

02 ABOUT US



Established in September 2010, BAIC Motor Corporation Limited is a leading passenger vehicle manufacturer in China, and one of the passenger vehicle manufacturers with the most optimized brand layout and business system in the industry. Our brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid- to high-end passenger vehicles and proprietary brand passenger vehicles, which can maximally satisfy various customers' demands, and we are also the leader of pure electric passenger vehicle business in China. The Company completed its H Shares initial public offering and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange) on December 19, 2014 (H Share stock abbreviation: BAIC Motor; H Share stock code: 1958).

BAIC Motor Corporation Limited enhances the corporate core competitive strengths as the objective. We adhere to independent innovation and development of scale and go in the strategic direction to build a "BAIC of Might, BAIC of Scale, BAIC of World and BAIC of Harmonious". We combine international cooperation and endogenous development, adjust and optimize the product structure and business structure and sharpen our comprehensive competitive edges along the entire value chain to build a large automotive enterprise that takes the lead in China and is competitive in the international market, and become a benchmark of medium and high-end passenger vehicles for the proprietary brand of China. As at the end of 2018, the Group had 20,431 employees in total and recorded the consolidated revenue of RMB151.92 billion.





03

ESG MANAGEMENT

GPS

The Group strictly complies with the Environmental, Social and Governance Reporting Guide (ESG Guide) in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the Stock Exchange), pursuant to which the Board of Directors is responsible for assessing and determining ESG risks, considering and determining ESG material issues, promoting the integration of ESG philosophy and development strategies and operations management, and considering and determining reporting-related matters. There is an ESG working group responsible for promoting ESG work and reporting ESG related matters to the Board of Directors. In order to further meet the requirements of the ESG Guide, the Group has established an ESG indicator system applicable to it, which defines ESG performance reporting processes, so as to ensure that ESG disclosure is made according to requirements of the Hong Kong Stock Exchange and actual conditions of its operations.

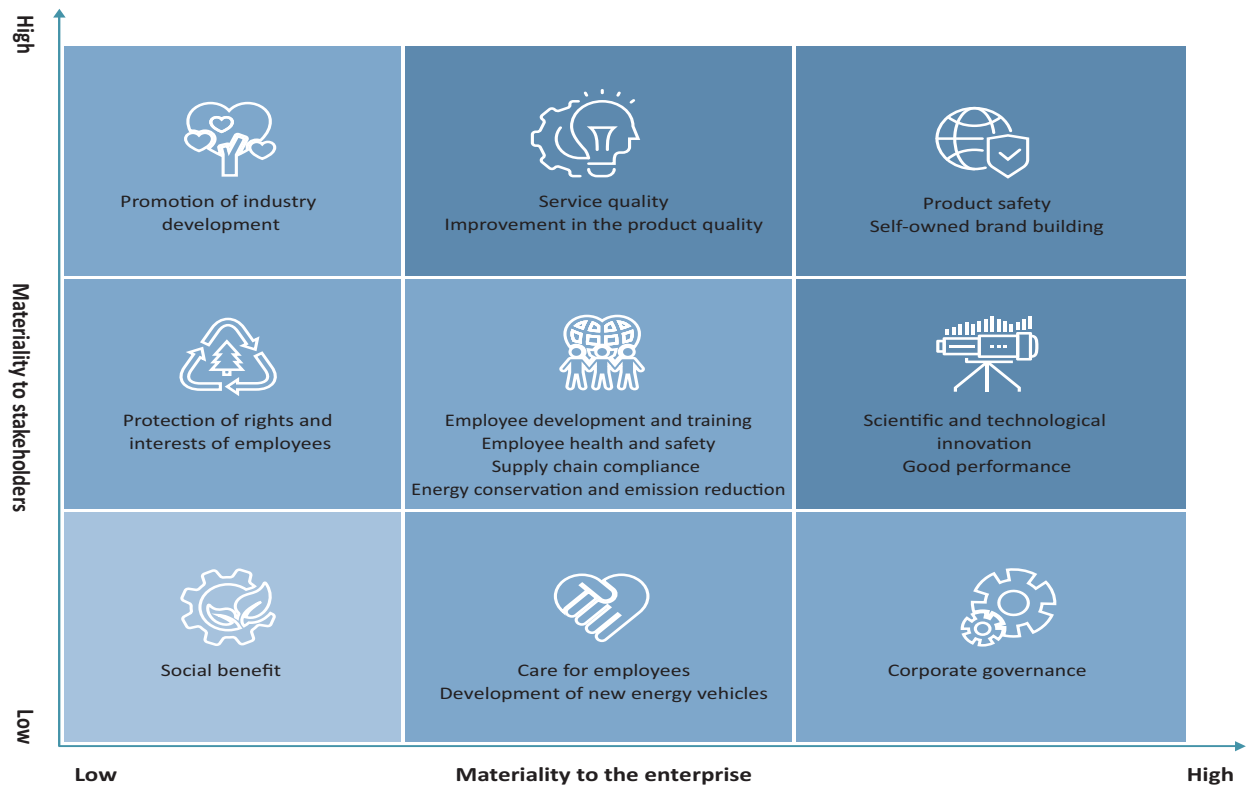
This Report has been published, after consideration by the Board of Directors.

