



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



Environmental, Social
and Governance Report

2019ESG

行有道·達天下
Your Wish · Our Ways

* For identification purpose only

Notes on Report

This Report is based on relevant group-level policies, philosophies and objectives of BAIC Motor Corporation Limited, in presenting its environmental, social and governance (hereinafter referred to as “ESG”) performance, and describes specific implementation and performance of the Company and its subsidiaries.

For the sake of convenience, in this Report:

“The Company”, “Company” or “BAIC Motor” means BAIC Motor Corporation Limited;

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

Other definitions: please refer to the 2019 Annual Report of the Company, unless otherwise specified.



Publishing Cycle

This report is published on an annual basis, for the period from January 1 to December 31, 2019. However, to ensure continuous disclosure, certain statements may be outside the aforesaid period for explanation reasons.



Principle for Compilation

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), and by reference to the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) published by the Global Sustainability Standards Board (GSSB).



Notes on Data

Certain financial data in this Report are derived from the 2019 Annual Report. In case of any inconsistency between the data in this Report and the 2019 Annual Report, the latter shall prevail. Unless otherwise specified, other data cover the Company and its subsidiaries. Unless otherwise specified, all the monetary amounts in this Report are denominated in Renminbi (RMB).



Form of Publication

This Report is published in both Chinese and English. In 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 (hereinafter referred to as the “Stock Exchange”) (<http://www.hkexnews.hk>) and the website of the Company (<http://www.baicmotor.com>).





Contact Information

Investor hotline: (86) 10 5676 1958

(852) 3188 8333

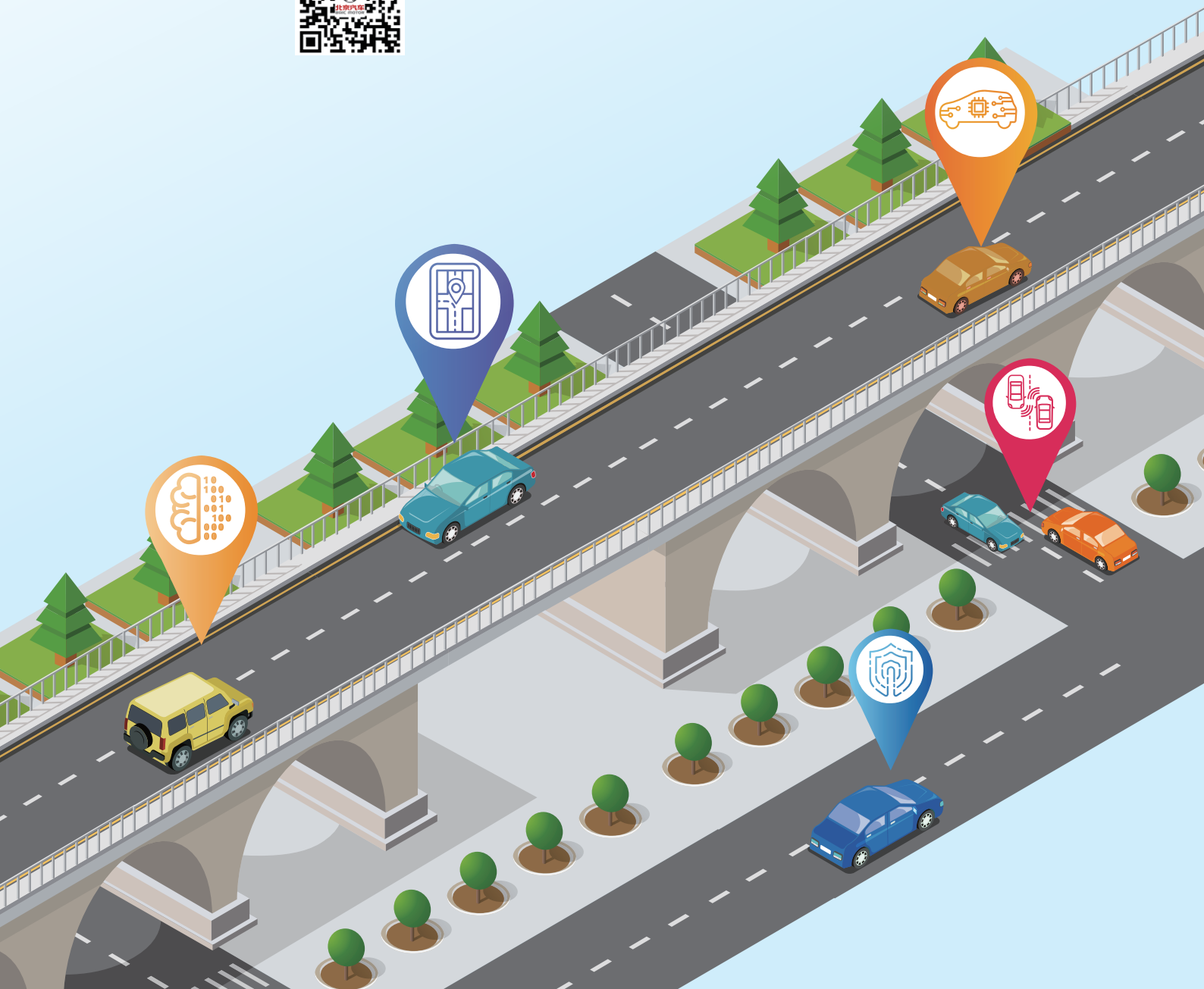
Email: ir@baicmotor.com

BAIC Motor Corporation Limited

Address: No. 99 Shuanghe Street, Shunyi District, Beijing

Postal Code: 101300

For more details, please scan the following QR code:



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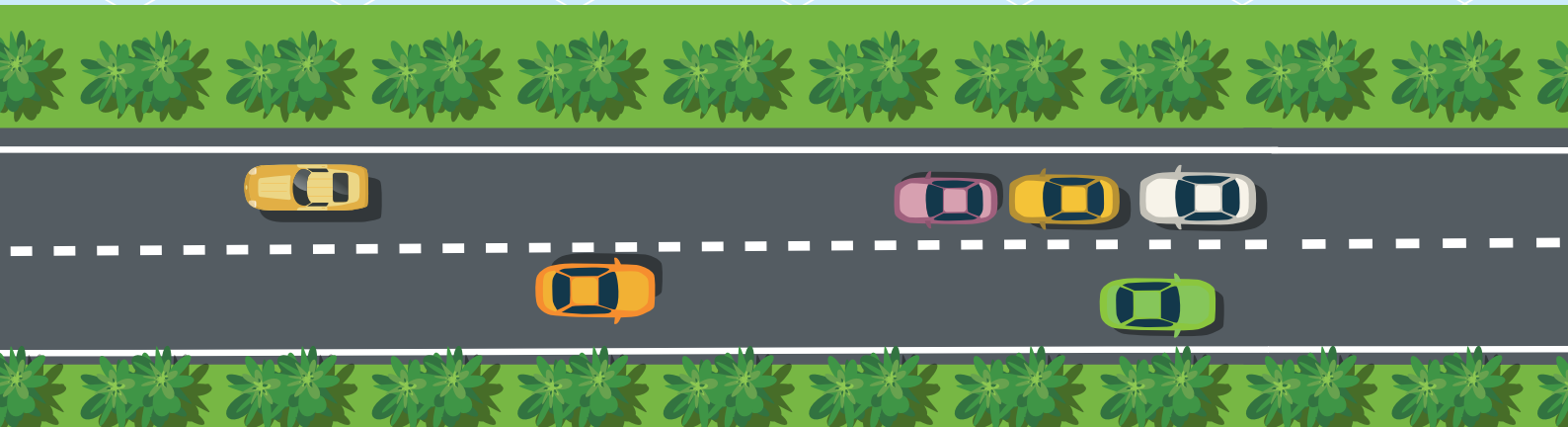
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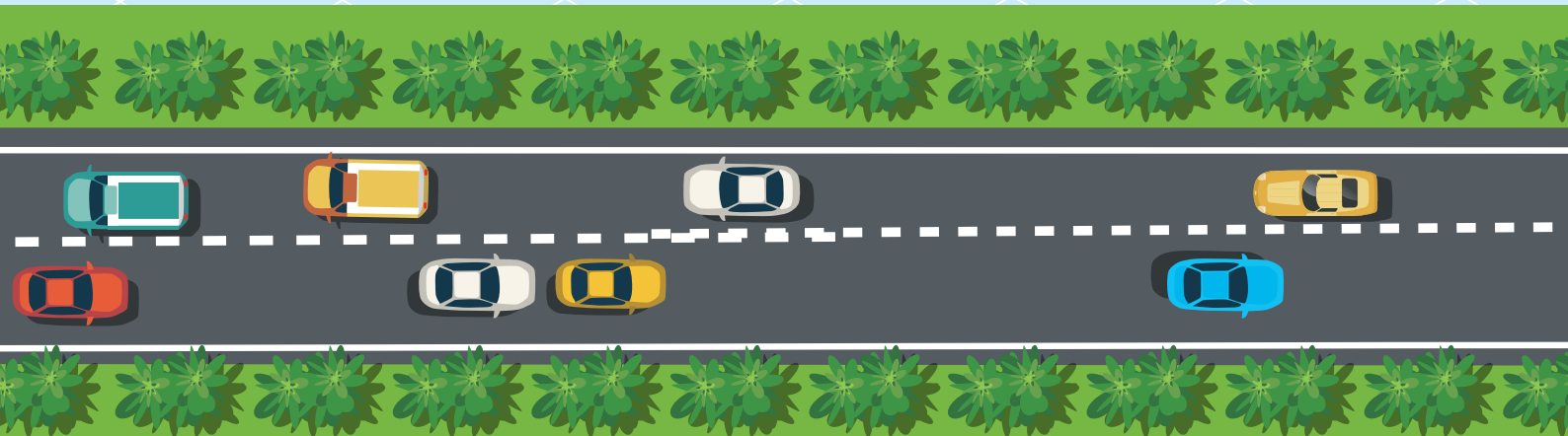
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CHAIRMAN'S STATEMENT

Dear stakeholders,

2019 is a year when the Group made changes in response to changes for improvement. During this year, we entered a new era of “high, innovative and characteristic” development in all aspects. We firmly promoted “high” quality development and strived to achieve quality and brand improvement. We continued to strengthen our independent “innovation” ability and accelerate comprehensive transition to new energy vehicles, hence making steady progress in the “double-wheel driver” of intelligent networking and transition to new energy vehicles. We focused on differentiated development advantages and made every effort to create “characteristic” products and services to meet the travel needs of different users.

During this year, under the guidance of the policy of “focus on two ends and improvement in three strengths, striving for enhancement through change”, we strengthened continuous optimization and adjustment in terms of products, strategies, services, etc., continuously striving to create value for shareholders, customers, employees and other stakeholders. In November 2019, we received an MSCI-ESG rating of A from MSCI, an international index company. By promoting sustainable economic, social and environmental development, we led a good and smart car life for the people of the future.

In October 2019, the new BEIJING brand of the Group was launched to further integrate existing channels and promote brand upgrades. Created for the new-generation consumers, BEIJING brand carries the technical features of electrification and intelligent networking, boasts “confidence, pureness, warmth and wisdom”, and sets the new sail towards the ideal of “from BEIJING to the world”. Through the establishment of a cross-company, cross-expertise and cross-department brand system, we have overcome the limitations of front and back offices to gain deep access to the whole value chain process of products and services, thus realizing the coordination and unification of conceptual design, engineering realization, manufacturing, quality control, sales, after-sales and other processes of products to endow the products with vitality. Thereafter, vehicles will no longer be just a means of transport, but also a vehicle for new lifestyle.

During the past year, we have fully mobilized the subjective initiative of all employees, stimulated the vitality of human resources, and facilitated breakthrough and changes. According to our talent strategy plan, we have established BAIC Motor Business School (北京汽车商学院). Under the operating philosophy of “focusing on

management, stimulating of vitality, promoting reforms, cooperation and sharing” and with “high, innovative and characteristic” as the orientation of talent development and product design, the Business School has fully integrated advantageous resources of the organization and human resources system, and continuously improved the talent development system, the building of organizations and teams as well as the construction of technology platforms, so as to ensure provision of talents for the enterprise transformation and development.

BAIC Motor has always been committed to green ecological construction in all aspects. We are active in building a sound enterprise ecosystem, endeavor to create environmentally friendly, efficient and energy-saving products, and integrate our environmental protection philosophy into the entire life cycle of vehicle research and development, production and use and otherwise. We continuously strengthen our efforts to facilitate transition to new energy vehicles, and keep enhancing coordination in the three aspects of products, industries and industry chains to ensure implementation of the “total transition to new energy vehicles” strategy in an all-around way. Meanwhile, we also continuously optimize the environmental protection performance of traditional oil-powered cars, improve fuel economy, reduce emissions through innovative application of environmentally friendly technologies and materials, thus integrating the green philosophy into our products.

In the future, the Group will continue to insist on high-quality development, construct a “high, innovative and characteristic” industrial structure, and strengthen the “two-wheel drive” of total transition to new energy vehicles and intelligent networking. At the same time, the Group will make continuous efforts to facilitate the development of the new “BEIJING” brand to become a “world-class green smart travel brand”. In a new stage of 100-years change of the global automobile industry and the critical moment when China’s automobile industry is striving for breakthrough and improvement, the Group will continue to make vigorous efforts based on past achievements to write a new chapter for the development of China’s automobile brands.

PRESIDENT'S STATEMENT

Dear stakeholders,

2019 is a year of profound changes in the automobile industry, when significant adjustments and uncertainties in the external environment accelerated the industry restructuring, and the trend of networking, intelligentization, electrification and sharing evolved continuously. In 2019 when there were opportunities and challenges, the Group adhered to the working policy of "focus on two ends and improvement in three strengths, striving for enhancement through change". It insisted on taking products as the core, endowing the products with vitality, establishing channels for marketing, so as to improve the product strength, the brand strength and the marketing strength. It promoted a breakthrough in its businesses and made every effort to promote sound and rapid development of brand businesses. Thanks to the efforts of all employees of BAIC Motor, we made a new breakthrough, with the consolidated revenue of RMB174,630 million and a net profit of RMB14,323.1 million.

Creating a safe, reliable, intelligent and comfortable driving experience for customers is the eternal mission of BAIC Motor. In 2019, we further integrated emerging technologies, created intelligent products, developed in-vehicle infotainment product systems, activated large in-vehicle screens and applied intelligent voice to create the future of intelligent vehicles. We comprehensively promoted the function-based, scenario-based and experience-based development of products to meet the spiritual needs of the new-generation consumers.

The Group adhered to the core values of "customer orientation, the spirit of craftsmen as the criterion". Under the guidance of the quality culture of "making high-quality and intelligent vehicles, exceeding customer expectations; leading in quality, continuous creation of value", the Group continuously improved the quality control level, and created a high-strength and reliable vehicle body for users to ensure safety in all aspects. Meanwhile, we were committed to providing consumers with "professional, convenient, honest and intelligent" service experience and creating a better life for consumers. In China automobile customer satisfaction index (CACSI)

evaluation in 2019, many vehicle models of proprietary brands and joint venture brands of the Group ranked first. Meanwhile, the Group performed well in terms of sales services and after-sales services.

The Group has adhered to the environmental protection philosophy of "green operation and sustainability" and has built modern green factories while creating green products. We carry out delicacy management through continuously optimizing technical solutions, and try our best to minimize energy and resource consumption from production to use as well as the impact of greenhouse gases, air pollutants and other harmful substances on the environment. We strive to be a pioneer in leading the green and low-carbon cyclic development of the automobile industry and promoting the coordinated development of industrial civilization and ecological civilization.

The only way to transcend change is long-termism, instead of opportunism. BAIC Motor has chosen to be a long-termist, marching towards the future step by step. In the future, BAIC Motor will continuously focus on its environmental, social, and governance issues and stick to the road of sustainable development. Under the guidance of the five development philosophies of "innovation, coordination, green, openness and sharing", we will continue to deepen and enrich the improvement and implementation of its sustainability system, ignite the inexhaustible power for the sustainable development of "Century-old BAIC Motor" and make every effort to realize the company's vision of "becoming a respected front-runner in the automotive industry".



陈贵高

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Creating New BEIJING Brand

■ Company Profile



Established in September 2010, BAIC Motor Corporation Limited is a leading passenger vehicle enterprise in China as well as one of the passenger vehicle enterprises with optimal brand arrangements and business systems in the industry. We have been engaged in the design, research and development, manufacture and sale of an extensive and wide range of passenger vehicle models and the provision of relevant services in China. As a Chinese passenger vehicle manufacturer that can meet market demand and has high growth potential, we have not only an advanced technology platform, but also a fast-growing proprietary brand business of BAIC Motor, covering a long-standing Mercedes-Benz premium vehicle joint venture business, and medium and high-end brand business of Beijing Hyundai with steady sales growth. Our portfolio of passenger vehicle brands is highly diversified and complementary, covering different market segments of joint venture premium vehicles, joint venture medium and high-end vehicles, as well as medium and high-end vehicles and economical vehicles of proprietary brands. We offer a variety of passenger vehicle models, covering mid- to large-sized, mid-sized, compact and small-sized sedan, SUV, MPV and

CUV products to satisfy consumption demands of different consumers to the maximum extent. In addition, we are the front-runner in China's pure electric passenger vehicle business. On December 19, 2014, the Company completed its H-share IPO and was listed on the Main Board of the Stock Exchange (H-share stock abbreviation: BAIC Motor; H-share stock code: 1958).

Guided by a scientific development outlook with the aim of improving corporate core competitiveness, the Group has insisted on independent innovation and scale development. Under the guidance of the "high, innovative and characteristic" strategy, we focus on high-end manufacturing, high-end products and high-end brands to strengthen our independent innovation capability and create differentiated development advantages, thus building a domestic first-class large-sized automobile enterprise with international competitiveness and becoming a benchmarking enterprise for mid to high-end passenger vehicles of domestic proprietary brands. As at the end of 2019, the total number of employees was 21,712, and the consolidated revenue was RMB174.63 billion.



Indicator	Unit	2019	2018	2017
Revenue	RMB100 million	1,746.3	1,519.2	1,341.6
Vehicle sales volume	10 thousand units	142.5	146.0	146.6
Net profit	RMB1 million	14,323.1	14,271.3	10,998.3



Case: With a shift from “value protection” to “value creation”, BAIC Motor accelerated its financial work transformation

2019 is the key year for “focus on two ends and improvement in three strengths, striving for enhancement through change” by the Group. Under the new situation of corporate development, in order to further enhance the standardized and scientific level of the corporate financial management, improve the financial management ability and promote the sharing and exchange among organizations, the Group held the 2019 annual finance summit with the theme of “salute to the classic, seeking future metamorphosis” on May 27, 2019.

At the 2019 annual finance summit, financial work for previous years was comprehensively summarized and analyzed, which effectively ensured the implementation of the finance system work in 2019. The summit provides an opportunity of close exchange and communication for enterprises and departments to deepen their understanding of financial work, and for financial employees to improve their professional knowledge level, share excellent cases and management experience, thus further promoting the improvement in the overall financial management level of the Group.



Case: “Zhuzhou Smart Manufacturing” of BAIC Motor on the new journey

On October 27, 2019, the Group held the celebration of the 10th anniversary of Zhuzhou Branch of BAIC Motor and the ceremony for rolling off the millionth vehicle, with the theme of “Ten Years of Development, New Chapter from the Millionth Vehicle”, in Zhuzhou Factory in Hunan. Zhuzhou Base of BAIC Motor adapts to change, focuses on the supply-side structural reform and upgrades the “production base” to an automobile industrial park. In the future, the Group will fully seize the opportunities from the development of Zhuzhou China Power Valley and the high-quality economic development of Hunan, deeply promote all-round, multi-level and extensive cooperation, make efforts to build the largest production base of new energy vehicles in China, thus promoting the industrial construction of Hunan as the advanced province.



■ Development History

September 19, 2010	The founding meeting and the first general meeting were convened
September 28, 2010	BAIC Motor Corporation Limited was established
November 28, 2010	A groundbreaking ceremony was held for the third factory of Beijing Hyundai
December 20, 2010	BAIC Auto Broad-ocean Motor Technology Co., Ltd. (北京汽车大洋电机科技有限公司) jointly established by BAIC Auto New Energy Vehicle Limited Company (北京汽车新能源汽车有限公司) and Zhongshan Broad-ocean Motor Co., Ltd. (中山大洋电机股份有限公司) was officially established
December 28, 2010	The first 4S store of BAIC Motor was opened in Beijing
January 27, 2011	Beijing Branch of BAIC Motor Corporation Limited was established
February 20, 2011	Powertrain acquired Sweden Weigel Gearbox
June 22, 2011	A groundbreaking ceremony was held for BAIC Guangzhou Automotive Co., Ltd.
June 28, 2011	The framework agreement for investment in the engine factory, the research and development center and the new projects of Beijing Benz was signed at the German Chancellor's Office in Berlin
December 18, 2012	New Beijing Mercedes-Benz Sales Service Co., Ltd. was officially established, responsible for the sales of imported and China-made vehicles of Benz in China
November 18, 2013	The new engine factory of Beijing Benz has completed construction and was put into operation
April 2, 2014	BAIC Guangzhou Automotive Co., Ltd. was established and released the first vehicle off the production line
August 27, 2014	The second factory project of the Zhuzhou Base of BAIC commenced
December 19, 2014	The Company was listed on the Main Board of the Stock Exchange
March 12, 2015	BAIC MB-tech Development Center Co., Ltd. was established by the Company and Mbtech



March 22, 2015	BAIC Motor took a stake in Mercedes-Benz Leasing Co., Ltd.
April 3, 2015	Cangzhou Factory of Beijing Hyundai was put into operation
June 23, 2015	A groundbreaking ceremony was held for Chongqing Factory of Beijing Hyundai Motor Co., Ltd.
December 29, 2015	The ground-breaking ceremony was held for the second factory project of Zhuzhou Base of BAIC Motor, marking the commencement of the second factory project of Zhuzhou Base of BAIC Motor
March 30, 2016	The first mass-produced pure electric SUV in China was released in Zhuzhou Base
October 18, 2016	Cangzhou Factory of Beijing Hyundai was officially put into operation
May 6, 2017	The second factory of Zhuzhou Base of BAIC Motor completed construction and released the new Senova D50
September 26, 2017	The release ceremony for new Senova D50 at Zhuzhou Base was held
August 14, 2018	Zhuzhou Base was upgraded for smart manufacturing and released Senova Zhixing, marking progress in the construction of the Zhuzhou automobile industry park of BAIC Motor
April 30, 2019	The first batch of the E300F reduction gearbox, the first new energy product of BAIC Motor Powertrain, was delivered
July 26, 2019	BEIJING-X3 and the new logo "BEIJING" were launched
October 15, 2019	BEIJING brand for proprietary passenger vehicles of BAIC Motor was officially launched
October 22, 2019	BEIJING-U7 L3 class self-driving prototype was displayed at the World Intelligent Connected Vehicles Conference
November 25, 2019	BAIC Motor was included in the list of the first batch of "Model Enterprises for Green Design of Industrial Products" published by the Ministry of Industry and Information Technology
November 26, 2019	BAIC Motor obtained MSCI ESG rating of A from MSCI



■ Brand Profile

■ Proprietary Brand

BEIJING



The new BEIJING brand, launched on October 15, 2019, is a new mid to high-end passenger vehicle brand created by the Group according to the “high, innovative and characteristic” development strategy in active response to the upgrading demands of consumers in the China market in the field of proprietary passenger vehicles. Products of the new BEIJING brand are oriented towards user experience with focus on the field of mid to high-end passenger vehicles covering traditional oil-powered and new energy sedans, SUVs, MPVs and other products. It has been developed on the basis of the ten-year accumulation of the Group for proprietary oil-powered vehicles and new energy vehicles, and represents product, technology, experience and brand improvement.

The slogan of the BEIJING brand is “from BEIJING to the world and the future”. Under the guidance of the dual-driver strategy, the BEIJING brand advanced aggressively in terms of total transition to new energy vehicles and intelligent networking. It is committed to becoming a leader in vehicle electrification, intelligentization, networking and sharing and making outstanding contributions to the international development of China’s automobile industry.

■ Joint Venture Brands



Mercedes-Benz

北京奔驰



Established on August 8, 2005, Beijing Benz is the world’s largest, most productive and comprehensive production base for Mercedes-Benz passenger vehicles. It has the first engine factory and first power battery factory of Daimler Group outside Germany, as well as the largest research and development center and the first prototype vehicle factory among joint venture companies of Daimler. It has become Daimler Group’s only joint venture company engaged in producing high-end vehicles in the world that has three main platforms, namely front-wheel drive vehicle, rear-wheel drive vehicle and power systems, and an engine plant and a power battery factory. On this basis, Beijing Benz manufactures and sells eight Mercedes-Benz vehicle models, namely E-Class long-wheelbase sedan, C-Class long-wheelbase and standard-wheelbase sedan, A-Class long-wheelbase sedan, long-wheelbase GLC SUV, GLA SUV, GLB SUV, EQC pure electric SUV and AMG A 35 L. For 2019, Beijing Benz sold a total of 567 thousand units, representing a year-on-year increase of 17%.

**北京现代**NEW THINKING,
NEW POSSIBILITIES.

Established in 2002, Beijing Hyundai is the first Sino-foreign joint venture project in the field of automobile production approved after China's accession to the WTO. It has been recognized as a leading project as well as a demonstration project to revitalize the modern manufacturing industry in Beijing and develop the economy of Beijing. As a mainstream vehicle enterprise in China's vehicle market, Beijing Hyundai has launched a total of 34 models, including the Sonata series, Elantra series, TUCSON series, new Mistra, new-generation ix35, LA FESTA and fourth-generation Santa Fe, in the past 17 years, fully meeting different consumer needs. By the end of 2018, Beijing Hyundai produced and sold over 10 million units of vehicles, thus surpassing the 10 million unit level.

**Mercedes-Benz**

福建奔驰



Established in 2007, Fujian Benz has produced and sold Mercedes-Benz multipurpose passenger vehicles and light passenger vehicles since 2010. With the automobile industry as a key pillar industry strongly supported by the provincial party committee and the provincial government of Fujian Province, the establishment of Fujian Benz marks the successful transition of the automobile industry in Fujian from Fujian-Taiwan cooperation to international cooperation. Adhering to the essence of vehicle making of Mercedes for about 100 years, Fujian Benz has introduced three main product series of Daimler, namely Benz V Class, New Vito and Sprinter, to provide all-round travel solutions for domestic customers.

Honors

Honors and Awards	Organizer
The Company was recognized as the "Model Enterprises for Green Design of Industrial Products"	Ministry of Industry and Information Technology
The Company was recognized as the "Model Enterprises for national green supply chain management"	Ministry of Industry and Information Technology
The Company was assigned the "MSCI ESG rating of A"	MSCI
The Company won the "2019 Award for the Brand of Originality"	16th People's Selection of People.cn (人民网第十六届人民之选)
The Company won the "2019 Brand Value Communication Award"	Time Weekly (时代周报)
The Company was recognized as the "Influential Enterprise of the Year"	Brand Summit of Southern Weekend (南方周末品牌峰会)
The Company was recognized as the "Brand of the Year"	Buycar.cn
The Company was recognized as the "Most Valuable Automobile and Industrial Manufacturing Company"	Annual Award Ceremony for Gold Hong Kong Stocks by Zhitongcaijing.com (智通财经第四届金港股年度颁奖盛典)
The Company won the "Gold Award in Beijing Invention and Innovation Competition" and "Social Innovation Award"	Beijing Association of Inventions
Many vehicle models of the Group ranked first in "China automobile customer satisfaction index (CACSI)"	China Association for Quality
BEIJING-U7 of the BEIJING brand won the award of "Popular Vehicle Model in Terms of In-car Air Quality in 2019".	11th China Auto Environment Forum (第十一届中国车内环境论坛)
Beijing Benz won the title of "National Worker Pioneer"	All-China Federation of Trade Unions



2019 Brand Value Communication Award
by Time Weekly



The Award for the Brand of Originality by
the 16th People's Selection of People.cn



Influential Enterprise of the Year at
the Brand Summit of Southern Weekend



Honors and Awards	Organizer
Beijing Benz E300L was recognized as the "safe vehicle of 2019"	World Auto Magazine
Beijing Benz was recognized as the "model enterprise for harmonious labor relations in China"	Ministry of Human Resources and Social Security of the People's Republic of China, All-China Federation of Trade Unions, China Enterprise Confederation/China Enterprise Directors Association, and All-China Federation of Industry and Commerce
GLC L SUV of Beijing Benz was assigned a five-star rating for two items in "China-Automobile Health Index Evaluation"	China-Automobile Health Index Management Center (中国汽车健康指数管理中心)
Fujian Benz won the "2019 Social Responsibility Contribution Award"	Fujian Automobile Dealers Association
Fujian Benz won the "Award for 2019 Most Influential Enterprises in Terms of Business Purpose Vehicles"	Fujian Automobile Dealers Association
Fujian Benz was recognized as "China Benchmarking Enterprise in Terms of Quality and Integrity"	China Association for Quality Inspection (中国质量检验协会)
Beijing Hyundai won the "Award for the Promotion of the Development and Innovation of the Beijing, Tianjin, and Hebei Region"	Summit Forum for Coordinated Development of Industries in the Beijing, Tianjin, and Hebei Region (京津冀产业协同发展高峰论坛)
Beijing Hyundai ranked first among mainstream vehicle brands in "Vehicle Dependability Study (VDS)"	J.D. Power, a market research organization
Beijing Hyundai won the "Silver Award in the 13th Beijing Invention and Innovation Competition"	Beijing Association of Inventions and Beijing Worker's Technical Association (北京市职工技术协会)
Beijing Hyundai was recognized as "2019 Leading Enterprise in Terms of Digital Transformation"	The Digital Observer Online, China Cloud System Pioneer Strategic Alliance, China Enterprise Service Alliance (中国企业服务联盟) and Zhongguancun Smart Manufacturing and Innovation Center (中关村智能制造创新中心)

02

Governance Improvement

Subject: MSCI ESG Rating of A, and
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Governance Improvement

Received an MSCI ESG Rating of A and Leading High-Quality and Beautiful Travel Life

For many years, the Group has always adhered to the development philosophy of innovation, coordination, green, openness and sharing, by integrating the sustainability concept into its corporate culture. Driven by the vision of “becoming the leader of high-quality and beautiful travel life”, the Group has established the values of “customer orientation, the spirit of craftsmen as the criterion, dedication, and transition to operators”, and has complied with the principle of honesty as well as the harmonious development of people, vehicle and nature.

Under the guidance of corporate culture of sustainability, a sound management mechanism and a comprehensive indicator system, the Group has fully performed its ESG responsibilities and actively implemented advanced ESG practices in various aspects including corporate strategy, overall governance, satisfaction of customer needs, employee development and green development, striving to improve the overall healthy and orderly development capability of the Company.

The Group’s unremitting efforts in strengthening ESG management and promoting sustainable development have also been widely recognized by the society and the market. In November 2019, MSCI, an international index company, published MSCI ESG ratings for over 2,800 enterprises in MSCI All Country World Index (ACWI). The Group received a rating of A, ranking among the top 5%* of 487 listed companies in MSCI China Index, and among the best in global and China automobile industries.

Such recognition by world-renowned index company through ESG rating is inseparable from the Group’s unremitting efforts in various aspects of ESG, and reflects the affirmation of the Group’s comprehensive management level in ESG and its long-term value creation ability by international capital markets. Since 2016, according to the requirements of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and the ESG Guide of the Stock Exchange, the Group has established an ESG indicator system that meets regulatory requirements, embodies industry characteristics and reflects the actual situation of the enterprise and has published the Environmental, Social and Governance Report, accepted the supervision by the whole society and established a channel for close communication with stakeholders for four consecutive years.

“Your Wish, Our Ways” is not only a brand slogan but also the Group’s enduring development philosophy. In the future, we will continue to enhance our value creation ability, and in the meantime take the initiative to assume social responsibilities, promote the sustainable development of the enterprise and the society, strive to build a high-quality, considerate and ambitious brand, persistently promote the unity and maximum development of corporate economic value, social value and environmental value, thus becoming a corporate citizen that is recognized by the society, satisfies shareholders and makes employees happy.



* Source: CHINA THROUGH AN ESG LENS (September 2019) by MSCI

About MSCI-ESG Ratings

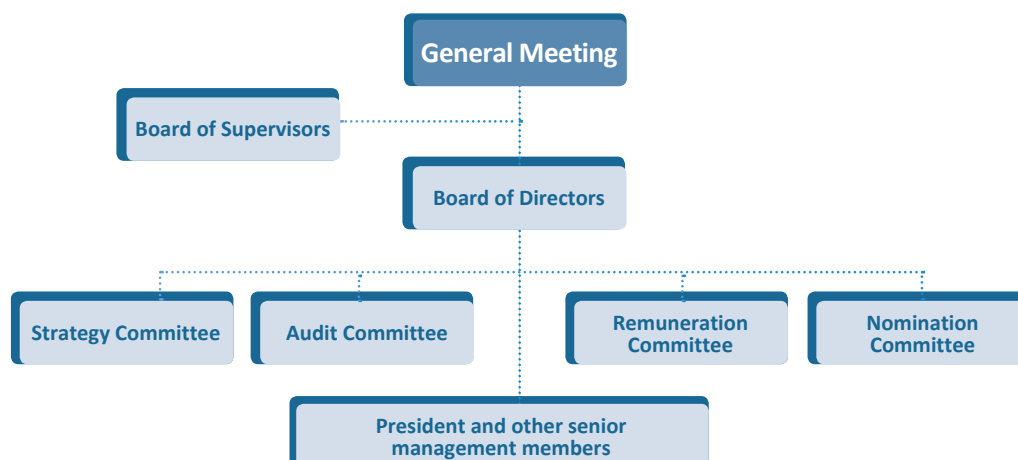
MSCI is an international index company offering global indexes and relevant financial derivative indexes. MSCI indexes published by MSCI are widely used by global investment professionals including investment portfolio managers, economic traders, exchanges, investment advisers, scholars and financial media, etc. MSCI provides ESG ratings for listed companies according to their exposure to industry-specific ESG risks and their ability to manage those risks compared with peers. The ratings are divided into seven grades, namely AAA, AA, A, BBB, BB, B and CCC. AAA represents the highest risk management level.

Compliant Operation

Corporate Governance Structure

The Group has always been committed to building and maintaining a high level of corporate governance, strictly complied with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and policies, and has continuously improved its corporate governance structure to ensure stable operation according to the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Based on the management concept of being responsible to shareholders and the society, the Group has formed a company management team with rich industry and management experience which is rooted in local culture with international perspectives to ensure that the Company can identify the future development trend, technology and industry development law of passenger vehicles, and formulate an efficient and far-sighted research and development strategy to realize the long-term development of the Company. (For more details, see the 2019 Annual Report of the Group).



■ Anti-corruption

The Group advocates the philosophy of “compliance and development” and regards compliant and honest operation as its foundation. The Group and its employees carry out their work in strict compliance with laws and regulations including the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Company Law of the People’s Republic of China, the Interim Provisions on Banning Commercial Bribery, and the Provisions on Honest Practice of Leaders of State-owned Enterprises as well as basic codes of ethics. The laws and regulations specify that operators shall not commit bribery by financial or other means and that if their acts constituted a crime, they will be held criminally liable. The Group has formulated and implemented internal policies including the Compliance Management Measures, the Compliance Reporting Management Measures and the corporate code of business conduct, and resolutely eradicates all kinds of bribery, extortion, fraud and money laundering. During the reporting period, we launched “Woodpecker Action 2.0” to further strengthen prevention against corruption risks in areas including integrity system construction, supervision and reporting channels as well as integrity culture creation, adhered to the baseline of integrity and compliance, striving to create an ecology of integrity for a “corruption-free and compliant BAIC Motor”. During the reporting period, the Group was not aware of any lawsuits arising from violation of anti-corruption, anti-bribery, anti-fraud and anti-money laundering and other laws and regulations.



Strengthening integrity system construction

- Professional integrity and compliance committees have been established in each center, and the heads of business departments have been employed as business compliance experts responsible for compliance work in respective fields.
- The “156” compliance promotion plan at Stage 2.0 for the compliance management system has been published to promote five guarantee improvement mechanisms and six operation improvement mechanisms around the core values of “integrity and compliance”.
- The 2019 BAIC Motor Compliance Manual has been issued to incorporate the establishment of compliance management system into legal construction and business development.