Stakeholder Communication

Stakeholders	Communication Mechanism	Stakeholders' Appeals	Response of the Group
 Government and regulators	<ul style="list-style-type: none"> • Policies and guidelines • Daily communication 	<ul style="list-style-type: none"> • Drive economic development • Tax payment according to law • Honest and legitimate operation • Creation of job opportunities 	<ul style="list-style-type: none"> • Active response to national strategies • Good operation • Compliant operation • Creation of jobs • Enhanced innovation and R&D
 Shareholders	<ul style="list-style-type: none"> • General Meeting of Shareholders • Board of Directors • Daily communication 	<ul style="list-style-type: none"> • Value enhancement • Regularization of corporate governance • Transparent operation 	<ul style="list-style-type: none"> • Good operating results • Continuous improvement in the corporate governance structure • Comprehensive, timely, accurate information disclosure
 Customers	<ul style="list-style-type: none"> • Company website • WeChat official account • Weibo official account 	<ul style="list-style-type: none"> • High price-performance ratio • Safety protection • Provision of high-quality services 	<ul style="list-style-type: none"> • Development of new energy vehicles • Improvement in the product quality management system • Car owner events • Customer satisfaction survey
 Employees	<ul style="list-style-type: none"> • Communication with employees • Trade Union • Staff Council • President's Lunch Party • Bulletin 	<ul style="list-style-type: none"> • Sound remuneration and welfare system • Smooth career development channel • Comfortable working environment 	<ul style="list-style-type: none"> • Safeguarding of legitimate rights and interests of employees • Continuous reinforcement of safety and health management • Diverse training • Staff care activities
 Suppliers and partners	<ul style="list-style-type: none"> • Regular communication • Business cooperation and exchange • Training 	<ul style="list-style-type: none"> • Fair and equitable cooperation • Cooperation and mutual benefit 	<ul style="list-style-type: none"> • Continuous improvement in supplier management • Strengthening of internal procurement management • Supplier training
 Dealers	<ul style="list-style-type: none"> • Sales activities • Training • Business guidance 	<ul style="list-style-type: none"> • Model supply • Business help 	<ul style="list-style-type: none"> • Strengthening of instruction and help for dealers in sales activities • Sharing of market information • Dealer training
 Community	<ul style="list-style-type: none"> • Care for vulnerable groups • Philanthropic events for community 	<ul style="list-style-type: none"> • Common community development • Harmonious community relations 	<ul style="list-style-type: none"> • Sponsor events • Participation in volunteer events • Earnest efforts for the public welfare
 Public and media	<ul style="list-style-type: none"> • Information disclosure on media • Philanthropic event 	<ul style="list-style-type: none"> • Open, transparent information disclosure • Comprehensive, effective performance of corporate citizen responsibilities 	<ul style="list-style-type: none"> • Timely and objective information disclosure
 Environment	<ul style="list-style-type: none"> • Environmental protection activities • Green operation 	<ul style="list-style-type: none"> • Reduction in energy consumption and carbon emission • Active participation in environmental protection activities 	<ul style="list-style-type: none"> • Increase in the awareness of environmental protection • Strengthening of the construction of safety and environmental protection system • Green operation • Energy saving upgrade

Analysis of Material Issues

The Group has actively undertaken its social responsibility, strengthened communication with stakeholders, actively responded to the stakeholders' appeals, and continuously enhanced its sustainable development capability. On the basis of the requirements of the ESG Guide of the Stock Exchange, and by comparison with leading enterprises at home and abroad, the Group has analyzed, classified, screened and sorted the issues that reflect the Group's significant impacts on the economy, environment and society and that have a material influence on the stakeholders' evaluation and decision-making, as an important basis for ESG information management and disclosure.





04

ENVIRONMENT

GPS

Emissions

The Group has always adhered to the environmental protection philosophy of “green operation and sustainable development” and established a green supply chain management system in strict accordance with the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other national laws, regulations and policies related to emissions management, and has carried out emissions management under the guidance of the Environmental Management Manual, Wastes Management Procedures, and Wastewater Management and Control Procedures, and otherwise. The Group’s main emissions are greenhouse gases from energy consumption and waste gas, wastewater and solid waste from production and operation.

Main emissions of the Group in 2018 are as follows:

Indicators	Unit	2018	2017
Scope 1: Direct GHG emission ¹	tCO ₂ e	328,386.71	329,576.56
Scope 2: Indirect GHG emission ¹	tCO ₂	846,841.29	821,081.74
Total GHG emissions ¹	tCO ₂ e	1,175,228.00	1,150,658.31
GHG emissions per vehicle	tCO ₂ e/vehicle	0.80	0.79
Total wastewater discharge ²	Ton	2,679,115.00	3,536,107.72
Total COD emissions	Ton	270.57	514.50
Total NH emissions	Ton	15.41	35.27
Total VOC emissions	Ton	1,678.64	1,760.16
Total SO ₂ emissions	Ton	3.28	8.99
Total production of hazardous wastes	Ton	18,721.71	27,340.71
Production of hazardous wastes per vehicle	kg/vehicle	12.43	18.65
Total production of non-hazardous wastes	Ton	84,541.34	114,895.26
Including: metal	Ton	54,283.46	76,610.10
Including: paper	Ton	12,227.78	14,705.95
Including: timber	Ton	12,090.95	19,403.42
Including: others	Ton	5,939.15	4,175.79
Production of non-hazardous wastes per vehicle	kg/vehicle	57.91	78.38

Note:

- GHG emissions are calculated with reference to the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard 2012 published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC); and the grid emission factors used in the calculation of Scope 2 emissions are determined with reference to the latest emission factors of China’s regional power grid for 2017 released by the Department of Climate Change, the Ministry of Ecology and Environment of the PRC.
During the year, the GHG emissions from the purchased heat was also be included in the scope 2: GHG emissions of indirect emission source, thus increased slightly.
- The total wastewater discharge includes the total production and office wastewater discharged by the Group.
- The emissions statistics include those of Beijing Hyundai.

Measures for strengthening emissions management:



Waste gas

- According to the actual waste gas emissions, build corresponding waste gas treatment facilities to ensure that all types of waste gas pollutants meet emission standards;
- Reduce the use of oil paints, use water-based paint as the main raw and auxiliary materials for spray painting, and reduce the production of volatile organic compounds;
- Use the Zeolite roller concentration treatment facility to treat the waste gas from the painting process, so as to ensure that the emission concentration of volatile organic compounds is lower than the current emission standard;
- VOC emissions and sulfur dioxide emissions decreased by 4.63% and 63.52% respectively as compared with that of the corresponding period in 2017.



Wastewater

- Construct a sewage treatment plant, carry out an advanced treatment process for integrated wastewater, ensure that the wastewater discharge concentration meets the discharge standard, and installs online monitoring equipment;
- In the water washing before treatment and after cathode electrophoresis in the painting workshop, use multi-stage overflow cleaning to reduce the amount of sewage generated;
- Wastewater discharges decreased by 24.23% as compared with that in 2017.



Hazardous wastes

- Sort out quantitative data on the generation and disposal of solid wastes, especially hazardous wastes, during the production or service process, analyze the reasons affecting the amounts of solid wastes generated and disposed, identify opportunities for reduction, and actively explore technologies in relation to reusing and recycling;
- Provide bins for hazardous waste recycling in office areas to recycle waste and used batteries and lamps;
- Deliver hazardous waste from production and operation to a qualified third party for treatment;
- Dangerous waste disposal costs reduced by more than 30% in 2018 as a result of further decrease in the production of hazardous waste from unit product through optimized management and technological transformation by Beijing Benz.



Non-hazardous wastes

- Domestic waste is transported by the municipal sanitation department;
- Harmless waste discharges decreased by 26.42% as compared with that in 2017.



Noise

- Take vibration reduction, noise reduction and sound insulation measures for major noise sources such as punch, air compressor station, standby generator for coating, boiler room and fans in the painting shop.

Use of Resources

The main resources used by the Group are electricity, gasoline, diesel and water resources. The main source of water is municipal water supply. The Group enhances energy and water resource management in strict accordance with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on Promoting Clean Production and other relevant laws and regulations. The Group has formulated and implemented a number of systems and procedures including the Management Measures of BAIC Motor Corporation Limited for Safety and Environmental Protection Information Reporting and the Management Measures of BAIC Motor Corporation Limited for Safety, Environmental Protection and Risk Assessment and Review of New/Alteration/Addition Projects. In 2018, no significant illegal incident or issue occurred in the course of seeking for energy and water resources by the Group.



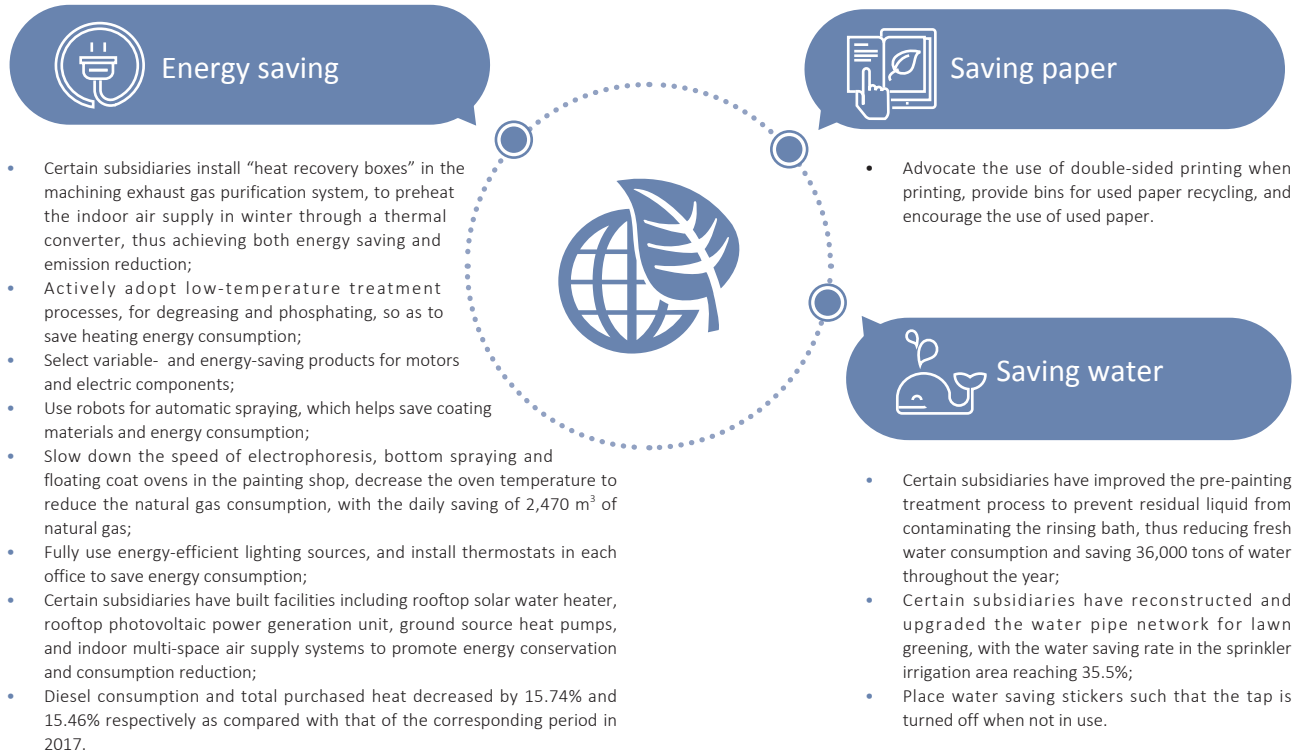
Use of main resources by the Group in 2018 is as follows:

Indicators	Unit	2018	2017
Total electricity consumption	Kwh	1,203,547,385.48	1,090,726,401
Total gasoline consumption	L	2,552,320.50	2,385,118.32
Total diesel consumption	L	334,250.30	396,679.15
Natural gas consumption	m ³	147,095,916.41	147,744,083.40
Total purchased heat	million kj	90,064.92	106,535.67
Total comprehensive energy consumption ¹	TCE	346,713.90	337,230.20
Production energy consumption per vehicle	TCE/vehicle	0.24	0.23
Total water consumption	Ton	9,456,986.18	7,397,715.08
Total water consumption for producing a vehicle	Ton/vehicle	6.57	5.11
Total recycled and reused water	Ton	3,611,427.25	3,068,570.00
Percentage of recycled and reused water	%	38.19%	41.48%

Note:

1. Comprehensive energy consumption is calculated, using the energy statistics calculation method of the National Bureau of Statistics of the People's Republic of China.
2. The Group's core businesses are research and development, manufacturing and sale of and after-sales services for passenger vehicles. The use of packaging materials is not a material issue of the Group.
3. Resource usage statistics include Beijing Hyundai.