Smoothing supervision and reporting channels

- A joint supervision platform of BAIC Motor has been established, and the Joint Supervision Working Mechanism of BAIC Motor has been published, to build a closed-loop supervision system for identifying, reporting, communicating about and solving problems.
- There are many reporting channels, such as complaint mailbox, tip-off hotline, complaint box, visit via letter, telephone number and mailbox of discipline inspection commission leaders, etc.
- During the investigation and handling of reported cases, the Interim Measures of BAIC Motor Corporation Limited on Real-name Whistle-blowing and other relevant regulations will be strictly implemented to protect the rights, interests and safety of whistleblowers.



Creating culture of honest practice

- The honest practice education meeting and the “Supervision Law” training activities were organized and carried out in 2019.
- 21 activities of “Practicing Anti-corruption in Enterprises” and “Practicing Anti-corruption in Departments and Offices” were held, educating a total of 1,400 participants. Over 150 series of activities entitled “Integrity and Anti-corruption Lectures” were held during “Three Meetings”, covering over 5,500 participants.
- Micro videos of “Interpreting Disciplines with Cases” were made and displayed. The “Journey with BAIC Motor in a breeze of Integrity” micro video competition was held, collecting 54 micro videos theming anti-corruption. The “Lecture of integrity for all posts” activity was held, collecting 215 works theming anti-corruption.
- Through the “Jingji Channel (京纪频道)” on the WeChat Official Account “Jingcai 1958 (京彩 1958)” and the office system platform, articles in relation to integrity updates were published in 49 issues. A special section for the publicity and education period was published in BAIC Motor News (北汽股份时讯).



Case: Special Training on Prevention of Job-related Crimes

In September 2019, the Group organized the “Integrity Lecture” training, in which prosecutors of Shunyi District People’s Procuratorate was invited to give a special lecture on the prevention of job-related crimes. During the training, the causes and harms of job-related crimes and the types of crimes with a higher incidence among job-related crimes such as corruption and bribery were described through cases, and suggestions on how to avoid and prevent job-related crimes were proposed. During the training, through in-depth analysis of typical cases of violation of disciplines and laws, employees were guided to fully understand the risks of corruption that they might face at their posts, to think deeply about the value of their posts, and to keep in mind their duties and missions, so that they will closely observe the bottom line of integrity and compliance in their work.

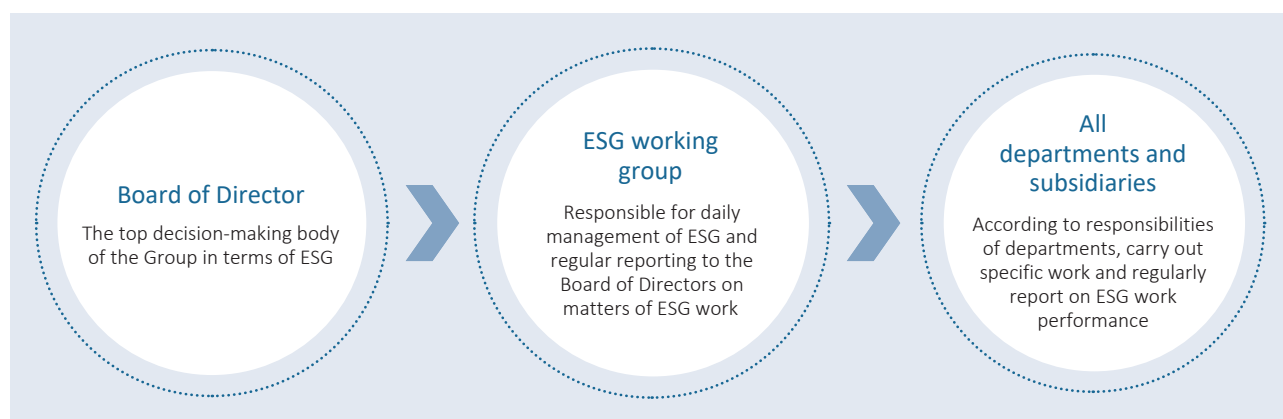
■ ESG Management

■ ESG Management System

In strict compliance with the ESG Guide in Appendix 27 to the Listing Rules of The Stock Exchange, the Group has integrated ESG management into the management and decision-making of the Company, has continuously improved its ESG management system, and has established an ESG management organization system that enables coordination between upper and lower units and has clarified ESG working procedures and responsibilities.

The Board of Directors is the top decision-making body of the Group in ESG and is ultimately responsible for ESG work of the Group. The Board of Directors is responsible for evaluating and determining ESG risks, considering and making decisions on material ESG issues, promoting the integration of ESG philosophy and development strategies and operation management, and reviewing and making decisions on ESG-related issues. In order to further meet the requirements of the ESG Guide and implement ESG management work, under the authorization of the Board of Directors, the Group has established an ESG working group responsible for promoting ESG work and reporting to the Board of Directors on ESG related work matters; and has established its applicable ESG index system which defined the ESG performance reporting process, so as to ensure that ESG disclosure is made according to regulatory requirements and actual conditions of its operations.

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



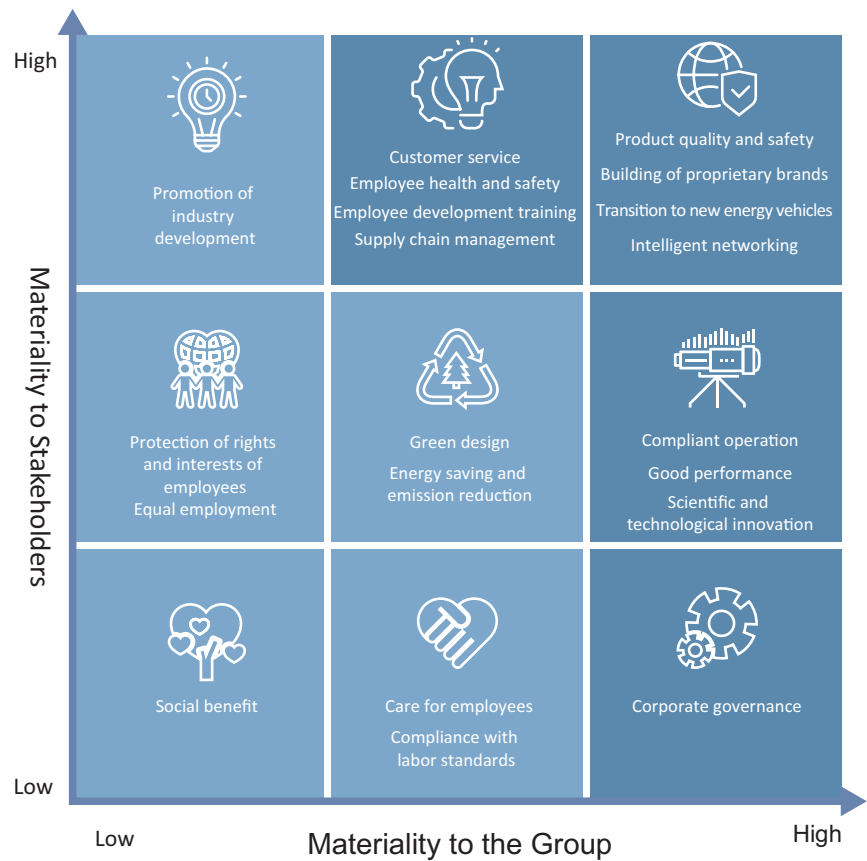
ESG Management System of the Group

Stakeholder Communication

Stakeholder	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"> · Driving 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 · Regulation 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 and Weibo official account · Vehicle owner activities · Customer satisfaction survey 	<ul style="list-style-type: none"> · Good cost performance · Safety guarantee · Provision of high-quality services 	<ul style="list-style-type: none"> · Satisfaction of diversified needs of customers · Improvement in the product quality management system · Vehicle owner activities · Customer satisfaction survey
 Employees	<ul style="list-style-type: none"> · Communication with employees · Trade Union · Staff Council · President's communication meeting · 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
 Public and media	<ul style="list-style-type: none"> · Information disclosure on media · Philanthropic events 	<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"> · Insight into trends at home and abroad · Mastering advanced technologies · Enhancement of environmental awareness 	<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"> · Increasing awareness of environmental protection · Strengthening the construction of safety and environmental protection system · Green operation · Energy saving upgrade
 Community	<ul style="list-style-type: none"> · Understanding community needs · Development of an action plan 	<ul style="list-style-type: none"> · Common community development · Harmonious community relations 	<ul style="list-style-type: none"> · Support for development of sports · Participation in voluntary events · Earnest efforts for the public welfare

■ Identification of Material Issues

The Group has actively undertaken its social responsibility, continuously 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.



03

Focus on Products and Dual-driver Empowerment

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Focus on Products and Dual-driver Empowerment

■ Innovation and Development Driven by Dual Drivers

At key milestones of the development of the automobile industry, product research and development are of utmost importance for an enterprise. In order to further promote quality improvement and create differentiated and featured products and services, the Group has put forward a “dual-driver” strategy of total transition to new energy vehicles and intelligent networking, innovated a research and development mode oriented towards user usage scenarios, realized a better-than-expected experience in the use of the vehicle. In addition to use value, it has developed a sentimental value of products to create attractive products.

■ Stimulating Innovation Vitality

The Group adheres to the innovative concept of “open innovation, integrated innovation and collaborative innovation” and actively facilitates the implementation of the “Innovation Project”. In accordance with the laws and regulations including the Law of the People’s Republic of China on Promoting the Transformation of Scientific and Technological Achievements and the Patent Law of the People’s Republic of China, it has formulated a sound scientific and technological innovation mechanism, with a focus on the construction of a team of innovative and highly skilled talents, and has continuously strengthened exchanges and cooperation with all walks of life to gather the innovative momentum for transformation and development.



Capital investment in research and development in 2019 (RMB million)

3,080.6

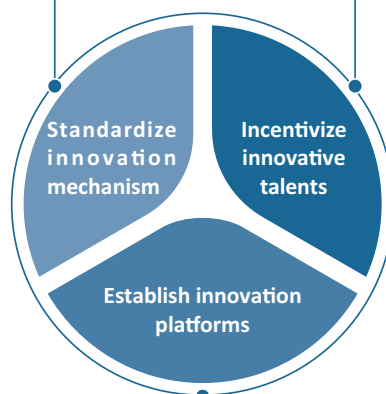


Achievements of Scientific and Technological Innovation

- It passed the 2019 annual review, and continued to own the national enterprise technology center.
- The Company and Powertrain, a subsidiary of the Company have successively obtained the qualification of the “Beijing Design Innovation Center” research and development organization granted by Beijing Municipal Science & Technology Commission.
- The “new multi-mode hybrid powertrain project” won the Gold Award and the Social Innovation Award in the 13th Beijing Invention and Innovation Competition.
- The project of “safe and efficient switching technology for pure electric passenger vehicles” won the second prize in the science and technology award in the automotive industry of China.
- It successfully applied for 2019 “Building a ‘City of Design’ to Promote Cultural and Technological Integration (Scientific Research)” project – the project of “Construction of Human-Machine Interaction Design System for Cabin of New Energy Vehicles and Building of Virtual Verification Platform” by Beijing Municipal Science & Technology Commission.



- The Company has formulated and implemented policies including the Measures of BAIC Motor Corporation Limited for Management of Scientific Research Projects, the Measures of BAIC Motor Corporation Limited for Management of Scientific and Technological Achievements, the Knowledge Management Measures of BAIC Motor Corporation Limited, the Patent Management Measures and the Management Measures for IPR Incentives, defining business processes and provide strong support for innovation and project management.
- The Company has teased out and optimized the management and control of external scientific research project application and project research processes, made a plan for and controlled project applications, and organized advantageous resources and projects to participate in external project applications.



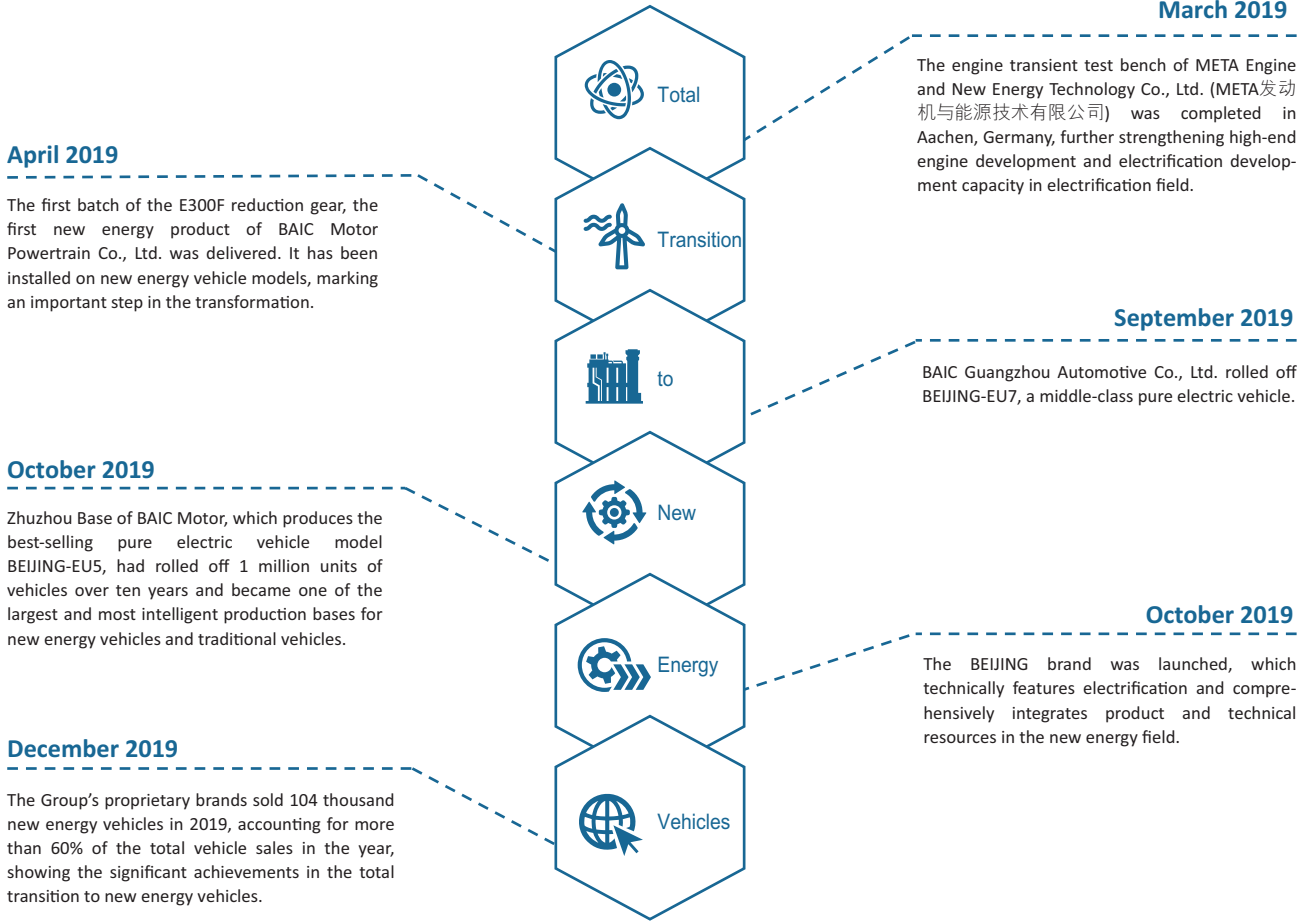
- The Company has emphasized the strengthening of the construction of grassroots innovation studios and teams as well as skilled teams. Through the establishment of “innovation studios” and “innovation workstations”, the Company has held comprehensive skill competition activities covering various types of work, as well as quarterly competitions of “Popular Team-Popular BAIC Motor (班组红-北汽红)”, to create an atmosphere of “all-employee innovation”.

According to the responsibilities and contributions in projects, the Company has assessed and incentivized the participants of innovation projects, to promote the transformation of scientific and technological achievements.

- Lu Shouwei Innovation Studio of Powertrain has exchanged and cooperated with Beijing Institute of Technology. It regularly holds a powertrain technology forum, inviting well-known experts and scholars in the industry for technical exchanges in the fields of internal combustion engines and NVH (noise, vibration, and harshness).

■ Facilitating Transition to New Energy Vehicles

The development of the new energy vehicle industry, as one of the seven industries with strategic support from the “13th Five-Year” plan for the development of national strategic emerging industries, has played a vital role in coping with the increasingly prominent contradiction between fuel supply and demand as well as environmental pollution problems, and has become the key orientation for the transformation and development of the global automobile industry. In order to actively respond to the national development plan and meet the social demands for environmental protection and low-carbon travel, the Group has continuously made greater efforts to facilitate the transition to new energy vehicles, continuously improved the coordination in terms of products, industries and industry chains, and comprehensively ensured the implementation of the strategy of “total transition to new energy vehicles”, and has cooperated with other parties to advance technological innovation of new energy vehicles in the world.



Case: Integrating new energy technology resources to create the new BEIJING brand

In October 2019, the Group launched its proprietary passenger vehicle brand – “BEIJING”. The BEIJING brand integrates the product and technical resources of the Group and Beijing Electric Vehicle Co., Ltd. in the new energy field. By gathering more than 5,000 research and development talents from five countries and seven regions, and relying on the two world-class innovation platforms, namely test centers of National Innovation Center and Beijing Electric Vehicle, it integrates traditional proprietary technologies accumulated over ten years and the industry-leading new energy “electric drive, battery and electric control” technologies.

The BEIJING brand with integrated resources will make every effort to build two new energy platforms, namely the BMFA hybrid product platform featuring deep integration, extreme engineering, flexible expansion and smart manufacturing, and the BE22 high-end pure electric platform featuring pure electric specialization, iterative evolution, high-end comfort and module expansion.