Measures for improving the efficiency of energy resource utilisation:



The Environment and Natural Resources

Creation of green products

The Group is committed to creating environmentally friendly and energy-efficient products, integrates environmental protection philosophies into the entire life cycle of vehicle development, production, use and otherwise, continuously improves the environmental protection performance of vehicles, and uses environmentally friendly technologies and materials to improve fuel economy and reduce emissions, and as far as possible, minimize the environmental impacts of energy consumption, greenhouse gases, air pollutants and other hazardous substances from the production and use of vehicles. During the reporting period, the Company won the title of advanced organization in in-vehicle environmental pollution control in the indoor and in-vehicle environmental protection industry in China, and had its new-generation Senova Zhixing rated as an environmentally-friendly, energy-saving and intelligent pioneering vehicle model.



■ Participation in Environmental Protection and Public Benefit Activities

The Group is committed to conveying the philosophy of green development to all corners of society, actively participates in ecological governance through organizing and carrying out environmental protection and public benefit activities, and promotes the increase in the environmental awareness of employees and the public, so as to contribute to the protection of the ecological environment.

Beijing Hyundai desertification control activity, a youth public benefit activity in Baoshadainuoer

From August 2 to 4, 2018, Beijing Hyundai started a new journey of public-benefit desertification control in 2018. 35 young volunteer representatives started the journey of ecological management in the frontline area for desertification control in Baoshadainuoer, Xilingol League, Inner Mongolia. Such desertification control journey was actively participated in by Beijing Hyundai "family" including young volunteer representatives, automobile media moderators and representatives of vehicle owners who are companies, which was a significant manifestation of the "home culture" of BAIC Motor and even the extension of corporate social responsibility.





05

SOCIETY

GPS

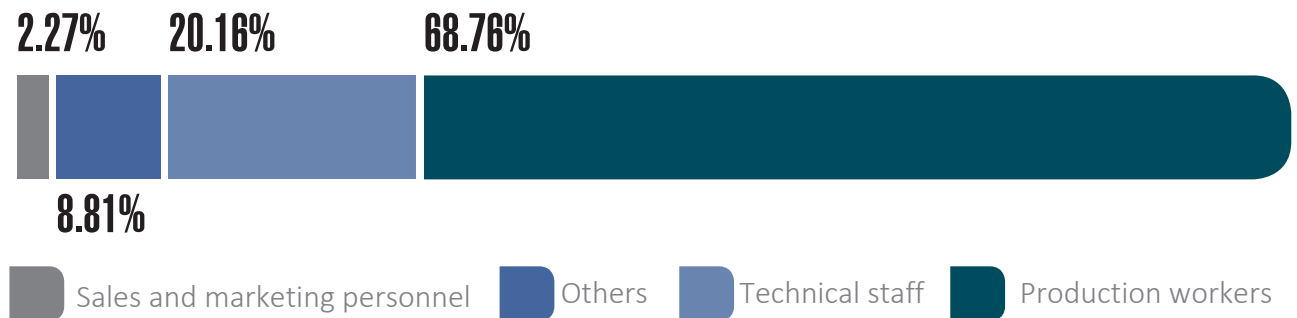
■ Employment

The Group adheres to the talent philosophy of people first, the principle of equal employment, strictly complies with the requirements of national laws and regulations including the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China, and has formulated internal management and control systems including the Recruitment Management System of BAIC Motor Corporation Limited, the Employee Remuneration Management Measures of BAIC Motor Corporation Limited, the Benefit Management Measures of BAIC Motor Corporation Limited and the Attendance and Holiday Management Measures of BAIC Motor Corporation Limited, so as to ensure a harmonious labor relationship with employees according to law.

The Group standardizes the recruitment process and criteria, establishes a sound remuneration and benefit system, improves the employee promotion mechanism, prevent child labor and forced labor, respects the culture and religious beliefs of different nationalities, and ensures that employees have equal rights regardless of gender, age, skill and educational background, and provides protection in terms of employee recruitment, promotion, dismissal, hours of work, holidays and other rights and interests, continuously improves the remuneration and benefit system, and establishes feedback channels in terms of labor relations, remuneration and benefits, performance results and otherwise. As at the end of 2018, the Group had a total of 20,431 employees, all of who have signed labor contracts, and 808 of who are minority employees. The annual employee turnover rate was 3.68%, of which the annual turnover rate of male employees was 3.64%, while that of female employees was 3.95%.







Employee function distribution





Improvement in the remuneration and benefit system

- 
 - Establish a salary system centered on job value and oriented to employee performance and ability.
- 
 - According to national policies, formulate employee attendance management measures, which specify in details, the annual leave, maternity leave, paternity leave, marriage leave, funeral leave, sick leave, leave of absence for employees, so as to protect the holiday entitlements of employees.
- 
 - Pay contributions to the social insurance fund, housing provident fund and enterprise annuity fund and otherwise for qualified employees according to law.
- 
 - Provide employees with benefits including labor protection allowances, high temperature subsidies, only-child allowance, and business travel allowances.