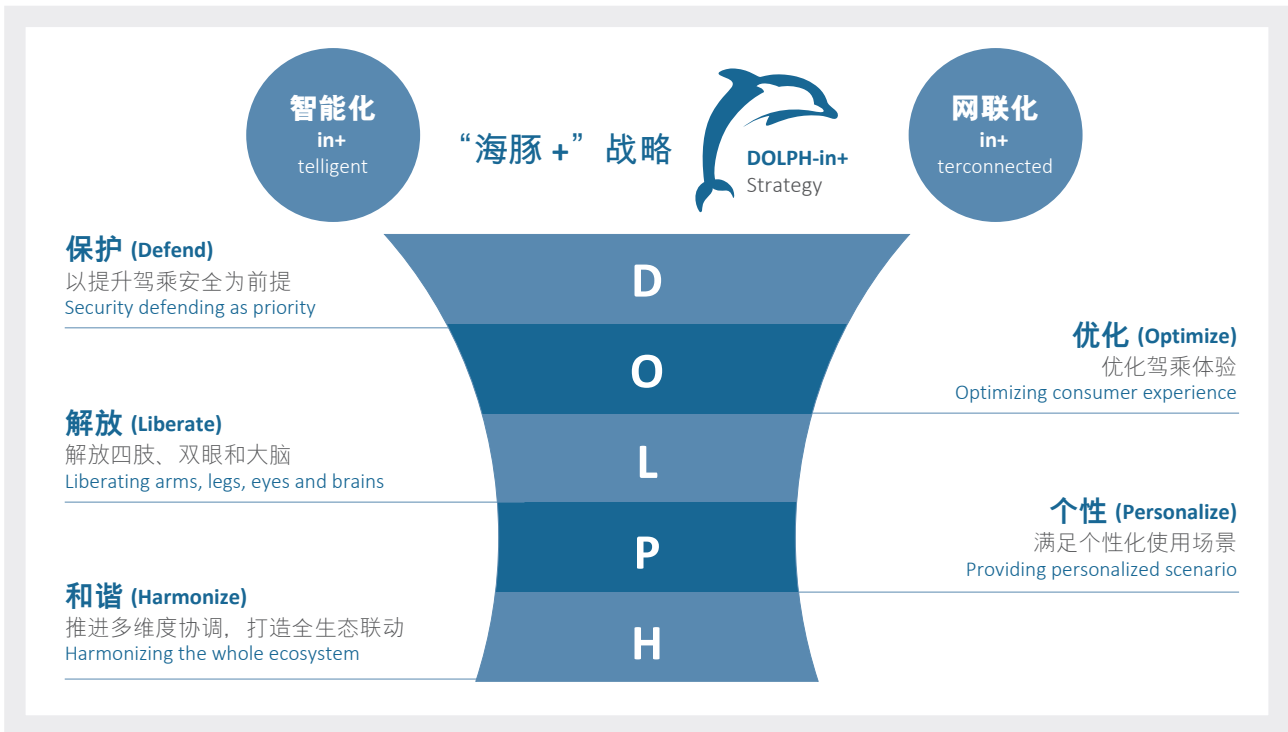


EU7, the first grand pure electric intelligent vehicle of the new BEIJING brand, has a range of 550km at a constant speed.



■ Intelligent Networking

With the acceleration of AI and 5G commercialization, the automobile industry is ushering in the fourth industrial revolution. The science and technology development has caused the transformation of traditional industries. Intelligent networking represented by “intelligentization+ networking” has become an important part of the development of the “networking, intelligentization, electrification and sharing” of the automobile industry. In order to comprehensively improve the intelligentization and networking level of a vehicle, the Group has published the “dolphin+” intelligent networking vehicle strategy and has formulated the “intelligent networking vehicle action plan (2019-2022)”, with a focus on “defend, optimize, liberate, personalize and harmonize”. It has actively focused on the key intelligent technologies and core capabilities, and made efforts to develop intelligent driving and intelligent networking technologies, and advanced the development of products. Such effort aims to further optimize the driving experience of users through the innovative application of intelligent technology.





Case: Senova Zhixing AI technology enables “blind parking”

On 7 March 2019, the “Goddess Naturally Intelligent – Senova Zhixing Safe and Smart Experience Camp (女神驾到天生丽智——绅宝智行安全智趣体验营)” of BAIC Motor was held for women in Beijing. Pan Xiaoting, Chinese professional billiards player and “Nine-Ball Queen”, took up the challenge for “Blind Parking” on the spot.

During the activity, under the condition that all vehicle windows, interior rearview mirror and two exterior side mirrors were covered with black, Pan Xiaoting drove along such driving route according to such instructions as clearly displayed by 360° panoramic image of Senova Zhixing, with the aid of AI technology, thus succeeding in the challenge for “blind parking”, which demonstrates the advantages of intelligent safety technology of Senova Zhixing such as 360° panoramic image.

As the first SUV vehicle model of BAIC Motor in the 2.0 AI era, Senova Zhixing has incorporated a number of class-leading AI technologies, to create an “AI Zhixing System” that brings a safe and convenient intelligent travel experience, with three core technologies, namely AI security guard, AI driving advisor and AI voice assistant.

In terms of driving convenience, Senova Zhixing, with the class-leading AI voice assistant, features 228 precise intelligent voice controls, allowing phone call, navigation, playing of music, weather query, etc., as well as control of body hardware such as headlights, seat heating, window, etc.; real-time voice prompt with regard to vehicle conditions such as tire pressure, vehicle speed, average fuel consumption and the like, and permanent online OTA upgrade of intelligent in-vehicle infotainment products.

In terms of ensuring driving safety, Senova Zhixing with 2 front sensors, 3 parking sensors and 4 high-definition cameras has three major functions, namely BSD blind spot detection, LDW lane departure warning and MOD moving object detection, providing 360-degree intelligent safety guarantee and reducing the car accident rate by more than 30%.

In terms of adapting to driving habits, Senova Zhixing features the pioneering “AI Driving Advisor” with six functional modules, namely fuel consumption accountant, driving talent, power guard, battery assistant, maintenance secretary, and information reminder, allowing reminding and warning of issues such as refueling, power depletion, and breakdowns, making the car more considerate and worry-free.



Billiards player Pan Xiaoting takes part in the activity for a safe and smart experience with Senova Zhixing



Case: Experience day for “Hyundai Carnival” of Beijing Hyundai

In December 2019, the Nanjing activity for the experience day for “Hyundai Carnival” of Beijing Hyundai was officially launched. During the activity, the most popular and intelligent black technologies of Beijing Hyundai were displayed. Represented by LA FESTA, a “high-performance vehicle with technological elements”, high-performance vehicle series of Beijing Hyundai were used for an automobile thrill show, meanwhile, Veloster N of Hyundai Motor, a high-performance product, was introduced. They jointly delivered a performance feast, showing the most real speed and passion for consumers in Nanjing.

During the activity for the experience day for “Hyundai Carnival” of Beijing Hyundai, Beijing Hyundai also provided 360VR, intelligent driving safety, intelligent networking, and new energy technology experience areas for visitors, who can personally feel the charm of new intelligent technologies of Beijing Hyundai brought by ADAS intelligent driver-assistance system, the intelligent networking 3.0 system, and the hydrogen energy demonstration system, as well as the new experience of mobility in the future.



“Hyundai Carnival” activity



Efforts for L3 class self-driving

“Conditional self-driving” for L3 Class self-driving is under test. It is applicable for driving scenarios such as automatic car following, lane change, overtaking, and on/off-ramp. It has been verified by various tests including simulation, site and actual road, and tested for a total of tens of thousands of kilometers.



New product in the 2.0 AI era

In July 2019, BEIJING-X3 was launched, which represents the latest level of BAIC Motor in terms of intelligent networking in the 2.0 AI era.

- Equipped with the AI driving advisor for the first time in the world, for real-time monitoring of vehicle conditions for failure prediction, and real-time monitoring of remaining mileage, sparing car owners any worry about vehicle conditions in daily use.
- Equipped with the latest AI voice control system of IFLYTEK, for 202 accurate voice controls including voice, air conditioning, music, etc., for the vehicle, with the voice recognition accuracy rate reaching 99%.
- Equipped with a 360-degree follow-up high-definition panoramic imaging system with 4 megapixel high-definition cameras, capable of presenting vehicle information at 12 viewing angles, under 5 modes, on the central control screen, thus further improving driving safety.



■ Spirit of Craftsmen

The Group has adhere to the core values of “customer orientation, the spirit of craftsmen as the criterion”, and considered product quality and safety to be vital for enterprise development. It has assumed responsibilities for product quality, in strict compliance with laws and regulations including the Product Quality Law of the People’s Republic of China and the Compulsory Product Certification Management Regulations. It has accepted product quality supervision as required, ensured that product quality complies with laws and regulations, and assumed the liability for compensation for personal and property damages caused by product defects, and has formulated and implemented the internal management systems and policies, namely the Measures for Quality Target Management, the Quality Manual and the Management Measures for Recalling Defective Automobile Products. We have continuously improved the quality management system covering our research and development, manufacturing and terminal customers, and strived to create a quality team that can build on past achievements and is innovative, and provide high-strength vehicle body for safety, so as to ensure that the vehicle is safe and reliable in every drive.

■ Quality Management Improvement

Under the guidance of the quality culture of “making high-quality and intelligent vehicles, exceeding customer expectations; leading in quality, continuous creation of value”, in 2019, we carried out an in-depth review of our quality systems according to IATF16949: 2016 automobile quality management standard, and improved the suitability and effectiveness of quality management systems. At the same time, we further strengthened the team construction and improved the quality management ability to make the quality management of the Company more perfect and mature.



Upgrade of quality management systems

- The effectiveness of the quality system has been improved according to IATF16949: 2016 automobile quality management standard.
- We organized the external review, supervision and audit of ISO9001 quality management system, and simultaneously implemented a quantitative evaluation of the maturity of quality management systems.
- We teased out quality management system documents, with a focus on reviewing and checking the effectiveness and suitability of quality system documents, in order to improve the quality of processes and systems. We identified, teased out and optimized 63 processes.
- We planned the construction of the quality informatization management system (QMS) of the entire value chain and completed the construction and functional upgrade of the market, process and new vehicle quality informatization management platform.



Construction of the product quality management team

- We carried out reviewer training in IATF16949: 2016 automobile quality management standard, to enhance the ability of quality management system personnel and to strengthen the ability to supervise the operation of quality management systems.
- According to different training contents and trainees, we carried out quality training at different levels, namely company level, department level and post level, so as to improve the quality awareness of all employees and the quality management ability.
- We improved professional quality management knowledge, and carried out in-depth training in quality management standards and quality tools of the automobile industry.
- We started the quality section in the “palm college (掌上学院)” APP, systematically planning professional quality courses, and established a mechanism and resource platform for quality training of all employees.
- We have carried out quality improvement case sharing for more than 30 times, to convey experience to professionals and train them for idea improvement, improve the professional and technical ability of quality personnel, and the ability to analyze and make a judgment on quality problems.
- We have carried out quality knowledge, information system operation, cultural case sharing, management system publicity and training for more than 20 times, to improve the quality knowledge and awareness of employees.

■ Promotion of Product Quality Improvement

We continuously facilitated the implementation of the quality leadership strategy. We focused on product quality, strengthened various control measures, deeply identified disadvantages, continuously optimized and improved our quality management level to ensure product quality, in the professional business segments, namely new vehicle, spare parts, manufacturing and market quality.

New vehicle quality

- We have formulated the Optimization Plan of BAIC Motor for New Vehicle Evaluation Process, and amended and improved the BAIC Motor Specification on Simulated User Testing.
- We have strengthened cooperation in terms of sales, research and development, deepened quality control of new vehicles and focused on new technology in new energy and intelligentization.

Parts quality

- We have strengthened the maturity management of parts development, improved the quality performance in the parts market, and established the quality management system for intelligent parts and embedded software.
- We have improved the software quality acceptance standards, the precision evaluation standards for stamped and welded parts outsourced, 9 evaluation standards for special manufacturing processes, and the color and material evaluation standards.

Manufacturing quality

- Based on the Measures of BAIC Motor for Quality Management in the Manufacturing Process, we have implemented requirements on the operation process, core contents and normative forms related to quality management in the manufacturing process.
- We have established the Manufacturing Process Quality Management Information System (MQMS) to standardize the quality informatization management in processes including incoming inspection, manufacturing process, product quality inspection and quality improvement, to improve the quality information analysis capability in the manufacturing process.
- We have continuously improved and carried out the review of product quality and manufacturing conformity rates, and organized quarterly reviews of the manufacturing process of branches and subsidiaries based on factors such as people, machines, materials, methods, environment and testing.
- We have carried out audits from the perspective of users, consisting of company-level monthly audit and factory-level daily audit.

Market quality

- We have paid attention to market quality and heard opinions of customers, deepened quality improvement, strengthened quality issue prevention, promoted the prevention of research and development problems, and quickly improved the quality of after-sales products.
- We have established a product quality issue prevention and control system and 15 quality issue prevention teams (QPTs). With regard to costly, difficult and high-impact main system problems reported in the market, we have continuously carried out the quality issue prevention and management work. Through the formulation and implementation of activity plans of the quality issue prevention group, we can take measures earlier for quality improvement, thus reducing improvement costs, and improving the customer satisfaction and the quality of new vehicles.

■ Driving Safety Assurance

The Group has always taken the safety performance of vehicles as the core of product development. During the research and development of a vehicle, we take as an important basis for vehicle development, requirements on safety performance indicators, according to the China-New Car Assessment Program (2018) published by China Automotive Technology and Research Center. We create a high-strength and reliable vehicle body for users to ensure safety in all aspects.



Strick collision safety test

The Group has formulated the Management Measures of Automotive Research Institute for Collision Safety Performance Development and related processes and templates, defining the responsibilities and processes of each department in the development of collision safety performance, and incorporating all performance indicators of collision safety into the development process of the vehicle performance indicators. It has carried out design and development in strict accordance with the process. At the same time, it has strengthened the verification and evaluation control procedures, thus ensuring the achievement and realization of all safety performance indicators.

Intelligent driving assistance

The intelligent driving assistance system is used for many vehicle models. It detects the objects in front of the vehicle through sensors and cameras of the vehicle body to give collision warning to the driver, and adjusts brake boosters according to the situation, so as to actively take measures to protect the persons and the vehicle.



High-strength safety belt anchorage point

On the basis of complying with the national standard GB14167-2013 Safety Belt Anchorage Point, ISOFIX Anchorage Point System and Top Tether Anchorage Point, the Group has set a target of 25% stricter than the national standard. It has ensured that vehicle models are excellent in collision tests and actual use by users, in terms of safety performance of anchorage points of child safety seat, and safety belt anchorage point.

Electrical system safety

Beijing Benz has adopted a high-voltage interlock system for the EQC pure electric SUV. Through the signal detection between the high-voltage interlock circuit and the vehicle controller, the integrity of the electrical connection of the entire high-voltage system is monitored to ensure the safety of vehicles and personnel.

Anti-pinch protection function

For vehicles equipped with the one-click lifting function of the window lifter and the electric tailgate, anti-pinch protection function is provided to ensure the safety of passengers.

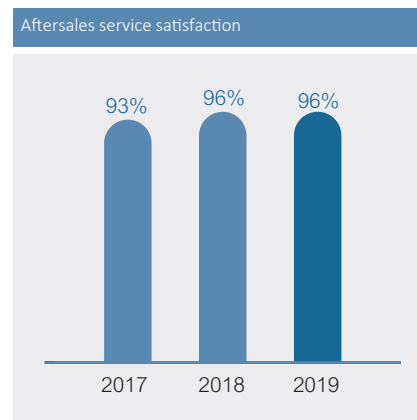


Customer Experience Improvement

The Group has always adhered to the concept of “customer first”, regarding customer service as a solid foundation for development. In 2019, we made great efforts to create the “Dadu Zhiai (大都智爱)” service brand, and devoted ourselves to providing consumers with “professional, convenient, honest and intelligent” service experience and creating a better life for consumers.

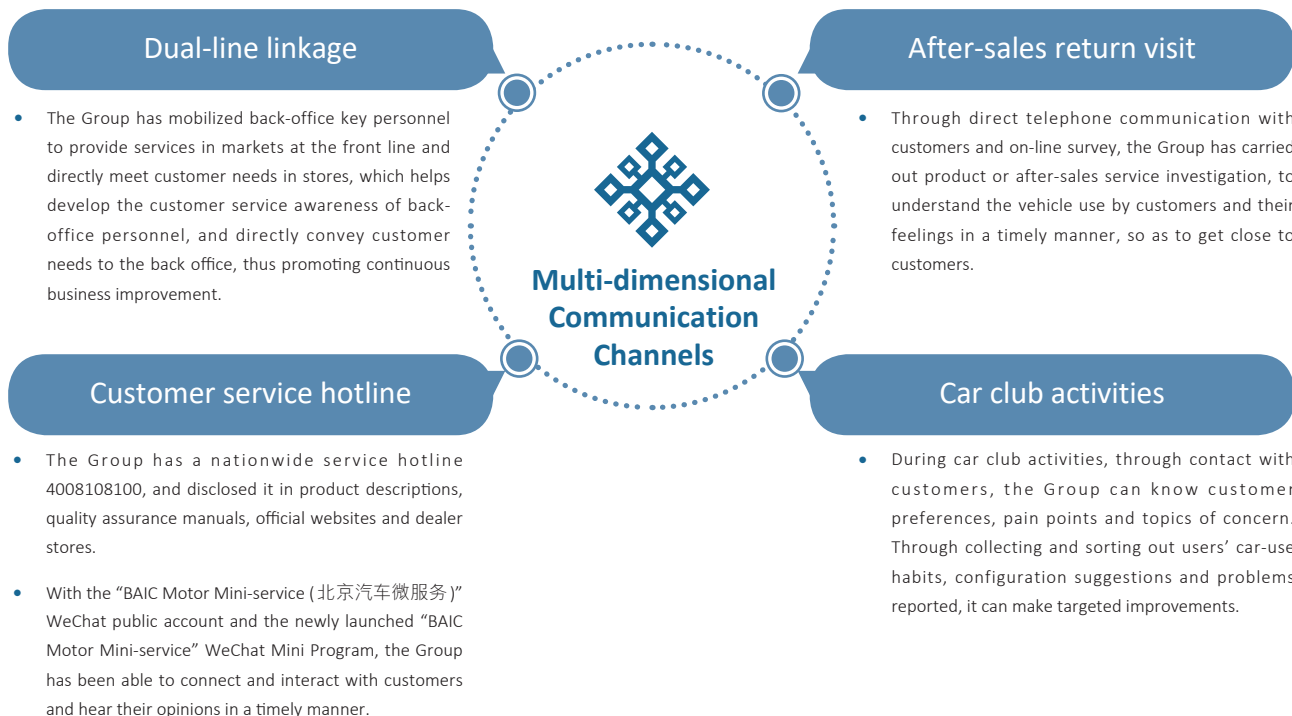
2019 Customer complaint reduction rate

3%



Smooth Communication Channel

The Group has established comprehensive communication channels, actively carried out two-way communication activities with customers, heard the opinions of customers in a timely manner, collected customer complaints and feedback, made a rapid response to feedback, so as to provide satisfactory services to customers.



Case: Beijing Hyundai won the “2019 China’s Best Contract Center Award-Customer Service” for the eighth year in a row

The Group continuously improves customer experience through many measures to provide more considerate services to customers. The customer service center of Beijing Hyundai adheres to the service brand characteristic of “customer first, high efficiency and rapidness, innovation spirit, dedication and persistence”, and provides innovative and personalized intelligent service experience for customers. In September 2019, the customer service center of Beijing Hyundai won the “2019 China’s Best Contract Center Award-Customer Service”. It made customers feel warm and helped achieve brand improvement.





Case: In China automobile customer satisfaction index (CACSI) evaluation in 2019, many vehicle models ranked first

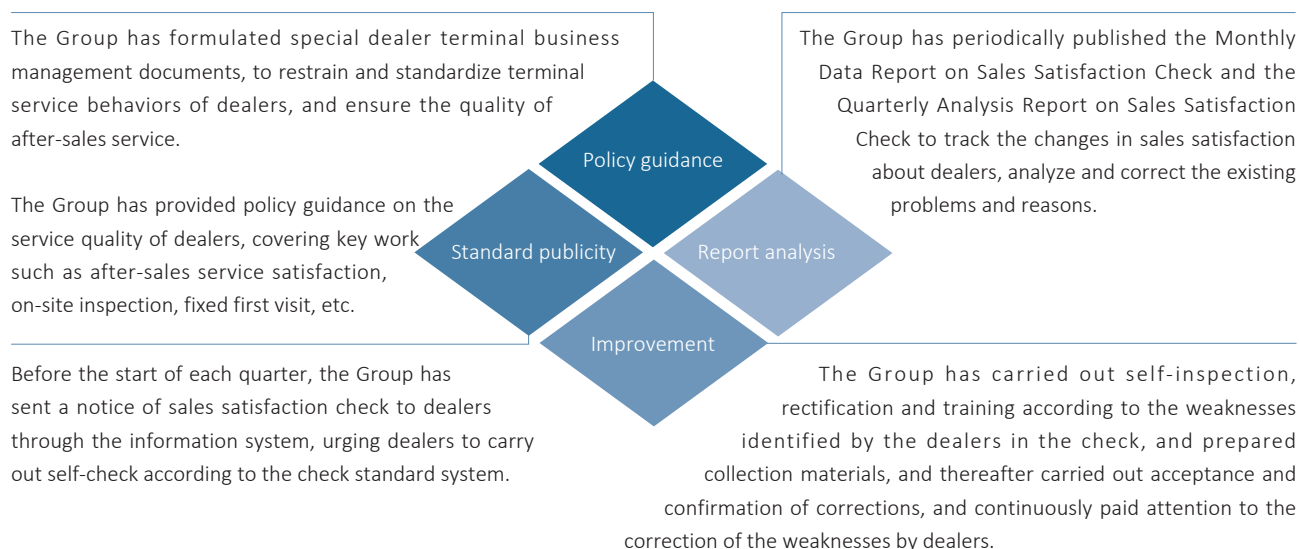
The results of automobile customer satisfaction evaluation in 2019 showed that many vehicle models of proprietary brands and joint venture brands of the Group ranked first. Meanwhile, the Group performed well in terms of sales services and after-sales services.

<p>BEIJING Brand</p>	<ul style="list-style-type: none"> Senova Zhixing of BAIC Motor won the recognition and trust of consumers, with No.1 ranking in terms of satisfaction towards “2019 new vehicles attracting attention in the market (worth RMB0.1 million or less)”, making it one of the mainstream vehicles of proprietary brands. Senova X35 of BAIC Motor ranked third in terms of satisfaction towards “A0-Class SUVs worth RMB70 thousand or less”. BAIC Motor ranked second in terms of “after-sales services (proprietary brand)” and “sales service (proprietary brand)”. This shows the excellent product quality and good service reputation of BAIC Motor.
<p>Beijing Benz</p>	<ul style="list-style-type: none"> Mercedes-Benz A-Class long-wheelbase sedan made in China ranked first in terms of satisfaction towards “premium A-Class sedans”; Mercedes-Benz E-Class long-wheelbase sedan made in China ranked first in terms of satisfaction towards “premium C-class sedans”. Mercedes-Benz C-Class long-wheelbase sedan made in China ranked second in terms of satisfaction towards “premium B-Class sedans”; Mercedes-Benz long-wheelbase GLC SUV, and GLA SUV made in China ranked third in terms of satisfaction towards “premium B-Class SUV” and “premium A-Class SUV” respectively. Beijing Benz ranked third and second in terms of “after-sales services (premium brand)” and “sales service (premium brand)” respectively.
<p>Beijing Hyundai</p>	<ul style="list-style-type: none"> Reina of Beijing Hyundai ranked first in terms of satisfaction towards “compact sedans worth RMB70 thousand or less”; LA FESTA ranked first in terms of satisfaction towards “2019 new vehicles attracting attention in the market (worth more than RMB0.1 million)”; and with the score of 80 points, new-generation ix35 ranked first in terms of satisfaction towards “A-class SUVs worth RMB0.1-0.15 million”. Elantra, sixth-generation Elantra, Mistra, ix25, TUCSON and other vehicle models of Beijing Hyundai also performed well. Beijing Hyundai ranked first in terms of “after-sales services (joint venture brand)” and second in terms of “sales service (joint venture brand)”.






■ Improvement in the Service Level of Dealers

The Group attaches great importance to the customer's experience during vehicle purchase, and has formulated and implemented the Rules on Management of Service Staffing and Service Personnel Training of BAIC Motor Dealers to provide assistance and support for dealers in many aspects such as sales, management and service, and to cooperate with dealers in providing customers with high-quality services matching products.



■ Protection of Rights and Interests of Customers

The Group is committed to providing customers with reliable services while continuously improving product safety performance. In accordance with laws and regulations including the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Advertisement Law of the People's Republic of China, we make effort to protect the rights and interests of our customers, carefully handle every customer feedback, protect the privacy of our customers, and deliver true and reliable advertising information to our customers.

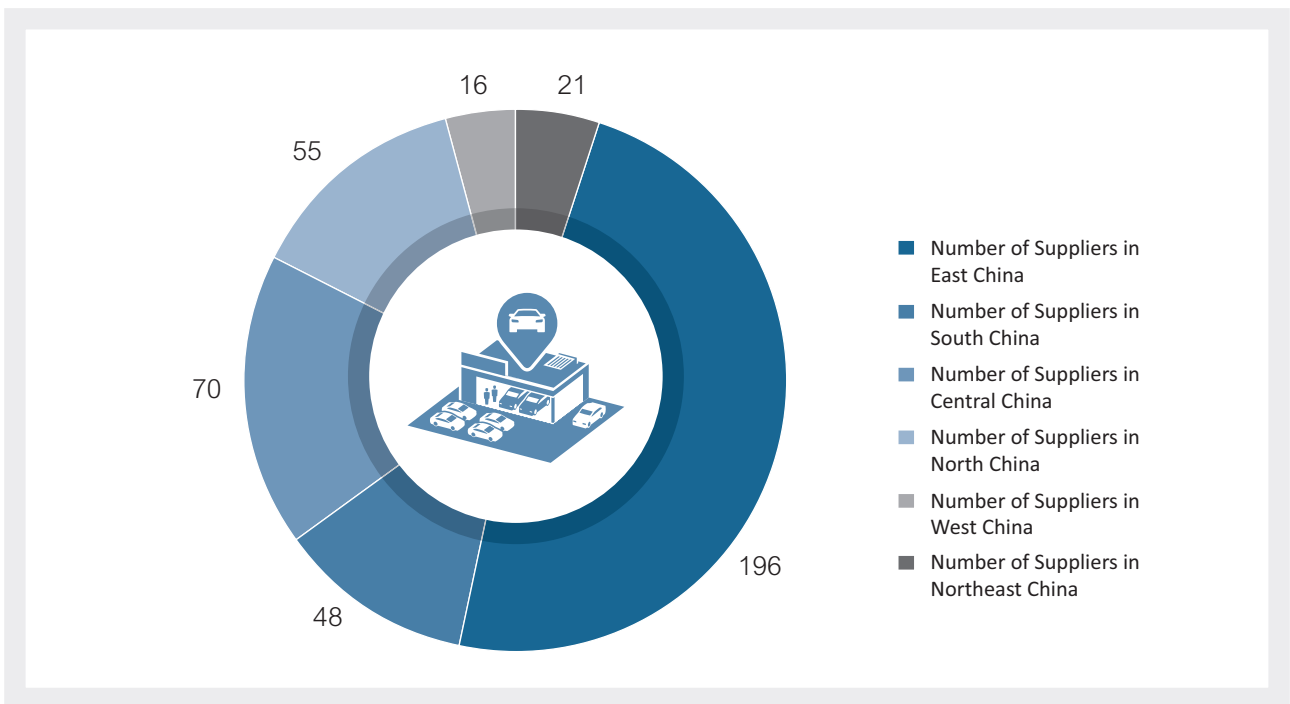
 <p>Handling of customer feedback</p>	<ul style="list-style-type: none"> • The Group has formulated and implemented the Measures for the Management of Customer Complaints, the Measures for the Management of Satisfaction and Complaint-related Rectification, the Closed-Loop Business Management System for Customer Complaints, and the Detailed Rules on Management of Complaint-related Assessment of Dealers, so as to facilitate the handling of complaints. • The Group has established the Call Center System to record problems reported by customers and has carried out feedback collection and process control with regard to customer complaint acceptance, distribution and handling results.
 <p>Customer privacy protection</p>	<ul style="list-style-type: none"> • The Group has formulated and implemented the Measures for Centralized Management of Customer Data, to carry out centralized management of customer data so as to ensure customer data integrity, information security and standard use of data. • During customer data maintenance, each department holding customer data shall submit corresponding customer data according to its data requirements and management requirements, and shall be responsible for the timeliness and correctness of customer data submitted and strictly keep the data confidential. • During the use of customer data, the account number and authority for use of customer data and the daily use of customer data shall be subject to application and approval in strict accordance with the requirements of the management system, to avoid disclosure of sensitive information of customer data.
 <p>Prevention of false publicity</p>	<ul style="list-style-type: none"> • Brand advertisements and other relevant information released by official channels of enterprises shall be subject to the internal review process and can be published after approval, so as to ensure the authenticity and preciseness of the information.

■ Improvement in Supply Chain Management

The Group regards supply chain management as an important part of improving the product strength, attaches great importance to supply chain management and has established a sound procurement and supplier management system. It has selectively developed strategic partners, and cooperated with industry-leading and powerful suppliers with leading technology and stable quality, to form a competitive supplier system with a reasonable size and stable relations, thus ensuring the improvement in the product strength.

Number of main cooperative suppliers*	406
of which: number of suppliers where the practices are being implemented	406
Proportion of suppliers where the practices are being implemented	100%

* Note: The number of suppliers includes suppliers of parts of proprietary brands of the Company (excluding suppliers of Powertrain).



Life-cycle Management of Suppliers

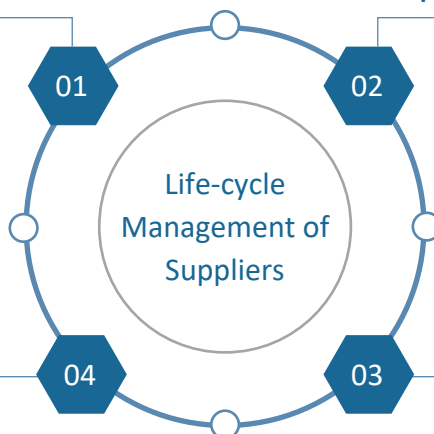
Based on the 5R principle (right quality, right price, right quantity, right time and right place) and relying on the digital management capability of the supplier relationship management information system platform (SRM), the Group has established and improved the working mechanism for lifecycle management of suppliers, covering key processes such as supplier admission, performance evaluation and assessment, capacity building, incentive and optimization. We continuously optimize the overall structure of the supplier system and promote product quality improvement.

Admission

The Group has further optimized the Measures of BAIC Motor for Management of Supplier Admission, further strengthening supplier risk assessment prior to admission, and adding detailed rules on the assessment of suppliers of “embedded software” components to make the supplier admission mechanism more objective and comprehensive.

Performance Evaluation and Assessment

The Group has improved the Detailed Rules of BAIC Motor on Performance Evaluation of Suppliers and the Measures of BAIC Motor for Management of Supplier Assessment, to strengthen the application of evaluation results and form a closed loop for the entire supplier management.



Incentive and Optimization

The Group has carried out dynamic management and continuous optimization of the supplier base.

The Group has improved the Measures of BAIC Motor for Management of Removal of Suppliers, so as to strengthen the risk management before the removal of suppliers.

Capacity Building

The Group has implemented the Measures for Management of Supplier Capacity Improvement and has organized and carried out special improvement and training activities for suppliers, continuously promoting the project of supply chain capacity building.

The Group has formulated and published the Development Process of BAIC Motor for Purchased Parts to provide guidance and specifications for participation by suppliers in the development of parts.



Case: Publication of a plan for developing the supply chain of proprietary brands, and efforts for a win-win outcome in the industry chain

The Group adheres to the principle of “win-win cooperation and common development”. While cooperating with many international well-known suppliers, the Group has actively built cooperation relations with local suppliers to move up the industry chain.

After ten years of operation, Zhuzhou Branch of the Group has driven the continuous development of the new energy automobile industry in Zhuzhou. In July 2019, the Group published the plan for supply chain development of proprietary brands at the Cooperation Conference of Zhuzhou Auto Parts Industry. The plan takes Zhuzhou as the center, and aims to build a core supplier team that is industry-leading, highly competitive in the market, covers a radius of less than 100 km and has a complete upstream and downstream industry chain, according to the principle of “regional conditions, encouragement for development, ability first, and in-depth cooperation”, thus upgrading Zhuzhou from a simple “production base” to an “automobile industrial park” with complete functions of the industry chain.





■ Construction of a Responsible Supply Chain

The Group has comprehensively promoted the construction of a responsible supply chain and incorporated environmental and social risks into its supplier management system. We have formulated and implemented the Measures for Management and Control of Green Supply Chain of BAIC Motor. By continuously promoting the assessment and evaluation of environmental protection performance of suppliers, we have strengthened environmental awareness training and publicity of suppliers, and created a green supply chain, so as to ensure that “green” plays a role in all processes of production of a product. In 2019, we won the title of Model Enterprise in National Green Supply Chain Management. At the same time, we pay close attention to the social risks in the supply chain, strictly carry out supplier behavior control to ensure the compliance of suppliers, and facilitate the healthy and orderly development of the supply chain.

- The Group has established a special group for environmental protection control of suppliers to carry out environmental protection control of suppliers and has preliminarily constructed a management and control mechanism for environmental protection risk assessment of suppliers.
- The Group has formulated detailed rules on environmental performance evaluation of suppliers, which are applicable to the overall performance of suppliers, so as to cause suppliers to attach importance to environmental protection laws and regulations and strengthen internal environmental risk identification and improvement.



- The Group has ensured the fairness and integrity of procurement and carried out compliance review and control of suppliers.

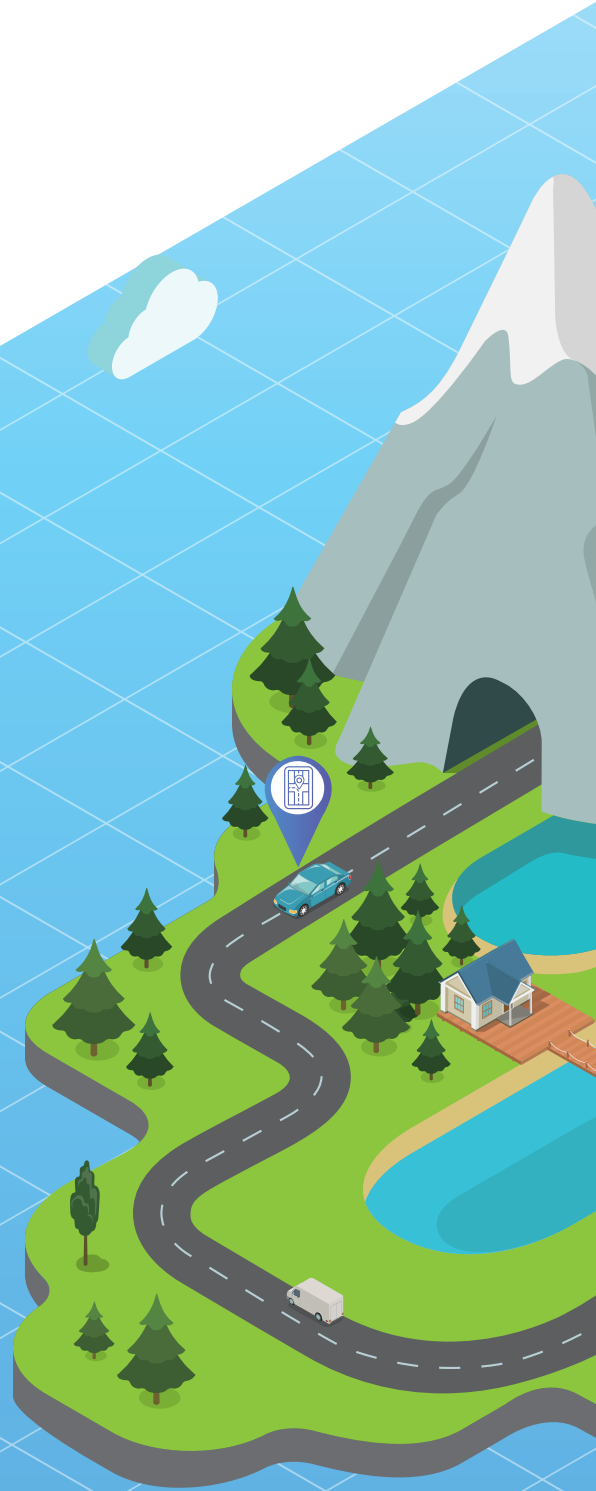
- The Group has organized themed training for suppliers including “analysis of environmental protection risks in the automobile industry to ensure high-quality and sustainable development of enterprises”. It has carried out publicity and training on national environmental protection policies, industry dynamics and the Group’s environmental protection management requirements.



04

Active assumption of Responsibility, and Green Development

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Active assumption of Responsibility, and Green Development

■ Construction of a Green Factory

Green is one of the important development philosophies of BAIC Motor. For a long time, BAIC Motor has been committed to promoting environmentally friendly production and low-carbon operation. It has relentlessly pursued the completion of production and operation with minimum environmental load and has made efforts to build green factories.