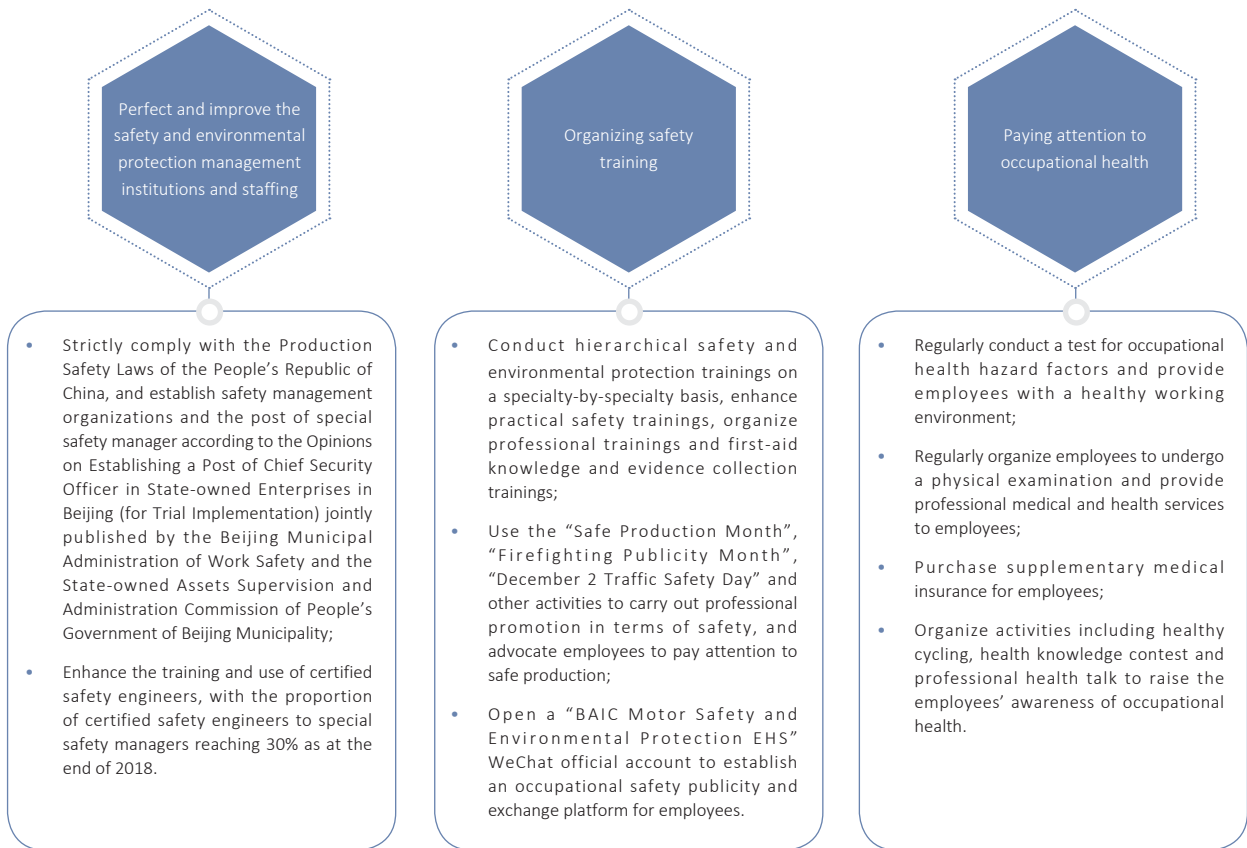
Establish a mechanism for communication with employees

- 
 - Held employee forums which are presided over by leaders of the Group, from time to time, so as to carefully hear the opinions, ideas and suggestions of employees.
- 
 - Organize and carry out various recreational and sports activities including variety show, basketball, football and badminton competitions, to build relaxed communication channels for leaders and employees.
- 
 - Regularly carry out employee satisfaction surveys to promote two-way communication.

Health and Safety

The Group adheres to the safety philosophy of “autonomous safety and prevention first” and strictly complies with laws and regulations including the Production Safety Laws of the People’s Republic of China. The Group has carefully formulated and strictly implemented safety management systems including the Safe Production Management System of BAIC Motor Corporation Limited, the Management Measures of BAIC Motor Corporation Limited for Safety Production Accountability, the Management Measures of BAIC Motor Corporation Limited for Occupational Health and Safety Training, and the Management Measures of BAIC Motor Corporation Limited for Accident Potential Identification and Treatment, and has continuously improved occupational health and safety management system and passed the OHSAS18001:2007 occupation health safety management system certification. Throughout the year, it carried out 417 safety education trainings with 47,842 trainees; there were 66 lost days due to work injury; and there were no work-related fatalities. During the reporting period, the Company won the best practice activity award in the Beijing Safety Production Month in 2018.

Measures for protecting the health and safety of employees:



Development and Training

Under the talent philosophy of “people first and full use of talents”, the Group provides employees with diversified learning resources and promotion channels, and continuously improves human resources management, optimizes and strengthens management measures in strict compliance with laws and regulations including the Labor Law of the People’s Republic of China, and under internal Pre-job Training Management Measures, the Special Training Management Measures, the Post Management Measures and otherwise. It has built a comprehensive and hierarchical training system with the core philosophy of BAIC (focus on business, active action, learning innovation, cooperation and sharing). At the same time, it continuously optimizes the employee performance appraisal system and strives to provide employees with a smooth career development channel.

Indicators	2018	2017
Percentage of the trained employees (%)	100	100
Total hours of employee training (hour)	1,419,387	1,813,393
Average training hours per employee completed (hour/person)	69	79
Of which: Average training hours of male employee completed (hour/person)	69	79
Of which: Average training hours of female employee completed (hour/person)	69	79
Of which: Average training hours of high-level management employee completed (hour/person)	110	110
Of which: Average training hours of medium-level management employee completed (hour/person)	36	36

Employee training and promotion mechanism:



Diversified learning mechanism

- Established BAIC Motor Business School (北京汽车商学院) to create quality courses, provide professional training, support the implementation of high-level strategies and the development of new businesses, and cultivate internal experts;
- Built a comprehensive and hierarchical training system to provide targeted professional training for employees at different levels;
- For director-level and department head-level reserve cadres, carry out the “8085 Training Plan” covering high-performance teams, business simulation and otherwise;
- For grassroots managers, carry out the “Section Chief X Training Program” to create high-performance teams through face-to-face instruction, learning based on the tutorial system, management salon, senior executive lecture and otherwise;
- For ordinary employees, offer a number of general and special courses, through three platforms, namely Career Studio, Craftsman Studio and BAIC Motor Auditorium, so as to broaden the horizon of employees and realize interactive learning;
- For new employees, carry out special training with the online learning platform, which covers quality management, system processes and other contents to help employees quickly adapt to new jobs;
- For fresh graduates who are newly employed, carry out centralized training under the “Sun-Rise Plan”, the production practice and the training based on the tutorial system, so that employees accept the corporate culture and rapidly adapt to the new environment.