■ Emission reduction

The Group has continuously strengthen cleaner production, in strict compliance with emission management requirements of laws, regulations and standards, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. It has established a sound environmental protection responsibility system, for the further enhanced corporate responsibility for pollutant prevention and control specified the Environmental Protection Law of the People's Republic of China, which became effective in 2015. Emission management has been carried out, under the guidance of the Environmental Management Manual, the Air Pollution Management and Control Procedure, the Waste Management Procedure and the Water Pollution Management Control Procedure and other policies of the Company. Through the continuous strengthening of the construction of environmental protection equipment, technological transformation, regular monitoring, standardized transfer and treatment and other measures, the Group has reduced the discharge of waste gas, waste water and solid waste, thus continuously reducing the impact of its production and operation on the environment.

Measures to Reduce Emissions



Waste gas emission reduction

- In the coating process, 2K varnish, which is more environmentally friendly, is used instead of 1K varnish to reduce the emission of volatile organic compounds (VOC).
- Each organization has installed odor collecting hoods and odor treatment devices for the biochemical section of the sewage treatment station, and installed exhaust pipes to reduce waste gas emissions.
- Cangzhou Factory of Beijing Hyundai completed low nitrogen transformation of gas boilers. The NOx emission concentration of the transformed boilers decreased to below 30mg/m³. Low-nitrogen transformation of heating devices of ovens in coating workshops of Renhe No. 2 Factory and Yangzhen Factory was carried out to reduce the NOx emission concentration to below 80mg/m³. The Beijing factory replaced 30 diesel forklifts with 10 electric forklifts to further reduce pollution emissions.
- The painting workshop of Beijing Benz carried out a low-nitrogen transformation project for ovens, thus achieving the target of reducing the NOx emissions of ovens by 50%.



Reduction in wastewater discharge

- Zhuzhou No.1 Factory has invested RMB8.674 million to transform the nickel and phosphorus-containing wastewater treatment system of the coating workshop, and has used current advanced wastewater treatment technologies to improve the nickel removal efficiency, so that nickel concentration at the outlet of the nickel and phosphorus-containing wastewater treatment system meets the local emission standards.



Waste discharge reduction

Hazardous wastes

- Qualified companies have been engaged for harmless disposal of all hazardous wastes.
- Powertrain has upgraded and transformed the sewage treatment station, building a fixed device for cutting fluid treatment which is designed for a reduction of over 90% in the volume of waste cutting fluid outsourced for disposal.



Non-hazardous waste

- Solid wastes are classified, collected and treated.
- Cangzhou Factory of Beijing Hyundai changed the sludge dewatering process, installing a drying equipment at the back end of the sludge filter press to reduce the water content of sludge to 30% and reduce the sludge production by more than 50%.

In strict accordance with environmental protection requirements, the Group has arranged for a third party to monitor the pollutant discharge of production enterprises, and has conducted quarterly inspections of the monitoring, and has taken it as an assessment indicator, to ensure compliant discharge. The discharges involved in the production and operation of the Group mainly include greenhouse gases generated by the use of energy, smoke dust generated by welding, waste gas, waste water and waste residue generated by coating, and noise generated in equipment operation.

Indicator	Unit	2019 ¹	2018	2017
Scope 1: Direct GHG emissions ²	tCO ₂ e	262,747.19	328,386.71	329,576.56
Scope 2: Indirect GHG emissions ²	tCO ₂	758,964.00	846,841.29	821,081.74
Total GHG emissions ²	tCO ₂ e	1,021,711.19	1,175,228.00	1,150,658.31
GHG emissions per vehicle ⁵	tCO ₂ e per vehicle	0.72	0.80	0.79
Total wastewater discharge ³	Ton	2,450,271.00	2,679,115.00	3,536,107.72
Total COD emissions	Ton	161.47	270.57	514.50
Total ammonia nitrogen emissions	Ton	7.34	15.41	35.27
Total VOC emissions	Ton	1,221.87	1,678.64	1,760.16
Total SO ₂ emissions	Ton	3.73	3.28	8.99
Total production of hazardous wastes	Ton	20,557.20	18,721.71	27,340.71
Hazardous wastes generation intensity ⁵	Kg per vehicle	14.42	12.43	18.65
Total production of non-hazardous wastes ⁴	Ton	162,942.41	84,541.34	114,895.26
of which: metal ⁴	Ton	140,020.34	54,283.46	76,610.10
of which: paper	Ton	10,374.96	12,227.78	14,705.95
of which: timer	Ton	8,946.73	12,090.95	19,403.42
of which: others	Ton	3,600.38	5,939.15	4,175.79
Non-hazardous wastes generation intensity ^{4,5}	Kg per vehicle	114.35	57.91	78.38

1. Based on the materiality of production and operation to the business of the Group and the environmental influence, the discharge data of the Group for 2019 cover BAIC Motor Corporation Limited, BAIC Research Institute, BAIC Motor Sales Co., Ltd., Beijing Benz Automotive Co., Ltd., Zhuzhou Branch of BAIC Motor Corporation Limited, BAIC Motor Powertrain Co., Ltd., BAIC Guangzhou Automotive Co., Ltd., Beijing Beinei Engine Parts and Components Co., Ltd., BAIC MB-tech Development Center Co., Ltd. and Beijing Hyundai Motor Co., Ltd.
2. GHG emissions are calculated with reference to the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) 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.
3. Total wastewater discharge includes total production and office wastewater discharged by the Group.
4. The Group has gradually established a sound statistical system for non-hazardous waste. In 2019, non-hazardous waste data cover the waste metal generated in the stamping and engine workshops of Beijing Benz. Therefore, the generation increased compared with previous years.
5. Intensity data are based on the Group's total vehicle sales of 1,425,000 units for 2019.

■ Resource Consumption Reduction

The Group firmly believes that green and low carbon is the development direction of the automobile industry and strives to reduce the resource consumption in the production of products. On the basis of carrying out resource management work in strict accordance with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Cleaner Production Promotion Law of the People's Republic of China, etc., we have formulated and implemented a number of systems such as the Management Measures of BAIC Motor Corporation Limited for Submission of Safety and Environmental Protection Information. We have set targets for comprehensive energy consumption per unit product, comprehensive energy consumption per RMB ten thousand output value, etc., to carry out technological transformation and innovative management practices under a higher standard, and continuously explored energy-saving potential and improve the energy utilization efficiency.

Measure to Reduce Resource Consumption

Energy saving



- Guangzhou Base has optimized the opening and closing of key energy consumption equipment, such as main equipment in coating workshop, lighting control equipment in assembly workshop, cooling tower fan and other equipment, to reduce energy consumption.
- Guangzhou Base has optimized and adjusted the production pace, shortened the production duration and improved the energy efficiency in production through SPM upgrade.
- Zhuzhou Base has optimized compressed air pipelines in the coating workshop, with a decrease in the operating pressure of the compressed air pipeline network from 0.73Mpa to 0.68Mpa, and reduced the number of air compressors in operation and the frequency of starting and stopping, reducing the annual electricity consumption by approximately 1.85 million kWh, thus reducing energy consumption.
- Zhuzhou Base has transformed the pipelines between the water pumps in the comprehensive station house and optimized the pump operation plan – when the coating workshop is not used for production, the domestic water pump is stopped and the domestic water is directly supplied by municipal water pipelines, thus saving approximately 130 thousand kWh of electricity per year, saving the electricity consumption of the water pump.
- The No.2 factory of Zhuzhou Base has carried out the technical transformation of the blower control system of the sewage station, adjusting the agitating blower from 24-hour working to working at intervals, saving approximately 370 thousand kWh of electricity consumption per year. The coating workshop of Cangzhou Factory of Beijing Hyundai has optimized the operation of production equipment and adopted a differentiated operation mode for setting coat, effectively saving resource consumption. After the operation, 7,019 m³ of natural gas and 3,024 kWh of electricity have been saved each day on average.

Water resource saving



- Beijing Hyundai has made use of the “World Day for Water” to carry out water-saving publicity, educating its employees, and employees of external supporting enterprises and construction personnel on water saving, water-saving knowledge and its water-saving requirements. It has produced water-saving publicity videos, which have been played for employees in the canteen during the dining time.
- Equipment operation in the coating workshop of Cangzhou Factory of Beijing Hyundai has been optimized to save 128 tons of water per day.

Reduction in consumption of other resources



- Subject to optimizing the running track of the paint spraying robot and ensuring the product quality, paint consumption has been reduced.
- Paperless office has been comprehensively promoted, with the use of the office automation (OA) system for document approval and other work, reducing paper consumption.

The main resources used by the Group in production and operation include electric power, gasoline, diesel oil, natural gas, purchased heat and water resources, etc. Its main water source is municipal water supply. In 2019, it was not aware of any violation of laws in sourcing energy and water resources.

Indicator	Unit	2019 ^{1,2}	2018	2017
Total electricity consumption	kWh	1,095,689,777	1,203,547,385	1,090,726,401
Total gasoline consumption	L	2,142,107.83	2,552,320.50	2,385,118.32
Total diesel consumption ³	L	171,511.37	334,250.30	396,679.15
Natural gas consumption	m ³	117,713,340.10	147,095,916.41	147,744,083.40
Total purchased heat	million kJ	97,285.53	90,064.92	106,535.67
Total comprehensive energy consumption ⁴	TCE	297,054.21	346,713.90	337,230.20
Production energy consumption intensity ⁵	TCE per vehicle	0.21	0.24	0.23
Total water consumption	Ton	8,672,771.21	9,456,986.18	7,397,715.08
Total water consumption intensity ⁵	Ton per vehicle	6.13	6.57	5.11
Total recycled and reused water	Ton	2,935,684	3,611,427	3,068,570
Percentage of recycled and reused water	—	33%	38%	41%

1. Based on the materiality of production and operation to the business of the Group and the environmental influence, the resource utilization data of the Group for 2019 cover BAIC Motor Corporation Limited, BAIC Research Institute, BAIC Motor Sales Co., Ltd., Beijing Benz Automotive Co., Ltd., Zhuzhou Branch of BAIC Motor Corporation Limited, BAIC Motor Powertrain Co., Ltd., BAIC Guangzhou Automotive Co., Ltd., Beijing Beinei Engine Parts and Components Co., Ltd., BAIC MB-tech Development Center Co., Ltd. and Beijing Hyundai Motor Co., Ltd.
2. The core business of the Group is research and development, manufacturing, sales and after-sales service of passenger vehicles. The use of packaging materials is not a material aspect for the Group.
3. In 2019, Zhuzhou Company of the Group and Beijing Hyundai made efforts to facilitate the use of electric vehicles instead of traditional oil-powered vehicles in the factory. At the same time, due to the reorganization of assets, Beijing Branch did not consume diesel during the reporting period, and thus the diesel consumption data decreased as compared with previous years.
4. The total comprehensive energy consumption is based on electricity and fuel consumption, and relevant conversion factors specified in the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T2589-2008) of the People's Republic of China, including electricity, gasoline, diesel oil, natural gas and purchased heat.
5. Intensity is based on the Group's total vehicle sales of 1,425,000 units for 2019.

■ Promotion of Green Design

From research and development to production, the Group is committed to creating veritable “green products” and integrating the philosophy of green design into products. By introducing new energy vehicle models, improving fuel efficiency, reducing exhaust emissions, using environmentally friendly materials and improving in-car air quality and otherwise, we make our best efforts to minimize the energy consumption and the environmental impacts of greenhouse gases, air pollutants and other harmful substances during driving, so as to meet the users’ needs for green travel. With unremitting exploration and efforts, in 2019, the Group was included in the list of the first batch of model enterprises for green design published by the Ministry of Industry and Information Technology.

Research and development of new energy vehicles

- In active response to the “13th Five-Year” plan for the development of national strategic emerging industries, the Group has taken the total transition to new energy vehicles as the core of the “dual-driver” development strategy. It has built intelligent factories for the production of new energy vehicles through continuous improvement in electrification research and development capabilities, so as to accelerate the transition to new energy vehicles. For details, see “3.1 Innovation and Development Driven by Dual Drivers – Promoting Transition to New Energy Vehicles” of this Report.

Fuel consumption reduction

- The Group reduces the fuel consumption of vehicles to achieve the energy-saving target, by optimizing the universal characteristics of an engine, strictly controlling the wind resistance coefficient, tire rolling resistance coefficient and braking drag force to ensure the resistance of a vehicle, and using the gear shifting reminder, etc.
- Optimization research into the idling start-stop scheme has been carried out from the perspective of fuel saving, to reduce fuel consumption by approximately 3.2%-4.2%.
- Research into the fuel saving efficiency for braking energy recovery and recycling of hybrid vehicle models has been carried out to improve the fuel saving efficiency.
- The Group has carried out lightweight body research, used high-strength steel and lightweight materials as a replacement, and applied advanced technologies such as thermo forming, and at the same time, insisted on the SFE preliminary structural optimization, so as to systematically create an extremely lightweight body.
- In 2019, the Group participated in the revision to three national fuel consumption standards, namely the Methods and Indicators for Fuel Consumption Evaluation of Passenger Vehicles, the Fuel Consumption Limits for Passenger Vehicles and the Methods for Fuel Consumption Test of Lightweight Vehicles, to facilitate the improvement in the environmental protection level of the industry.

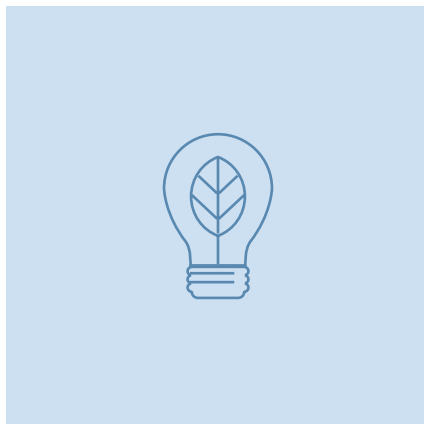
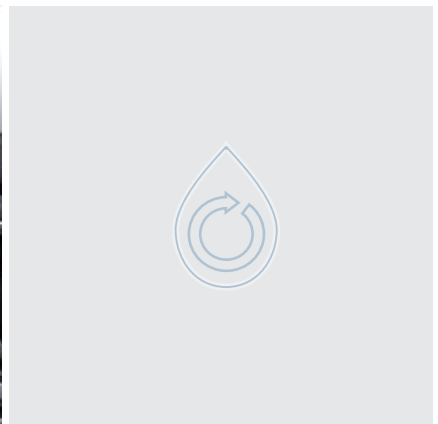
Reduction in exhaust gas emissions

- Zhida, Zhixing and other China VI compliant vehicle models were launched, with their emission value equal to a half of the limit under China VI standard.
- It launched A156T1 China VI compliant engine to increase the bullion content of the aftertreatment catalyst and install the gasoline particulate filter (GPF). Through emission data calibration and GPF diagnostic calibration under the environmental management system (EMS), the gaseous pollutant emissions and PN emissions are reduced by 50% and 90% respectively.
- It has developed A151R1 China VI compliant engine. It is expected that after the launch, the engine will help achieve a reduction of 100 tons of CO emissions, 10 tons of THC emissions, 19.8 tons of NMHC emissions, 15 tons of NO_x emissions, 0.9 ton of PM emissions per vehicle per year.

Improvement in the in-car air quality

- The original control strategy-forward design+ whole-process chain control has been proposed. The environmental protection material depot has been taken into consideration at the beginning of the design, to eliminate the peculiar smell, thus fundamentally solving in-car air pollution problems.
- BEIJING-U7 and other vehicle models won the 2019 Popular Vehicle Model Award in Terms of In-car Air Quality at the 11th China Auto Environment Forum.

Note: * The average mileage per year is based on 30 thousand km, and the emissions are calculated according to the emission requirements of China VI-b.



05

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Focus, Mobilization

■ Building of a Diversified Team

The Group has always regarded employees as its core assets and the creators of enterprise value. It has adhered to the principle of equal employment and extensively recruited talents. It has prevented child and forced labour, in strict compliance with the requirements of labour standards. It has safeguarded the legitimate rights and interests of employees, and built harmonious labor relations.

■ Promotion of Equal Employment

The Group has complied with laws and regulations including the Labor Law of the People's Republic of China, which specify that a company shall provide equal employment opportunities and labor security, otherwise the employer will be subject to strict punishment. It has adhered to the principle of equal employment, eradicating any discrimination, and strived to create an atmosphere of diversified employment. The Group has established clear, scientific and effective work procedures and standards for talent selection. It has formulated and implemented the Policy of BAIC Motor Corporation Limited on Recruitment Management. It has recruited talents through various channels including campus recruitment, social recruitment and overseas recruitment. It has provided equal employment opportunities for each talent. It has built a diversified working environment, to stimulate the vitality of human resources, and to secure human resources for corporate development.

As at the end of 2019, the total number of employees of the Group was 21,712, with 100% of the employees signing employment contracts. The annual turnover rate of employees was 1.50%. The annual turnover rates of male and female employees were 1.42% and 2.12 % respectively.

Indicator*	Number	%
Production worker (person)	15,276	70.36%
Technical Staff (person)	4,119	18.97%
Sales and marketing personnel (person)	371	1.71%
Others (person)	1,946	8.96%

Indicator	Number	%
Male employee (person)	19,208	88.47%
Female employee (person)	2,504	11.53%

Indicator	Number
Employees from ethnic minorities and other ethnicities	1,078

Note: Employee data involves employees under BEIJING brand and Beijing Benz brand of the Group.

■ Compliance with Labour Standards

In order to protect the physical and mental health of minors and safeguard their legitimate rights and interests, China has enacted the Provisions on the Prohibition of Using Child Labor. Meanwhile, in accordance with the Labor Law of the People's Republic of China, the employer, who illegally employs minors aged below 16, will have its business license revoked if the case is serious. The Group has strictly complied 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. It has formulated and strictly complied with the Recruitment Management Policy of BAIC Motor Corporation Limited, and has established necessary procedures for the collection and approval of recruitment information in accordance with relevant legal provisions. It requires applicants to provide identification certificates during the recruitment process to prevent the use of child and forced labour. During the reporting period, the Group did not violate any international or national standards, rules and regulations, or standards, rules and regulations in the place of operation, in relation to child and forced labour.

■ Protection of Rights and Interests of Employee

The Group adheres to the people-oriented philosophy and firmly protects the legitimate rights and interests of employees. We have continuously improved the salary and benefit system, carried out production and business activities according to the working hours specified by law, and provided sound social security for employees. In case of dismissal, we act in compliance with the Labor Law of the People's Republic of China and relevant laws and regulations. We strive to build an equal workplace environment to ensure that employees' rights and interests are not infringed.