Smooth promotion channel

- Have formulated and strictly complied with *Management Scheme for Employee Rank Promotion of BAIC Motor Corporation Limited*, and established three career promotion channels for professional function/marketing, management, and research and development, based on the performance evaluation mechanism;
- Have established an employee rotation mechanism among business units, strengthened employee training, improved the comprehensive ability of employees, and established an incentive benefit system which is aligned with the competitive compensation system to effectively support the growth of employees.

Construction of an online learning platform

The Group focuses on building an online learning platform. In 2018, it completed the strengthening of the basic system for diversification of training resources, management electronization, online and offline combination, and further improved the training effectiveness, promoted independent learning of and communication among employees, so as to stimulate and release the human resources efficiency and vitality. The learning platform currently covers all employees of organizations under self-owned brands and managers above the department head level at joint ventures and investment enterprises, with more than 5,000 users.



Labour Standards

The Group strictly complies with the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and has formulated and strictly complied with the Recruitment Management System of BAIC Motor Corporation Limited. In accordance with relevant laws, the Group has established a necessary recruitment information collection and approval process, which requires candidates to produce their identity documents in the recruitment process, so as to prevent child labor and forced labor. During the reporting period, the Group did not violate laws, regulations and international standards with regard to child labor and forced labor.



Supply Chain Management

The Group continuously optimizes supply chain cooperation and management, and evaluates and improves the supply chain management process. The Group has established a scientific and strict supplier selection and evaluation system, and continuously introduced and improved the supplier performance evaluation method. Through the procedure system audit and management system audit, the Group has formulated various management systems, including the Management Measures of BAIC Motor Corporation Limited for Evaluation of Potential Suppliers in Purchase of Parts for Production and the Management Measures of BAIC Motor Corporation Limited for Evaluation of Supplier Performance, so as to carry out routine monitoring, evaluation, management and control of the supply chain management process.



Product Responsibility

Provision of high-quality products

The Group is committed to carefully producing each vehicle for its customers, with the quality culture of “customer first, quality leadership, smart manufacturing with the craftsman’s spirit and striving for excellence”. The Group strictly complies with laws and regulations including the Law of the People’s Republic of China on Product Quality, the Regulations on Management of Compulsory Product Certification. In 2018, the Group systematically sorted out, unified and integrated quality management businesses in the manufacturing process at the company level, and once again, optimized the Measures of BAIC Motor Corporation Limited for Quality Management in the Manufacturing Process, thus making operation processes, core contents and work orders in relation to quality management in the manufacturing process, more standard and normalized. At the same time, the Group has formulated the 2018 quality leadership strategy, based on the needs of customers and related parties, with the goal of “quality leadership, customer satisfaction, and related party satisfaction”. The Group has fully implemented the strategy in product planning, product research and development, procurement, production, manufacturing, sales, service and otherwise, and has promoted continuous improvement in the quality management system, thus effectively ensuring the quality and reliability of products. In 2018, the new SenovaD50 of BAIC Motor was ranked first by the User Committee, China Association for Quality in terms of satisfaction with sedans worth of less than RMB100 thousand among the new vehicles receiving attention in the market in 2018.

Quality Leadership Strategy of BAIC Motor



Construction of an information-based sharing platform

- Have completed the construction of research and development quality management, after-sales quality management, process quality management and informatization management systems, and built a customer-focused and information-based sharing platform which deeply covers research and development and manufacturing processes.

Deepening the development of quality control and management products for new vehicles

- Have formed complete system documents including the Supplier Quality Manual of BAIC Motor Corporation Limited and the BPQG Product Development Quality Process of BAIC Motor Corporation Limited, and have carried out the quality threshold management and control in the whole process, and controlled all milestones of research and development of new products;
- Select strong suppliers and high-quality components to ensure the quality and reliability of vehicles.

Improvement in the product quality audit

- Audit the manufacturing process of the company every quarter in terms of people, machine, material, law, environment, test and otherwise, and seek product quality improvement in terms of product quality and manufacturing process;
- Conduct review work from the user's point of view, and carry out company-level monthly review and factory-level daily review;
- In 2018, the production consistency check of 7 vehicle models (8 times) was completed, with the completion rate of collection of problems identified in the check reaching 100%; the conformity test of 66 in-service vehicles was completed, with the pass percentage reaching 100%.

Quick response to market needs

- Through user satisfaction surveys for new products, a visit to dealers, and market and user surveys with third-party companies and otherwise, comprehensively collect market quality problems, quickly solve the quality problems reported by users, and continuously improve the product quality.

Quality assurance special activity for the launch of Senova Zhidao

In December 2018, in the early days of the launch of Senova Zhidao of BAIC Motor, in order to solve after-sales quality problems quickly and effectively, the Company's quality center organized to jointly carry out quality assurance special activity with factories, sales, research and development, procurement and other units.

During the special activity period, real-time and comprehensive management of market issues was achieved through daily communication meetings, quality problem reports, and vice president-level market quality meetings. In view of the quality problems, timely information sharing and special investigation were carried out. When the customer needs, the Company organizes research and development, procurement and supplier arrival on-site analysis within 24 hours, with the troubleshooting rate reaching 99%, which has received high recognition from dealers and customers.

■ Innovation and Development

Under the research and development philosophy of independent innovation, preciseness and practicalness, excellent quality and customer first, the Group strives to achieve continuous improvement in the ability in terms of quality, cost and progress management and control. With focus on the “electrification” and “intelligent networking”, it confirmed the development strategy, and has successively started research and development projects and applications in related fields, and developed a new generation of intelligent driving products.