Establishment of a rational remuneration system

- The Group has established a remuneration system centered on the value of post and oriented towards the performance and ability of its employees, and has formulated a remuneration standard that is competitive in the industry.
- The Group has improved the remuneration management system and process, and formulated and implemented the Measures of BAIC Motor for Management of Employee Remuneration.
- The Group has established an annual remuneration adjustment mechanism, and has made differentiated adjustment to the remuneration standard of employees in full consideration of corporate development, and the ability and performance of employees, so as to ensure the competitiveness of remuneration for key talents.

Ensuring reasonable working hours

- The Group has formulated and implemented the Measures of BAIC Motor for Attendance and Vacation Management, adopting the 8-hour standard working hour system in general. For special posts, the Group has applied for a comprehensive working hour system in accordance with laws and regulations.
- Meanwhile, the number of overtime hours of all employees are controlled to be less than 36 hours per month in accordance with the Labor Law of the People's Republic of China, and an arrangement may be made for employees who work overtime to take compensatory time off or receive overtime pay, which shall be paid in accordance with national regulations.
- In accordance with the requirements of national policies, the Group has specified employees' annual leave, maternity leave, paternity leave, marriage leave, funeral leave, sick leave, personal leave, etc., in detail, to protect the leave entitlements of its employees.

Provision of sound social security

- The Group has made contributions to the five insurance funds and the housing provident fund for all employees on time, and has provided supplementary medical insurance and enterprise annuity.

Construction of an equal workplace environment

- The Group protects the legitimate rights and interests of female employees, and has carried out self-inspections in strict compliance with the Special Provisions on Labor Protection of Female Employees and the "Special Section for Female Employees" in the Collective Contract. The Group has organized and carried out special inspection of work according to requirements on promoting gender equality in the workplace.

■ Support for Employee Development

The Group adheres to the philosophy of “people orientation, best use of talents, and commitment to win-win outcome”. It is committed to creating a platform for employees to realize their personal development and value, and has fully mobilized and stimulated the subjective initiative of all employees. In 2019, we made efforts to build an environment for the development and achievement of employees, through further upgrading and optimizing the training management system, revising and improving our existing systems and management mechanisms, including the Training Management Measures of BAIC Motor and the Pre-job Training Management Measures of BAIC Motor. With the platform of BAIC Motor Business School, it provided diversified training courses to help employees develop themselves and realize their self-worth, which helps secure human resources for corporate transformation and development.

Indicator*	2019	2018	2017
percentage of trained employees (%)	100	100	100
of which: percentage of male employees completing the training (%)	100	100	100
of which: percentage of female employees completing the training (%)	100	100	100
of which: percentage of senior management members completing the training (%)	100	100	100
of which: percentage of middle management members completing the training (%)	100	100	100
Total hours of employee training (hour)	903,676	1,419,387	1,813,393
Average training hours per employee completed (hour/person)	42.7	69.1	79.3
of which: average training hours of male employee completed (hour/person)	42.7	69.1	79.3
of which: average training hours of female employee completed (hour/person)	42.7	69.1	79.3
of which: average training hours of high-level management employee completed (hour/person)	110	110	110
of which: average training hours of medium-level management employee completed (hour/person)	16	36	36

Note: Employee training data involves employees under BEIJING brand and Beijing Benz brand of the Group.

■ Diversified Learning Mechanism

The Group provides diversified learning mechanisms for its employees, to promote the growth and development of talents at multiple levels, and ensure that every employee can continuously explore his/her potential. In order to continuously innovate and perfect the training mechanism, integrate the superior resources of the organizational system and the human resources system, we have established BAIC Motor Business School, which has the operation philosophy of focus on management, stimulation of vitality, promotion of change, cooperation and sharing. With the “high, innovative and characteristic” orientation for human resource development and product design and according to the hierarchical and full-coverage working ideas, it organizes and carries out trainings, and helps each employee find training courses that meet their work needs and career development plans, so as to enhance their personal professional accomplishment and comprehensive ability.



Case: Recent Graduate Training “STAR-T Star Start Plan (STAR-T 星·启计划)”

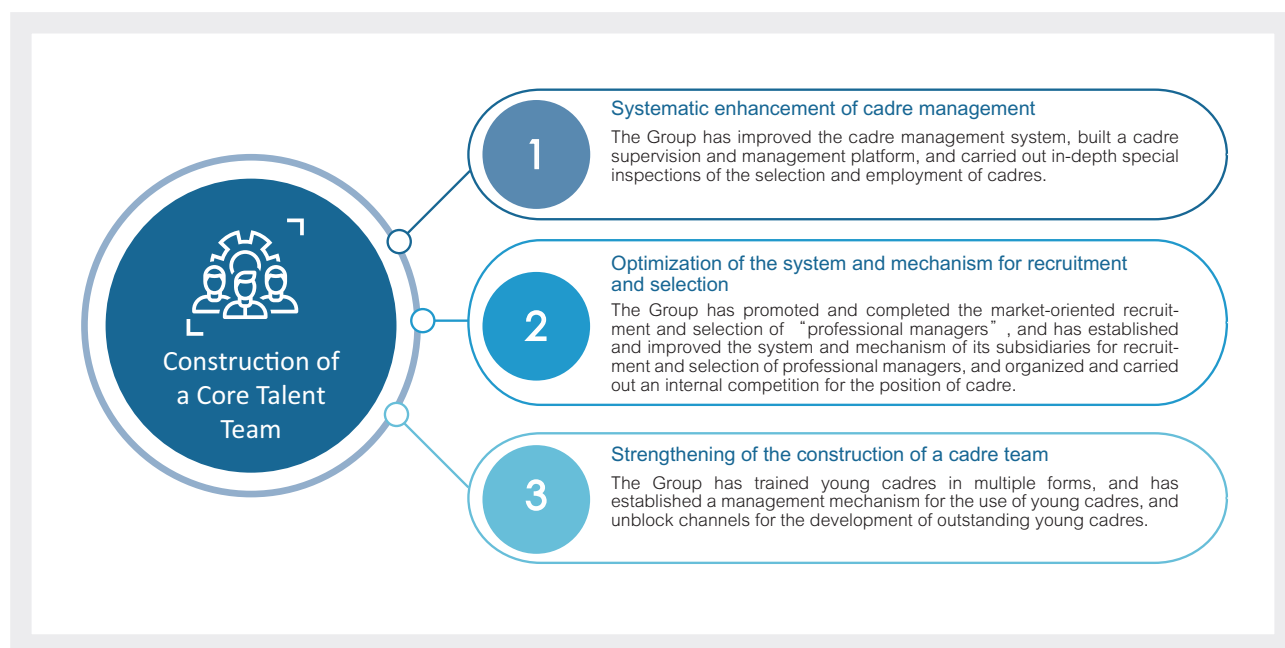
The Company launched the 2019 STAR-T Star Start Plan – Recent Graduate Induction Training Project, in order to continuously strengthen the construction and training of the Company’s young talent team, help recent graduate employees understand the company profile, accelerate their transition from a student to an employee, enhance their understanding of development and core values of BAIC Motor, and their sense of belonging. A series of training courses with rich contents have been tailored for new graduate employees.

The 2019 STAR-T Star Start Plan consists of five parts: centralized training, online learning, production practice/sales practice, department training and on-the-job apprenticeship training. In the form of online learning and offline training, with equal attention to teaching and on-the-spot practice, the Company has carefully planned the on-the-job apprenticeship training program, and provided instructors for each new employee, to lead the new employee to properly take the first step in the workplace.

Training process	New employee training camp	Online learning	Production/sales practice	Department training	On-the-job apprenticeship training	Closing ceremony
Training target	Enhancing the sense of integration into the enterprise	Improving professional and general skills	Enhancing the understanding of vehicle assembly, production processes and customers in the market	Rapidly integrating into the team	Rapidly improving the professional proficiency	Summarizing the whole training process and showing the achievements of training
Training method	The training is centrally organized by the Group with the participation of organizations		Organizations formulate detailed rules according to the actual situation and the plan, and organize and carry out the rules			

Construction of a Core Talent Team

The Group has continuously focused on the construction of a core talent team. It has formulated and strictly followed the Management Plan of BAIC Motor Corporation Limited for Employee Promotion to provide smooth promotion channels for employees. At the same time, it has actively explored innovative modes. It has empowered key groups, mobilized and stimulated their subjective initiative, and led corporate transformation and development through various means including establishing a supervision and management platform, changing its selection and employment mechanism, and unblocking development channels.



Focus on Core Talents and Empower Key Members-CEO Growth Plan

Through years of accumulation, the Group has completed the transition from the building of an overall system to focus on core talents and in-depth training, in organization and talent development. In 2019, we launched the CEO growth plan for middle and senior managers of proprietary brands, joint venture enterprises and investment enterprises. The CEO growth plan aims to drive the corporate transformation and upgrade through organization development, improve the comprehensive qualities of core teams through officer training, and create a strong engine for high-quality development of BAIC Motor, through the construction of an atmosphere and culture of cooperation and entrepreneurship, thus supporting a breakthrough in operation and co-construction of an ecology.



The CEO growth plan meets the learning needs of trainees through course crowdfunding and achieves a high attendance. Through a unified management platform, high-quality course resources are provided to more trainees, thus maximizing the coverage of courses. At the same time, trainees can determine their development priorities and choose courses independently, according to their needs and the needs of organizations, which improves the trainee experience.

Three-level guarantee



Organization level: Precisely calculate the distribution of learning coin quotas, to enhance the selectivity and the sense of autonomy of trainees and meet their learning needs



System level: Formulate rational course selection processes and rules, and ensure the effect of course through high-quality and efficient operation



Technology level: Make full use of the palm college platform which allows convenient communication and has abundant information, to provide strong support at the technical level

■ Health and Safety Protection

The Group has always been committed to creating a safe, safe, healthy and harmless working environment for its employees. It has strictly complied with laws and regulations on occupational health and safety, including the Law of the People's Republic of China on Work Safety and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, which require production and business operation entities to establish and improve the responsibility system for work safety, and emphasize that the principal responsible person is responsible for work safety. In order to strictly comply with the requirements of laws and regulations, the Group has adhered to the policy of "safety and prevention first, comprehensive management" and has continuously improved the effectiveness of safety management system and strengthened the systematicness of safety management according to the PDCA (Plan-Do-Check-Act) principle. Through lean management, we have continuously improved the safety of the workplace, and paid close attention to the health of employees all the time to provide multi-dimensional health and safety protection for employees. We have actively carried out systematic safety education and training, and cultural cultivation activities to enhance the safety production capacity and awareness of employees and create a good safety culture and atmosphere. In order to avoid all kinds of safety accidents, we have built factories that give the highest priority to the safety and health of employees.

In 2019, the Group carried out safety education and training for 305 times at the company level, with 128,661 trainees. The lost days due to work injury was 268 days. No work-related deaths occurred.

Improvement in the safety management system



- The Group has continuously improved the system of work safety and occupational health management. It has formulated and implemented 31 occupational health and safety management policies, including the Work Safety Management System of BAIC Motor and the Management Measures of BAIC Motor for Prevention and Control of Occupational Diseases. Meanwhile, its subsidiaries have formulated their management policies and measures according to the specific situation.
- The Group has carried out periodic reviews and internal audits of safety standardization, and has continuously improved the working environment and equipment and facility safety, standardized personnel practice and ensured the operation quality of safety management systems according to the plan-do-check-act mode.
- The Group has promoted safety risk assessment, implemented hierarchical safety risk control measures, actively built a "dual prevention" mechanism that combines the governance system for potential hazard identification and the safety precaution control system, and has engaged a third party to evaluate the construction and operation of the potential hazard identification system.
- The Group has continuously improved the governance system for potential hazard identification to prevent work safety accidents, and has established its governance information system for potential hazard identification, and carried out pilot operations.
- As at the end of 2019, the pass rate of the Company for occupational health and safety system certification reached 100%, and the pass rate for national safety production standardization of production enterprises reached 100%.

Strengthening of safety education and training



- According to levels and positions, the Group has carried out safety training of all employees, and strengthened experiential practical training of employees. For the year, safety training covered 100% of the employee.
- The Group has further improved the professional level of its team. It has engaged authoritative experts in the field of safety from external institutions including universities and research institutes, to organize and carry out safety activities including expert training.
- The Group has carried out a series of safety publicity and education activities, including guidance and publicity by safety pioneers, and work safety month activity, to carry forward the safety culture and philosophy, and create an atmosphere of work safety.
- The Group has carried out safety professional training. In 2019, Beijing Benz completed the certified first-aid training with 2,000 trainees, to improve their emergency response ability. It is expected that certified first-aid training will cover 100% of the employees within 3 years.

Attention to the physical and mental health of employees



- The Group has regularly carried out annual detection of occupational hazards, provided physical protection facilities for positions that may cause occupational health hazards, and provided employees with complete personal protective equipment.
- The Group has arranged an annual check-up for all employees. For positions that expose the employees to occupational hazards, the Group has monitored the physical condition of its employees to prevent occupational diseases, by special occupational health examinations before and during employment, and upon separation.
- The Group has established personal occupational health files for each employee, and designated personnel to be in charge of file management and update and provide consulting services as to employee check-up reports.
- When signing a contract, an employee is informed of the occupational hazards involved in the work and the consequences. According to the occupational hazards existing on the site, corresponding occupational hazard warning signs are provided for each post, and notice boards are provided for posts with more serious occupational hazards, and the annual testing data is informed to employees, so as to protect the employees' right to know.
- The Group has helped its employees gain a deeper understanding of their health status and learn and master occupational health knowledge. For employees exposed to occupational hazards, Beijing Benz organized "2019 Beijing Benz Occupational Health Activity", carrying out outdoor fitness activities, health check-up, physical therapy, occupational health protection training, etc.



Case: "Ankang Cup (安康杯)" labor competition

In order to practically safeguard employees' rights and interests as to life safety and physical health, and to mobilize the enthusiasm and initiative of employees for participating in work safety and occupational disease prevention and control work, the Group organized the "Ankang Cup" labor competition with the theme of "operation support, safety first, improvement in three strengths, health". During the year, activities mainly focused on a series of safety-themed activities, training in basic safety knowledge, safety knowledge quiz and safety culture construction.

Series of safety-themed activities: The Group organized and carried out 175 inspections of labor protection and work safety, and supervised and urged the rectification of 210 items; provided more than 300 medicine chests covering all "teams and groups"; and organized special safety skills training for 5 times, based on a series of skills competitions.

Training in basic safety knowledge: All subsidiaries carried out training in basic safety knowledge in consideration of labor protection, occupational health and safety, first aid, traffic safety, and safety accident prevention, with 100% of employees trained.

Safety knowledge quiz: A happy BAIC Motor safety knowledge contest was organized, which was participated by a total of 30,000 employees from 11 subsidiaries.

Safety culture construction: The construction of the culture of "safety house" was optimized through "competition in terms of compliance with safety regulations, eradication of non-compliant operation, rejection of illegal instructions, identification and correction of potential safety hazards, safety management construction, improvement in the safety awareness and ability of employees".





Case: Construction of new medical service centers by Beijing Benz to improve the medical service capacity

In order to further improve the corporate occupational health and medical service system, in 2019, Beijing Benz promoted the upgrade of the occupational health and medical service center in terms of hardware and software.

In terms of software, medical services were extended to cover the engine factory and the MFA factory. The service team was further expanded, with an increase of 80% in the number of medical service personnel, and 2 members obtaining international first aid qualifications. Meanwhile, the service process was improved, with the formulation and update of 6 medical service management systems and processes for the year, thus comprehensively improving the medical service capability.

In terms of hardware, Beijing Benz planned to build two new medical centers for the engine factory and the MFA factory, in addition to the existing medical center, and provided a number of professional medical service equipment according to the needs of employees. After the opening of the medical centers, they will provide excellent occupational health management, medical diagnosis and treatment, emergency treatment and characteristic health services for employees.



■ Creation of a Harmonious Atmosphere

The Group has actively built a corporate culture of dedication, attentively heard the demands of its employees, practically cared for employees' work and life, carried out various forms of recreational and sports activities for employees, thus ensuring the quality of employees' work and life, and a sense of belonging and happiness of each employee.

■ Promotion of Democratic Management

The Group has pursued democratic management, actively built democratic communication channels and continuously improved the level of democratic management, thus encouraging all employees to participate in corporate management and stimulating all employees' initiative.

Construction of Democratic Communication Channels

- The Group has implemented the employee representative congress system to ensure the rights of employees to participate in democratic management, and develop and expand the employees' sense of ownership.
- The Group has heard the suggestions of employees through multiple channels including the president communication meeting, employee meeting, WeChat, mailbox and bulletin board.
- The Group has regularly carried out employee satisfaction surveys to promote two-way communication.

Improvement in the Democratic Management Level

- The Group has organized and carried out training of trade union cadres to continuously improve their professional proficiency and level of expertise; and has successively carried out special training which meets actual demands, for 8 grass-roots trade unions, with the participation of 900 trainees.



Case: Holding a communication meeting between the president and employee representatives by Beijing Benz

The Group has actively built a platform for employees to communicate face-to-face with senior management. Beijing Benz, a subsidiary of the Group, has built a good platform for employees to communicate face-to-face with the president through a "communication meeting between the president and employee representatives" so that more employees understand corporate development, career development and other hot issues through the form of communication meeting, and that in consideration of their positions and daily work, they can better set a target and make a clearer development plan, thus making efforts to promote the achievement of corporate strategic goals.



■ Care for the Life of Employees

The Group strives to satisfy employees' pursuit of a better life. We actively carry out all kinds of recreational and sports activities to enrich employees' spare time life and for a balance between work and rest. We try our best to solve the difficulties of employees including nursing and childcare during working hours, to help employees balance their work and life, thus continuously improving their sense of belonging and cohesion.



Case: "The Striver, the Stronger (奋斗者 • 强)" sports events

In order to promote employees to participate in sports activities, build a good physique and improve their mental outlook and happiness, the Group has held nine consecutive employee sports events since 2011. The 2019 "the Striver, the Stronger" series of sports events lasted for 5 months, covering 5 events, namely mini-marathon, badminton, table tennis, basketball and cheerleading, attracting extensive participation of employees through constantly innovative forms and connotations of activities.

"The Striver, the Stronger" series of sports events have become an important carrier to form happy BAIC Motor, glorious BAIC Motor and build the "happy family" of the Group, and have helped employees improve exchange and communication among them while strengthening their physique. In the events, they have shown BAIC Motor spirit of "dedication, cooperation, persistence and determination".



Mini Marathon



"Beijing Hyundai Cup" Basketball Match





Case: 10th “Benz Cup” Basketball Match of Fujian Benz

In order to create a corporate culture atmosphere of aggressiveness, healthy and civilization, enrich the amateur cultural life of employees and enhance their team awareness, Fujian Benz held the 10th “Benz Cup” Basketball Match between October and November 2019. The basketball matches and interesting games enabled the employees to further develop the team awareness, experience the joy of sports together, enhance their sense of teamwork, strengthen and enhance their faith and courage to overcome setbacks through teamwork, experience the joy of success, enhance self-confidence and enrich basketball cultural life.



“Benz Cup” Basketball Match of Fujian Benz





Case: Promoting the upgrade and transformation of “mother-and-baby room”

In order to further care for nursing employees, the Group has made great efforts to promote the standardized management of the “mother-and-baby rooms”, and organized all organizations to establish and improve supporting facilities of the “mother-and-baby rooms”, carry out the construction, upgrade and reconstruction of the “mother-and-baby rooms” according to standards, so as to provide more humanized and warm services. As at the end of 2019, the Company constructed a total of 54 mother-and-baby rooms, of which 49 were 3-star mother-and-baby rooms and 5 were reconstructed and upgraded to 4-star mother-and-baby rooms, thus creating a private, clean, comfortable and safe rest area for nursing employees.



Case: “Migratory Bird Program” childcare class

In order to effectively solve the problem that employees’ children are left unattended during holidays, the Group has launched the “Migratory Bird Program” childcare class, and has offered the class for 7 sessions in a row.

In 2019, the “Migratory Bird Program” childcare class more highlighted “considerate” services. The trade union was responsible for evaluating childcare institutions and making a comparison between them in terms of more than 10 items including teaching equipment and food hygiene. After comprehensive consideration, the childcare institution which can meet the needs of children’s growth in all aspects was selected, to spare the employee the worry. In order to enhance childcare quality, the trade union also took great pains in selecting the course for childcare. It negotiated with the childcare institution to offer more than a dozen courses including national studies, guzheng, art design, painted pottery, etc., and additional special courses including ninth heaven drum (九天云鼓), Lego, English courses taught by foreign teachers. This solves the employees’ worries, while helps improve their children’s artistic accomplishment and cultivate their comprehensive quality ability.



Children of employees play ninth heaven drums at the closing ceremony of the childcare class

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“Every parent hopes to give their children a happy and interesting childhood. The ‘Migratory Bird Program’ childcare class not only solves our worries but also creates a perfect vacation for our children.” – an employee of BAIC Motor

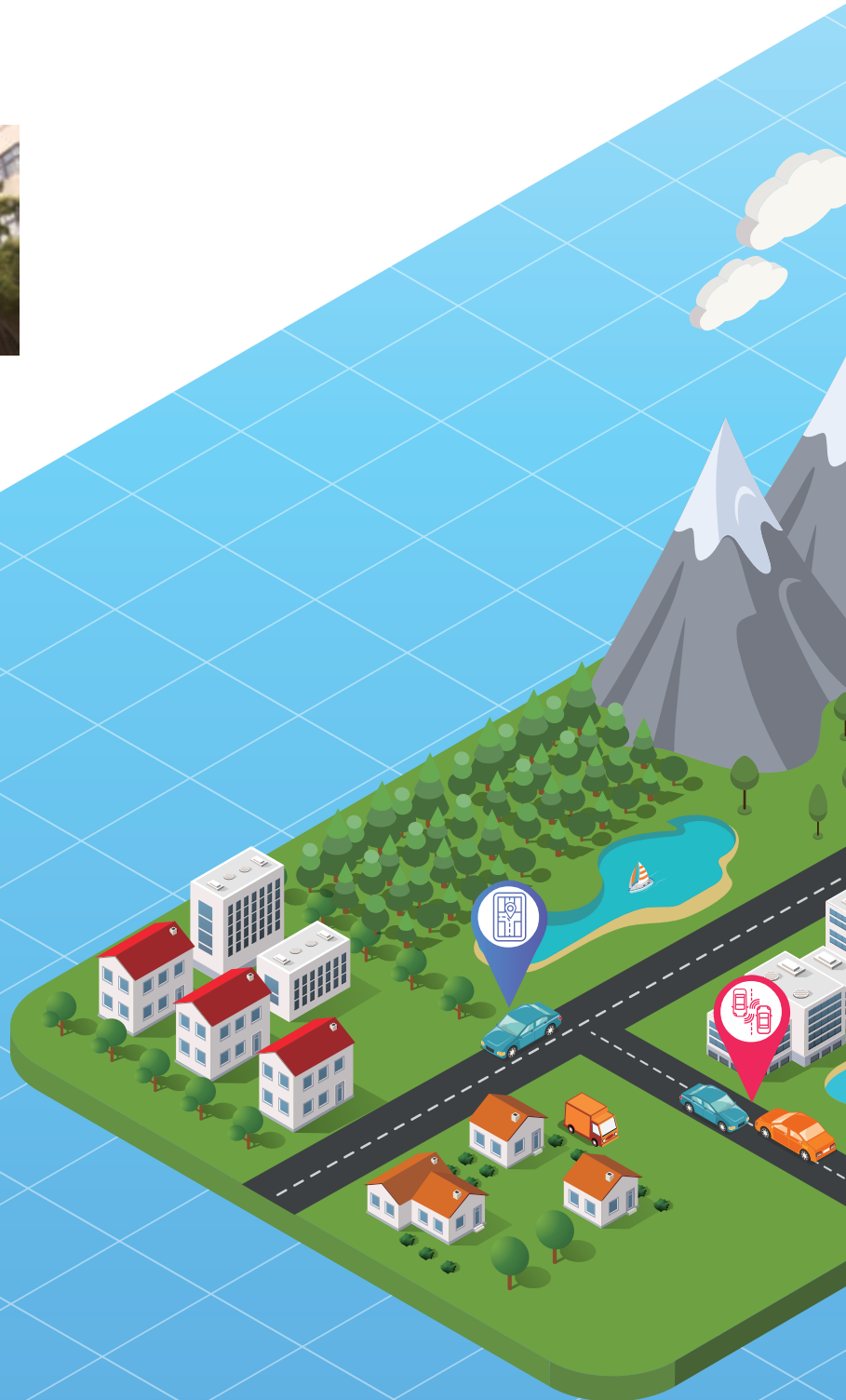


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Give Back to the Society and Harmonize

■ Devotion to Public Good

Since its establishment, the Group has always insisted on sharing its development achievements with the society to realize the common growth of enterprises and the whole society. With its advantages in platform resources, the Group has actively carried out work including targeted poverty alleviation, care for disaster areas, donation and sports event support, thus devoting itself to public welfare activities. It has spared no effort to build a better future together with all sectors of society. During the reporting period, the Group donated a total of RMB1.8 million.



Case: Support for targeted poverty alleviation

The Group is committed to promoting the effective implementation of targeted poverty alleviation, so as to facilitate the sharing of economic development results with the urban and rural poor. The Group has thoroughly complied with the requirements of Beijing for “income increase” in targeted poverty alleviation. Through dispatching its cadres to the village, the Group has provided partner assistance, supporting Qiangzilu Village, Dachengzi Town, Miyun District, Beijing in achieving “income increase”. Through unremitting efforts, it has made remarkable achievements in promoting village infrastructure, education, employment and other projects.

In August 2019, Xu Heyi, chairman of the Group, led a team to carry out a special investigation for the “income increase” partner assistance, in Qiangzilu Village, Dachengzi Town. They visited the needy, and households which became poor due to illness, in the village, and expressed their sympathy by giving the needy and households money and gifts. They also discussed and exchanged with local representatives on the core issues of concern to villagers, including the collective industry and employment of villagers in the village.



The chairman of the Group led the team to visit the needy



Case: Concern about earthquake-stricken areas and provide services of love by Beijing Hyundai

On June 17, 2019, a magnitude 6.0 earthquake occurred in Changning County, Yibin City, Sichuan Province. After the disaster, Beijing Hyundai, a subsidiary of the Group, promptly contacted local dealers to inquire about the damages suffered by their employees and owners of Beijing Hyundai vehicles, and immediately started emergency relief work to provide help and support to the people in the disaster area.

In order to provide continuous care for vehicle owners, Beijing Hyundai provided 8 main services of love for vehicle owners in the disaster-stricken area. In response to possible vehicle problems after the earthquake in the area, Beijing Hyundai provided free emergency rescue services, including warranty claim settlement and other assistance to ensure that vehicle owners in the area can receive service support immediately. In addition, Beijing Hyundai immediately helped vehicle owners identify the damage of their vehicles, checked the vehicles of users in the area free of charge, and additionally checked power battery systems of new energy vehicles, and provided maintenance cost support for damaged vehicles, to tide over the difficulties with customers in the area.





Case: “Warm Winter” donation activity

In order to help people in poverty-stricken areas to survive the cold winter, the Group organized a “Warm Winter” donation activity in December 2019. The activity resonated with employees. Many employees voluntarily signed up as young volunteers and carried out collection, packaging, recording, bagging and other work. Finally, winter clothes were packed and transported to those in need to warm the people’s hearts with good deeds.



Case: BAIC Motor, a diamond partner of “Meet in Beijing” test event for Beijing Olympic Winter Games

The Group has continuously supported the development of social sports. Over the years, it has established long-term partnerships with China Open Tennis Championships, Beijing Marathon, Beijing Volleyball, Beijing Youth Ice and Snow Sports and other sports events, and has accumulated rich experience.

With the approach of the 2022 Beijing Winter Olympics, the Group is actively contributing to the development and popularization of ice and snow sports. On December 23, 2019, the diamond partners conference for Meet in Beijing Series of winter sports events was held in the park of Organising Committee for the Beijing Winter Olympics. Xu Heyi, chairman of the Group, received the diamond partner nameplate from Zhang Jiandong, Vice Mayor of Beijing, Executive Vice President of Organising Committee for the Beijing Winter Olympics, and Executive Vice President of the Organising Committee for “Meeting in Beijing”. As a diamond partner of “Meet in Beijing” series of winter sports events, the Group will seize the opportunity of providing services for the Olympic Winter Games, make every effort to meet the demand for use of cars in the sports event on time and with good quality by strengthening technological innovation, product innovation and mode innovation, and ensure the provision of other services, to provide strong product technology and service support for travel related to the sports event and facilitate the development of ice and snow sports.



Diamond partners conference for Meet in Beijing Series of winter sports events



■ Volunteer Service

As a responsible enterprise, the Group inherits and carries forward the volunteer spirit of “dedication, friendship, mutual assistance and progress” and insists on giving back to society with a high sense of social responsibility. We encourage and organize employees in all positions to work together and devote themselves to various volunteer activities, fulfill their responsibilities as social citizens, which contributes to the construction of a harmonious society while enhancing the cohesion of employees.

Indicator	2019	2018	2017
Terms of volunteer activities (term)	364	345	341
Number of participants in employee volunteer activities (person)	9,120	8,910	8,640
Hours of volunteer activities during the reporting period (hour)	42,150	39,566	12,960
Number of beneficiaries in volunteer activities during the reporting period (person)	92,400	88,563	21,570



Case: Participation in the 70th Anniversary National Day Parade

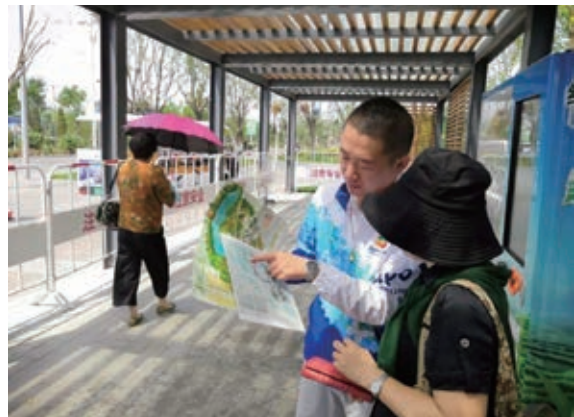
As a state-owned enterprise, BAIC Motor remains true to the original aspiration and develops with the state. On October 1, 2019, the celebration of the 70th anniversary of the founding of the People’s Republic of China was held grandly in Tiananmen Square, in which the Group selected 53 representatives of outstanding young employees to participate in the mass pageantry, volunteer service guarantee and other work. BAIC Motor completed its work in an intense, orderly and meticulous manner, showing a good mental outlook.



Case: Green service for Beijing Expo

Beijing Expo 2019, with the theme of “Live Green, Live Better”, is an important platform to demonstrate the achievements of China’s ecological civilization construction and promote international exchanges and cooperation in green industries. As a global partner of Beijing Expo, the Group actively established a youth volunteer team to provide travel guarantee for the Beijing Expo.

After careful pre-job training, young volunteers took part in volunteer services including electric tourist vehicle service and security check from June 9 to 23, 2019. During the 8-day volunteer service period, the young volunteers received more than 190 thousand visitors, provided electric tourist vehicle service for more than 50 thousand tourists, deposited more than 600 items, and took an average of more than 21,000 steps per day, fully carrying forward the spirit of BAIC Motor and conveying the philosophy of “Live Green, Live Better” to every tourist.



Young volunteers provide services for visitors of Beijing Expo





Case: Green dream on the way – 2019 Nuorhagen (哈根诺尔) anti-desertification action of Beijing Hyundai

On August 20, 2019, “Green dream on the way – 2019 Nuorhagen (哈根诺尔) anti-desertification action of Beijing Hyundai” was officially launched. Beijing Hyundai organized 120 college student volunteers, 8 media volunteers and 35 employee volunteers of Beijing Hyundai to carry out an anti-desertification action in Hunshandake Sandy Land in Zhenglan Banner, Inner Mongolia. The action is the phase II anti-desertification project of Beijing Hyundai for the saline-alkali dry lake basin in Inner Mongolia, as well as the “plant a dream” trip of Beijing Hyundai carried out for the 12th year in a row.

In the phase II anti-desertification project of the saline-alkali dry lake basin in Inner Mongolia, efforts were made to innovatively use perennial plants including shrubs, saline thatched grass and reeds for desertification control of the saline-alkali dry lake basin through methods including cuttage, transplanting seedling trays and sowing in fertile soil, and to explore effective and practical methods to control the

desertification and realize sustainable management of the saline-alkali dry lake basin. According to the local situation, Beijing Hyundai, together with environmental protection organizations and relevant experts, has built a seedling base and adopted a water-saving seedling cultivation scheme. After the seeds grow into seedlings with careful cultivation in the seedling base, they are transplanted to the desert by desertification control workers, thus improving the survival rate.

With more than ten years of unremitting efforts, Beijing Hyundai, together with Hyundai Motor, has planted a total of 135 thousand mu of *suaeda glauca*, *achnatherum splendens* and other sand-fixing vegetation, helping restore a total of 90 million sq.m. of vegetation in the saline-alkali dry lake basins in Chagannuoer and Baoshaodainuoer. Volunteers built sand barriers with a total length of 50 km, equivalent to one and a half of the length of Beijing’s 3rd Ring Road. Such a long windbreak protects *suaeda glauca* in the saline-alkali dry lake basins in Chagannuoer and Baoshaodainuoer, as well as the common blue sky of mankind.



OUTLOOK

2020 is the year for securing a decisive victory in building a moderately prosperous society in all respects and realizing the first of the “two centenary goals”, as well as the first year for the BEIJING brand. In the new year, we will move forward firmly, based on the management policy of “brand upgrade, improvement in three strengths, and breakthrough through reform”. Under the guidance of the five development philosophies of “innovation, coordination, green, openness and sharing”, we stick to the road of sustainable development, ignite the inexhaustible power for the sustainable development of “Century-old BAIC Motor” and make every effort to realize the company’s vision of “becoming a respected front-runner in the automotive industry”.

We will continuously strengthen the sustainable development philosophy of BAIC Motor, improve our ESG management system, continuously pay attention to communication and linkage with stakeholders, further enhance the ability to create value for shareholders, customers, employees and other stakeholders, and create a multi-win-win situation.

We will take up the mission of “being a leader in networking, intelligentization, electrification and sharing, and protecting the good wish for a nice travel” and vigorously promote the construction of the new BEIJING brand system. We will build a DNA system of brands, products and technologies. With the strong brand strength, we will coordinate the processes from conceptual design and engineering implementation to product manufacturing, quality control, sales and after-sales, to endow products with vitality.

We will continue to stimulate our potential by innovation and promote the implementation of the “two-wheel drive” strategy of transition to new energy vehicles + intelligent networking, and the overall improvement in our system capabilities. We will focus on the core technology of pure electricity, realize the orderly transformation of traditional power, build the “capability for independent innovation of software” and comprehensively facilitate the innovation of the drive system. We start from the customers’ points of perception of the intelligent networking technology and take the intelligent cabin as the bearing platform, improve technical means and carry out transformation towards customer perception.

We have always adhered to the philosophy of “customer first”, served customers and the market with ingenuity, considered customer requirements from the perspective of the full value chain, and reflected the importance of customer requirements in all processes. We will provide consumers with “seven-color rainbow services” including “24-hour rescue, fast repair and maintenance, car retrieval and delivery service, Jiaxiang e-Station (驾享e站), self-driving companion service, ride-sharing service and mobile integrated payment” to create a “professional, convenient, honest and intelligent” service experience. We use “Dadu Zhiai (大都智爱)” to create a better life for consumers.

We will implement the core values of dedication and build a diverse and harmonious team of talents. We will continuously improve the personnel training system based on the principle of teaching according to the ability, care for the safety, health and life of employees, and build a capable team that can promote corporate transformation and development. We will insist on giving back to the community, actively give full play to industry resources and advantages, pay attention to and actively meet social needs, invest in public welfare activities including poverty alleviation, and organize volunteer services, so as to share development results with the society.

China’s automobile industry is undergoing significant changes, when challenges and opportunities coexist. We firmly believe that the only way to transcend change is long-termism. BAIC Motor has chosen to be a long-termist, marching towards the future step by step on the road of sustainable development.



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		https://www.mercedes-benz.com.cn/recall-information.html
		https://www.beijing-hyundai.com.cn/about/newsDetail?newsid=e50a2833-0dfe-4f1b-877e-d3c24049d3a0
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