In order to standardize scientific research subjects, scientific and technological achievements, knowledge management and other businesses, and encourage innovation and research and development, the Company has formulated the Management Measures of BAIC Motor Corporation Limited for Scientific Research Subjects, the Management Measures of BAIC Motor Corporation Limited for Scientific and Technological Achievements, the Knowledge Management Measures of BAIC Motor Corporation Limited and otherwise, which further define business processes and provide strong support for innovation and subject management. At the same time, the Company has actively contacted authorities including the Intellectual Property Administration of Beijing Municipal and the Zhongguancun Park Management Committee to gain an in-depth understanding of the intellectual property incentive policy. In 2018, the Company obtained the qualification of a high and new technology enterprise, and applied for the “Standardization Model Enterprise in National Independent Innovation Demonstration Zone of Zhongguancun” project, which was approved. It won China Red Star Design Award in 2018, for its Senova Zhixing.

Relevant information can also be found in the Group’s 2018 annual report.

■ Improvement in Customer Experience and Consumer Rights Protection

The Group has always regarded “customer-centric” as the core element of its core values. In accordance with the Law of the People’s Republic of China on Protection of Consumer Rights and Interests and other laws and regulations, we have formulated the Management Methods for Customer Complaints, the Management Measures for Satisfaction and Complaint Rectification and other systems, so as to serve customers wholeheartedly and protect customer privacy.

We strictly comply with the Advertising Law of the People’s Republic of China, prevent false advertising, and deliver authentic and reliable advertising information to customers.

With professional and considerate services, the Company won the “China’s Best Customer Contact Center in 2018 – Customer Service Prize” in the Golden Sound Award.

Establish multi-dimensional communication channels

- Set up a nationwide service hotline;
- Establish online customer service and WeChat microservice channels;
- Carry out telephone follow-up with regard to new car sales and after-sales service to track customer satisfaction;
- Establish a Call Center System (customer complaint management system) to give feedback on and collect customer complaint acceptance, allocation and treatment results.

Focus on consumer privacy protection

- Have formulated the Measures for Centralized Management of Customer Data to strengthen the monitoring and management of customer data, strictly controlled confidentiality management for businesses in using customer data, and approved accounts and authorities for use of ordinary customer data, and the use of daily customer data, in strict accordance with requirements of the management system.

Prevention of false advertising

- Brand advertisements and other relevant information published through official channels of the company are published subject to approval according to the internal audit process, so as to ensure the authenticity and preciseness of the information.

Indicators	2018	2017
Customer complaint reduction rate (%)	27.9	7.0
Sales satisfaction (%)	94	92.6
After-sales service satisfaction (%)	95.5	93.0

■ Anti-Corruption

The Group and its employees strictly comply with relevant laws and regulations including the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and anti-corruption policies including the Several Regulations on Integrity of Leaders of State-owned Enterprises. The Group resolutely prevents all kinds of bribery, extortion, fraud and money laundering. During the reporting period, the Group was not aware of any lawsuits arising from violations of anti-corruption, anti-bribery, anti-fraud and anti-money laundering and other laws and regulations in the place of operation.

Improvement in supervision mechanism



- Publish the Joint Supervision Work Mechanism of BAIC Motor Corporation Limited and build a joint supervision work platform;
- Hold a number of joint meetings with the regulatory authority to discuss key issues and risk points;
- Construct a closed-loop supervision work system of "identifying, reporting, communicating on and solving problems", and achieve mutual complementation and enhance the effectiveness of supervision work;
- Establish supervision and reporting channels including tip-off box, tip-off email address, tip-off hotline, and letters and visits.

Promotion of special inspection



- Carry out the "Woodpecker Action 2.0" to further identify difficulties in the operation and management work, and supervise and improve the problems of "failure to assume responsibilities, irresponsibility, omission and slowness";
- Organize special investigations into violations of laws and regulations.

Creation of integrity culture



- Invite experts to conduct special trainings for employees on the Constitution of the People's Republic of China and the Supervision Law of the People's Republic of China;
- Organize and carry out educational activities including "Integrity Classroom" and "Integrity in Departments and Offices", which cover all of its enterprises;
- Organize employees to visit the warning education base and receive anti-corruption education;
- Use multimedia platforms including "Jing Cai 1958" for publishing integrity education and training materials, so as to create an honest and entrepreneurial atmosphere.

Community Investment

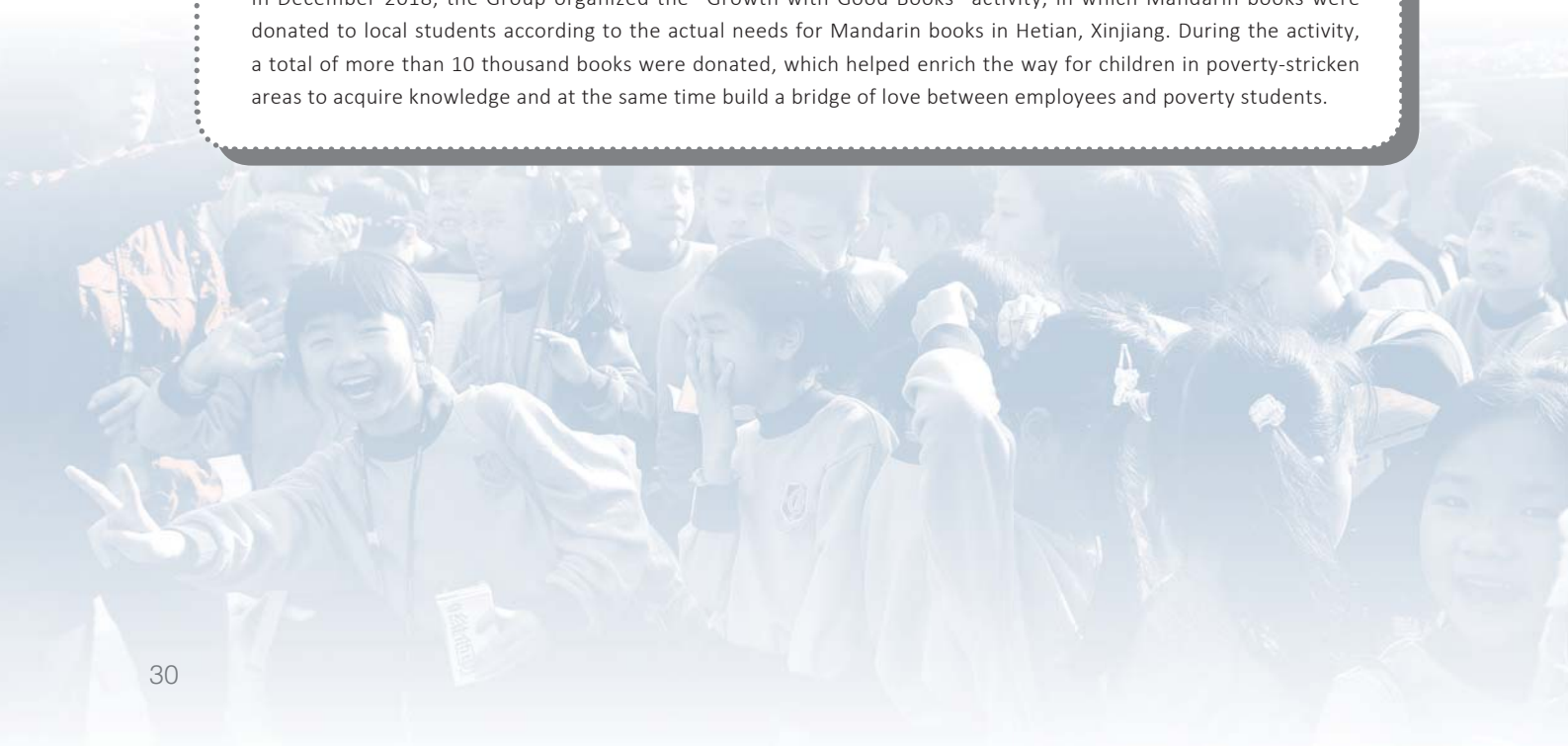
The Group inherits and promotes the volunteer spirit of “dedication, friendship, mutual assistance and progress”, insists on giving back to the society with a high sense of social responsibility, actively participates in social welfare activities, and creates a cohesive and influential corporate image. The Group actively responds to national policies including the targeted poverty alleviation policy, strictly complies with laws and regulations including the Charity Law of the People’s Republic of China, and focuses on public welfare activities in terms of school construction, teaching assistance, charitable donation, social services and otherwise, thus contributing to building a harmonious society.

Indicators	2018	2017
Terms of volunteer activities (terms)	345	341
Number of participants in employee volunteer activities (persons)	8,910	8,640
Hours of volunteer activities during the reporting period (hours)	39,566	12,960
Number of beneficiaries in volunteer activities during the reporting period (persons)	88,563	21,570

Organizing charity activities of student aid in Qinghai Yushu and Mandarin book donation in Hetian, Xinjiang

The Group pays high attention to the education development in poverty-stricken areas. In 2018, the Group continuously deepened its contact and communication with Central Boarding School in Baizha Village, and provided corresponding charitable student aid, and organized employees to make a donation to and help poverty students in Central Boarding School in Baizha Village, Nangqian County, Yushu Prefecture, Qinghai Province. Such activity was carried out in the form of one-to-one assistance, with a total donation of RMB38,400, and covering 64 students, supporting the poverty students in better acquiring knowledge and realizing personal growth, thus contributing to the elimination of educational divide.

In December 2018, the Group organized the “Growth with Good Books” activity, in which Mandarin books were donated to local students according to the actual needs for Mandarin books in Hetian, Xinjiang. During the activity, a total of more than 10 thousand books were donated, which helped enrich the way for children in poverty-stricken areas to acquire knowledge and at the same time build a bridge of love between employees and poverty students.



Organizing “Warm Winter” donation activity

In December 2018, the Group held the “Warm Winter” activity, calling on all employees to actively participate in the donation activity, and organized employee volunteers to carry out work including collecting, packaging, recording information of, and bagging the donated materials, and put the cotton clothes in boxes and transport them to Beijing Institute of Petrochemical Technology and Shunyi Charity Association, delivering love and warmth to the people in need, with a total donation of more than 200 winter clothes.



Participation in volunteer service for Beijing International Automotive Exhibition

In order to ensure the success of Beijing International Automotive Exhibition, in April 2018, the Group organized young employee volunteers to provide free volunteer services for relevant tourists and field personnel. According to service requirements, the Group provided comprehensive trainings for volunteers including service etiquette, product knowledge and route familiarization. During the activity, young volunteers drove vehicle models of the Group's new energy vehicles to and from various street districts in Beijing, to provide enthusiastic and professional services for the conference.







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APPENDIX



Index to ESG Indicators

Aspects	Description	Page
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	12
	A1.1 The types of emissions and respective emissions data.	12
	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12
	A1.5 Description of measures to mitigate emissions and results achieved.	13
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	13
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	14
	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).	14
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	14
	A2.3 Description of energy use efficiency initiatives and results achieved.	15
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	14, 15
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	16
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	16-17
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant regulations that have impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	20, 21
	B1.1 Total workforce by gender, employment type, age group and geographical region.	20
	B1.2 Employee turnover rate by gender, age group and geographical region.	20
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	22
	B2.1 Number and rate of work-related fatalities.	22
	B2.2 Lost days due to work injury.	22
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	22

Aspects	Description	Page
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	23
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Planned to be disclosed in the future
	B3.2 The average training hours completed per employee by gender and employee category.	23
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	24
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	24
	B4.2 Description of steps taken to eliminate such practices when discovered.	No occurrence
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	25
	B5.1 Number of suppliers by geographical region.	Planned to be disclosed in the future
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Planned to be disclosed in the future
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	26, 28
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	For details, please see the recalls announcement on the Company's website http://www.baicmotor.com/news/content/id/184.html
	B6.2 Number of products and service related complaints received and how they are dealt with.	28
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	28
	B6.4 Description of quality assurance process and recall procedures.	26-27
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	28
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	29
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	29
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	29
B8 Community Investment	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.	30
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	30-31
	B8.2 Resources contributed (e.g. money or time) to the focus area.	30-31



北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED