



2016

Guangzhou Automobile Group Co., Ltd.

Environmental, Social and Governance Report



Chasing the Dream and Innovating Your Life

Report description

This is the fifth annual social responsibility report released by Guangzhou Automobile Group Co., Ltd. The board and all directors of the company undertake that the Report contains no false records, misleading descriptions, or major omissions and assume joint and several liabilities for its reliability, accuracy and completeness.

Scope of the Report:

The Report covers Guangzhou Automobile Group Co., Ltd. (hereinafter referred to as the "GAC Group" or "GAC"). The Report covers the time span from January 1st, 2016 to December 31st, 2016. Part of the content is in excess of the scope.

Basis for compilation of the Report:

The Report was prepared in accordance with national standard on social responsibility - *Social Responsibility Guidelines (GB/T36000-2016)*, *Social Responsibility Reporting Guidelines (GB/T36001-2016)*, *Social Responsibility Performance Classification Guidelines (GB/T36002-2016)*, *Notice of the Shanghai Stock Exchange on Strengthened Assumption of Social Responsibility by Listed Companies and the Issuance of the Guidelines on Environmental Information Disclosure of Listed Companies and the Guidelines for the Preparation of Reports on Performance of Corporate Social Responsibilities*, and *Notice of the Shanghai Stock Exchange on Further Improving the Information Disclosure of Poverty Relief Works Undertaken by Listed Companies*, as well as *SEHK Environmental, Social and Governance Reporting Guide and other relevant opinions and guidelines*, with references to *ISO Guidance on Social Responsibility (ISO26000)*, *the Sustainable Development Reporting Guidelines of the Global Reporting Initiative (GRI 4.0)*, and *AA1000 Assurance Standard (2008)*.

Notes on Data:

All the data used in this Report are from the GAC Group's statistical reports and other official documents. The future plans or forecasts in this Report are made with uncertainties, and may be subject to future adjustments by GAC Group. Special attention is required to the fact that the Report has not been reviewed by an independent party.

Availability and More Information:

An electronic copy of this Report is available on the websites of SSE (www.sse.com.cn) and GAC Group (www.gagc.com.cn) with more information about the GAC's CSR.

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Messages from the Leaders



Chairman of GAC Group
Zeng Qinghong

Dear friends,

Thanks for your attention and support. GAC Group has made striding progress during the year 2016, and witnessed a sound momentum of rapid growth, enhanced innovation, optimized structure, deepened reform, and improved quality. On behalf of GAC Group and all its staff, I would like to extend my sincere thanks to you!

GAC Group made a good start in implementing the 13th Five-Year Plan in 2016 despite the downward pressure of the macro economy. Our auto production and sales saw relatively rapid growth with a sales volume of 1.6501 million units, up 26.96% year on year and 13.3% higher than the industry average. Motorcycle production and sales were 1.0409 million units and 1.0220 million units respectively. The total pre-tax profit reached RMB 45 billion, an increase of 29.7% over the same period of the previous year. GAC has markedly improved its overall strength from 2011 to 2016 with its auto sales hitting 1.65 million units in 2016 as against 740,000 units in 2011, achieving an annual average compound growth rate of 17.4% which is 8.7% higher than the industry average. As both auto and motorcycle sales exceed one million units, GAC Group's business turnover, including that from joint ventures and associated enterprises, surpassed RMB 275.772 billion, achieving leapfrog development and laying a solid foundation for its further development in the next five years.

We strive to achieve win-win results for the stakeholders as a way to foster economic growth and social progress. We are committed to the philosophy of humanity, credibility, and creativity, and strive for becoming a trustworthy public company. We work to improve our economic results and promote common development of all stakeholders within and outside GAC. In 2016, we employed 75,672 people and helped create about 700,000 jobs along the industry chain. We extended 422,300 training opportunities to our staff in order to improve their skills and quality.

We value independent innovations in driving industrial development. The year 2016 marked GAC Group's 10th anniversary in its independent innovation-driven development. The implementation of the initiative over the past 10 years has contributed to the improved R&D and production capabilities of China's indigenous brands. We sponsored a series of branding activities including "China Auto Forum", "Night of



President of GAC Group
Feng Xingya

Guangzhou" in Guangzhou Annual Investment Conference, Guangzhou International Lights Festival as a way to promote the industrial development and GAC as an iconic brand of Guangzhou City. In line with the development trend of going electric for emission reduction, we launched future leading EV models such as EnLight, EnSpirit and GE3 at Guangzhou International Automobile Exhibition and North American International Auto Show.

We strive to promote public good programs for a harmonious society. In 2016, GAC and its investment enterprises invested more than RMB 67.2 million in public welfare programs including charity, poverty relief, culture, sport and education. At the same time, we paid special attention to spreading the healthy idea of green transportation as well as auto culture. In 2016 Guangzhou International Automobile Exhibition, we sponsored the "GAC Special Tram" which integrated our corporate growth with Guangzhou's auto industrial development, providing citizens with a new and meaningful environmental-friendly transportation experience.

Currently, GAC Group is at a new starting point of development. During the 13th Five-Year Plan period, we aim to become a leading automotive group by strengthening our five business sectors of R&D, vehicles, components, trade services and financial services, achieve leapfrog development of our self-owned brands, and make breakthroughs in electrification, internationalization, and connectivity. Innovations and breakthroughs originate in GAC's corporate culture, economic and social responsibilities. We are still faced with long-term and arduous tasks going forward. We will remain ambitious and uphold the spirit of craftsmen, perform our social responsibilities with a strong sense of mission and responsibility, and drive future development with innovations. Dear friends, let's join hands to chase our dream and work for a beautiful future together.

The total profits and taxes reached
RMB 45 billion

GAC Group's business turnover, including that from JVs and associated enterprises, surpassed
RMB 275.772 billion

more than **RMB 67.2 million** in public welfare programs including charity, poverty relief, culture, sport and education

About GAC Group

Overview

Guangzhou Automobile Group Co., Ltd. (GAC Group or GAC) was founded in June 28, 2005, formerly known as the Guangzhou Automobile Group Ltd. founded in June 1997.

As a large state-owned joint-stock holding company, headquartered in Zhujiang New Town of Guangzhou City, GAC Group has created more than 75,000 jobs. GAC Group is the first among large state-holding enterprises to list both in Hong Kong and Shanghai stock exchanges. The parent company, Guangzhou Automobile Industry Group, is also being well-received worldwide, ranking No. 303 of The Fortune Global 500 (2016), No. 64 of Top 500 Chinese Companies (2016), No. 20 of Top 500 Chinese Manufacturers (2016) and No. 3 of Top Manufacturers of Guangdong Province (2016), just to name a few.

Long-term independent innovative research and development, coupled with proven partnership leverage enable GAC Group to be the most integrated industrial chain in the field, with its core business focusing on the vehicles (automobile and motorcycle), while R&D, components, commerce and trade service, automobile finance, automobile insurance, automobile leasing, and logistics fully incorporated. Furthermore, GAC group is also the first group of corporation that can offer diversified financial licenses such as insurance brokerage, automobile financing and insurance, capital, and financial leasing in the domestic automotive industry.



Research & Development



Vehicles



Components



Trade Services



Financial Services

Today, GAC owns dozens of most famous businesses and R&D institutions, including Guangzhou Automobile Group Motor Co., Ltd., GAC Honda Automobile Co., Ltd., GAC Toyota Motor Co., Ltd., GAC Mitsubishi Motors Co., Ltd., GAC Fiat Chrysler Automobiles Co., Ltd., and Guangzhou Automobile Group Automotive Engineering Institute. Its products include Trumpchi GS8, Trumpchi GS4, Trumpchi GA8, Trumpchi GA6, Accord, Odyssey, Avancier, Acura CDX, Cnry, Highlander, Levin, Cherokee, Renegade, Compass, Viglio, Outlander, ASX and other well-known makes and brands. Promoting Auto Internet Ecosystem projects, and building the self-owned brand - "Trumpchi" as the new flagship, GAC Group has initially developed into a tripartite layout of business development, with self-owned brands, Japanese series and European-American series.

Being in mind the goal "to develop into a trustworthy public

enterprise", GAC Group has been constantly increasing economic benefits, and achieved favorable financial results. Meanwhile, GAC has provided huge returns to its shareholders by making stable and continuous profit distribution plans. GAC strictly complies with tax laws in payment, generating ever increasing tax revenue for the country. GAC boasts a sales network across the country, and an industrial layout centered in Guangzhou, supported by Central China and Eastern China on the two sides, reaching out to the entire country. With 2,464 dealers in 31 provinces and regions throughout China, GAC has helped create nearly 700,000 jobs across the industrial chain from upstream to downstream, driving the development of auto parts supply, sales and logistics, and financial services. In Guangzhou, GAC has built its commercial vehicle industry area in the north, passenger vehicle industry area in the east and south, and auto financial services in the center.

ranking No. 303
of The Fortune
Global 500

No. 64 of Top
500 Chinese
Companies (2016)

No. 20 of Top 500
Chinese Manufacturers
(2016)

Key Milestones in 2016

- March 2016**
The Ground-breaking Ceremony for the Third Production Line Building of GAC Toyota was held in Nansha Guangzhou
- April 2016**
The Guangzhou Factory of GAC Fiat Chrysler was put into operation, with the first localized Jeep Renegade rolling off the production line
- May 2016**
GAC approved by China Banking Regulatory Commission for the establishment of its finance company
- June 2016**
Daheng Technology Co., Ltd. established in Guangzhou, jointly invested by GAC Group, *Le Holdings (Beijing) Co. Ltd.*, and Urtrust Insurance Co., Ltd.
- July 2016**
GAC Conference for the 10th Anniversary of Development through Innovation and the operation of the Second Production Line of GAC Motor, with a new GS8 rolling off the line
- August 2016**
NEEQ Listing of Urtrust Insurance Co., Ltd., a GAC subsidiary, being China's first special auto insurance company listed on NEEQ
- September 2016**
GAC Hangzhou Upgrade Project commenced at Hangzhou Dajiangdong Industrial Clustering Zone
- October 2016**
New corporate logos announced by GAC Toyota and GAC Mitsubishi, marking a stage when the investors have achieved an equal, mutually beneficial and win-win relationship
- November 2016**
GAC launched EnLight, its first intelligent connection and electric concept car in the Guangzhou International Automobile Exhibition
The national press and media coverage delegation for "New Concepts and Famous Brands" paid a visit to GAC, the first and also the only automobile company visited by the delegation
- December 2016**
GAC Business approved by the National Association of Financial Market Institutional Investors (NAFMII) to register and issue non-financial corporate bond financing tools as a member, marking GAC's official entry into the capital market

Investment Structure



Corporate Philosophy and Culture



To develop into a preeminent international enterprise and a trustworthy public company		Corporate Mission
Excellence	To continuously pursue excellence in management, talent, technology, environment and safety and concept	
Internationalization	To have an internationalized enterprise strategy, talent management and brand influence	
Social Trust	To win the trust of society and become an excellent enterprise citizen through our own ideology and actions	
Humanity Credibility Creativity		Corporate Concept
Humanity	talent oriented, shareholder oriented and customer oriented	
Credibility	trust among employees, trust between enterprise and shareholders, and credibility and integrity between enterprise and society	
Creativity	we encourage innovation from employees; we innovate continuously for shareholders; and we devote ourselves to innovation for society	
Respect humanity, advocate communication Work diligently, operate practically		Corporate Policy
Respect humanity, advocate communication: to be people oriented, respect humanity, pay attention to communication among people, provide a comfortable and humanized environment for the growth and development of talented people in order to build a foundation for better cooperation		
Work diligently, operate practically: to cultivate a surefooted and pragmatic work style for enterprise and employees, pay attention to practice what one preaches, continuously strengthen both theoretical accomplishment and working ability from practice		
Improve efficiency, utilize resource reasonably: to pay attention to practice while actively improving work efficiency, make the best use of all available resources, and promote enterprise development and enhance enterprise strength to the maximum extent at the maximum speed and efficiency.		
Cooperate with credibility, innovate with enthusiasm: honest cooperation is the principle of operation, while passionate innovation is the fountain of always retaining the freshness and vigor of enterprise		
Detailing	Dedication is a positive attitude towards continuous improvement Delicacy is the incessant pursuit for perfect quality Delightfulness is our commitment to a wonderful life	
Greatness	Great harmony to embrace the world Great vision to have global insight Great benefit to pay back society	
		Core of brand

Beautiful Automobile Life

Pioneer of the times:
Communication knows no bounds. I walk on the frontier of science and technology

Beautiful Automobile Life

GAC Group upholds the spirit of craftsmen of constantly striving for perfection, pushes forward the strategy of innovation-driven development, and focuses on improving its product quality and profitability. By adhering to the dual development mode of joint ventures and indigenous innovations, GAC Group has successfully undergone transformation from manufacturing to innovation, from speed-centric to quality-centric, and from product development to brand development. Through high-quality products and services, we aimed to bring innovations to and create value for our customers to build a beautiful auto life.

Personal statement:
I am a guardian of Earth. I choose only new energy cars

Close mates:
The girl we chased together in those years

Startup base:
A car is a shop and my shop closely follows business opportunities

Mobile home:
My family, my dog and my mountain bike, wherever we go, we stay together

Fashion trendsetter:
You're awesome and passionate, it speaks for me

Peace of mind:
When I want to stay alone I stay in my car

Attitude towards life:
A proud showoff or low-key luxury explains my attitudes

Business center:
Office anywhere anytime, it is my "headquarters"

Corporate Governance

In 2016, GAC Group fully utilized the leading role and political role of the Communist Party, defined the legal status of the Party in the corporate governance structure, strengthened the management of standards including the construction of board of directors, the operation of three meetings, the management and control of invested companies, improved the corporate governance mechanism and the information disclosure mechanism, optimized the system of medium- and long-term incentive plans, and fulfilled the general election of main executives in GAC to form the corporate management mechanism of independent performance of functions, effective performance of duties, coordinated operation, effective balance of powers, providing strong guarantee for the constant, healthy and stable development of GAC Group.

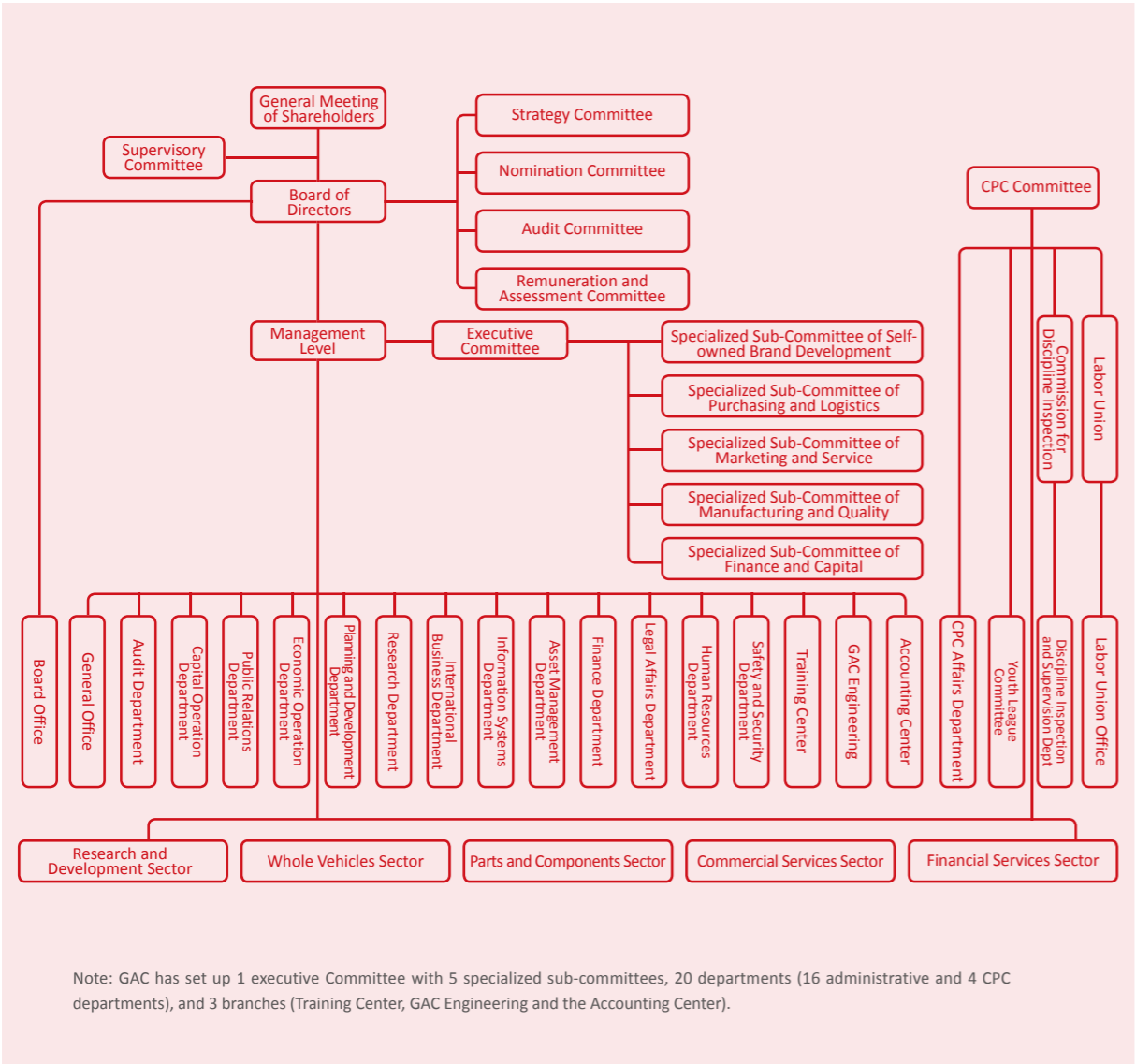
Recent Developments of Corporate Governance (2016)

Improvement of Systems	13 amendments, 7 additions and 1 deletion were made to the existing corporate rules and regulations, reaching a total number of 183.
	Corporate rules and regulations such as the “Measures for the Management on Public Welfare Donations” and the “Measures for Management on Employee Salary and Benefits” etc. were amended.
	Corporate rules and regulations such as “Internal Management Measures on Information Disclosure Suspension and Exemption” etc. were added.
Operation of Three Meetings	2 General Meetings of Shareholders, 24 Board of Directors meetings, and 9 Supervisory Committee meetings were convened.
	The Board of Directors reviewed the standardized operation of board of directors of the invested companies.
	The Supervisory Committee added the standardized evaluation of key project management as part of its important business affairs.
	The sub-committees of the Board of Directors convened 2 Strategy Committee meetings, 6 Audit Committee meetings, 5 Remuneration and Assessment Committee meetings to provide support for key investment projects and the improvement of internal control mechanisms.
Internal Control	A total of 162 audits were conducted and 731 audit opinions were put forward in the whole year.
	The problems found in the past annual audits were carefully combed through and rectified.
	We strengthened the management of contracts, settled legal disputes and improved the protection of our trademarks.
Information Disclosure	The management measures of information disclosure for the invested companies under GAC Group were established.
	188 information disclosure notices and documents were published on the website of Shanghai Stock Exchange and in the designated media.
	169 periodic reports and temporary notices on the website of Hong Kong Exchanges and Clearing Limited.
	The annual disclosure obligations were fulfilled without any mistakes or omissions, rectification or addition.
Incorruptible Employment	Internal education on two regulations and online assessment for 8,546 Party members were conducted via “3161 Platform”.
	The assessment index system of incorruptible construction of GAC Group was improved and the electronic archives on incorruptible employment for 166 leaders were established.
	111 projects of efficiency supervision were established, 107 projects were completed, 465 rectification measures were put forward and implemented, which avoided economic losses of RMB 14,039,500, saved RMB 1.803 billion, and recovered RMB 160,000 of economic losses.

List of Directors, Supervisors and Senior Executives

Name	Position	Start of Term of Office	End of Term of Office
Zhang Fangyou	Chairman and CPC Committee Secretary	June 25, 2015	October 30, 2016
Zeng Qinghong	Chairman and CPC Committee Secretary	October 30, 2016	June 24, 2018
Zeng Qinghong	Vice Chairman and President	June 25, 2015	October 29, 2016
Feng Xingya	Vice Chairman and President	November 22, 2016	June 24, 2018
Feng Xingya	Director and Executive Vice President	June 25, 2015	November 21, 2016
Yuan Zhongrong	Vice Chairman	June 25, 2015	June 24, 2018
Fu Yuwu	Independent Director	June 25, 2015	June 24, 2018
Lan Hailin	Independent Director	June 25, 2015	June 24, 2018
Li Fangjin	Independent Director	June 25, 2015	June 24, 2018
Leung Lincheong	Independent Director	June 25, 2015	June 24, 2018
Wang Susheng	Independent Director	June 25, 2015	June 24, 2018
Yao Yiming	Director and Deputy Secretary of CPC Committee	June 25, 2015	June 24, 2018
Wu Song	Director and Executive Vice President	December 13, 2016	June 24, 2018
Wu Song	Director and Vice President	June 30, 2016	December 12, 2016
Wu Song	Director	June 25, 2015	June 29, 2016
Lu Sa	Director, Vice President, Company Secretary, and Board Secretary	June 25, 2015	March 30, 2017
Chen Maoshan	Director and Chairman of Labor Union	June 25, 2015	June 24, 2018
Li Pingyi	Director	June 25, 2015	June 24, 2018
Ding Hongxiang	Director	June 25, 2015	June 24, 2018
Gao Fusheng	Chairman of Board of Supervisory Committee	June 25, 2015	June 24, 2018
Wu Chunlin	Supervisor	June 25, 2015	June 24, 2018
Wang Junyang	Supervisor	May 27, 2016	June 24, 2018
Su Zhanpeng	Supervisor	June 25, 2015	March 31, 2016
Ye Shanhu	Supervisor	June 25, 2015	June 24, 2018
Wang Lu	Supervisor	June 25, 2015	June 24, 2018
Zhang Qingsong	Vice President	June 25, 2015	June 24, 2018
Li Shao	Vice President	June 25, 2015	June 24, 2018
Wang Dan	Vice President	June 25, 2015	June 24, 2018
Jiang Ping	Vice President	June 25, 2015	March 18, 2016
Ou Yongjian	Vice President	June 25, 2015	June 24, 2018
Chen Hanjun	Vice President	March 18, 2016	June 24, 2018

Organizational Structure




Responsibility Management

GAC Group, aiming to build an international brand of automobile group with global influence and high social responsibility, has integrated the care for humans and the society in its CSR management, and taken corporate actions in terms of environment protection, safety and energy saving, demonstrating a high sense of social responsibility and citizenship in creating a beautiful auto life.




Enhancing CSR management and organization.To improve the systems of CSR organization and management, GAC Group set up a coordination team to coordinate social responsibility affairs in the headquarter and all invested companies, worked out the corporate-level CSR concepts and strategies, and guided all invested companies to carry out related work. The Public Relations Department is responsible for the performance of CSR affairs and the compilation and release of the Corporate Social Responsibility Report.

Carrying out CSR-related activities. All invested companies actively carried out CSR practices and fulfilled the CSR concept in social responsibility aspects of product quality, technological innovation, environmental protection and energy saving, safe driving, and poverty relief and public welfare programs. In 2016, GAC Trumpchi and GAC Toyota win high recognitions from all walks of life thanks to their many years of adherence and efforts in practicing corporate social responsibilities.

**Case**

Building Quality Cars for Family and Bring Love to the World

Adhering to the brand concept of “Building quality cars for families and bring love to the world”, GAC Trumpchi participated in social and economic operations with its world-class products and services, and actively took part in social public welfare programs.



GAC Trumpchi won “The Best Welfare Innovation Award” of China Committee of Corporate Citizenship (2016)

**Case**

Making Joint Efforts for Win-Win Results

By adhering to the social responsibility concept of “Making joint efforts for win-win results”, GAC Toyota has made many achievements in product quality, green business operations, regional economy and public good practices, and has been trying its best to realize the dream of “creating a beautiful life through automobiles and contributing to social harmony”.

Pleased Smile

- Rich Vehicle Models
- Joyful Driving Experience
- Advanced Technology
- World-Class Local R&D Ability

Reassuring Smile

- Robust Enterprise Development
- Excellent Brand Value
- Thoughtful Service Experience
- Outstanding Product Quality

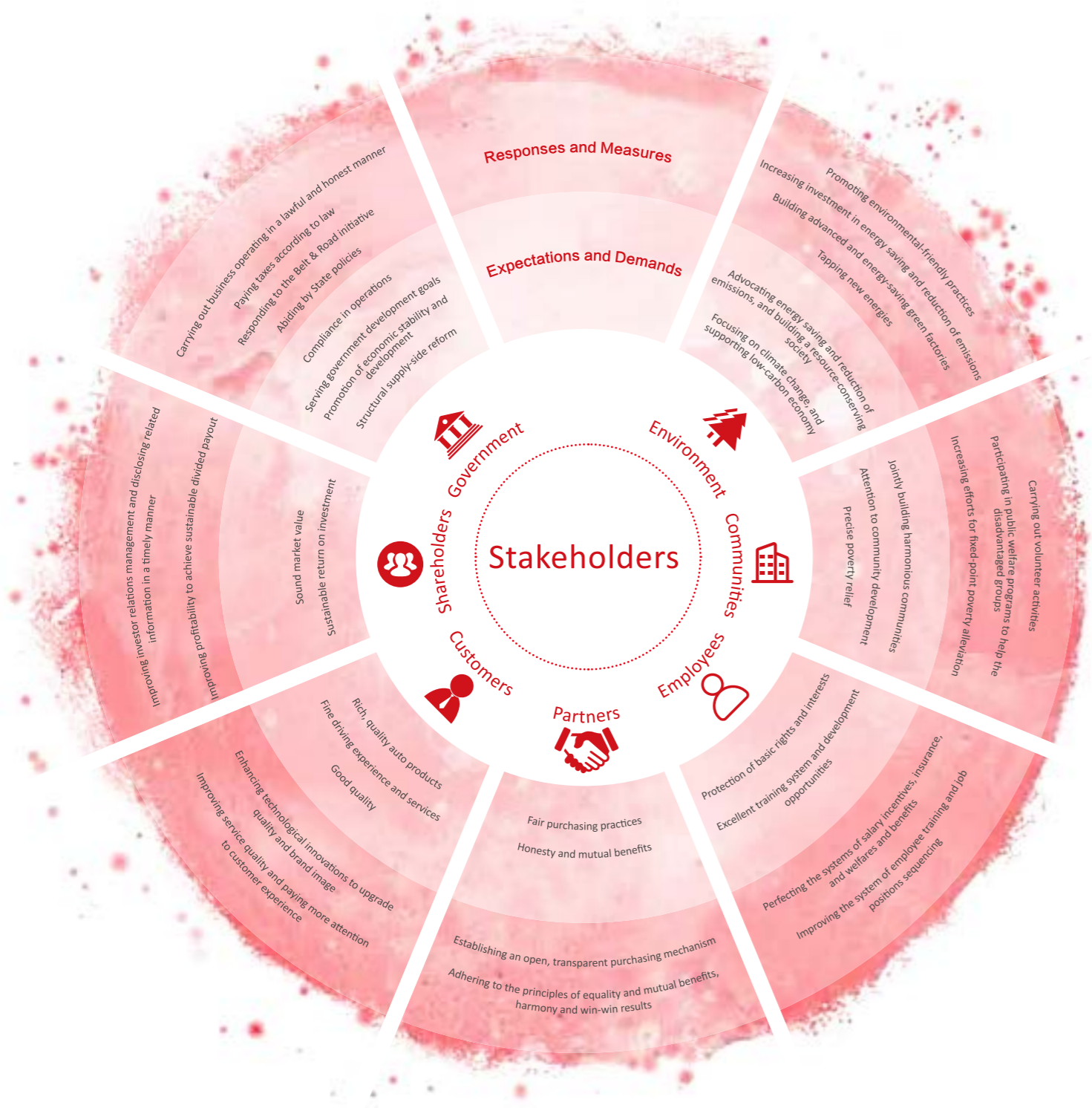
Happy Smile

- Making Constant Contributions to Social Development
- Actively Participating in Environment Protection
- Making Efforts for Social Security
- Vigorous Cultivating Local Talents

GAC-Toyota’s Vision of Social Responsibility – All for Your Smile

Strengthening communications with stakeholders. We laid emphasis on communicating with stakeholders, perfected the customer complaints handling mechanism, and carried out activities to bring our services to communities for the purpose of enhancing customer experience. We built communication channels covering large, medium and small shareholders through such means as international auto shows, factory visits and non-deal roadshows. We promoted CSR practices among the public through Micro-blog, Wechat and websites. We strengthened the home feelings of employees through activities like Management Open Day.

Expectations and Responses to Stakeholders



Social Evaluation

GAC Group

- No. 1 of China's Top 100 Listed Companies (Golden Bull Award)
- Award of Listed Companies 2016
- Indigenous Influence Award (2016)
- China Best Employer of University Graduates (2016)
- Outstanding China Company Award issued by Hong Kong Business Awards (2016)
- China Best Enterprise Award (2016)
- China Best Auto Maker Award (2016)
- 2016 Guangzhou Philanthropy List - Five - Star Philanthropy Unit
- Advanced Unit of Guangzhou State - Owned System for News Work (2015)
- Guangdong Hongmian Cup Gold Award of Helping the Poor (2015)



GAC Motor

- National Role Model Enterprise of Integrity - Product and Service Quality (2016)
- China Innovation Award for Auto Marketing - Best Brand Communications and Innovation Award
- Best Indigenous Auto Manufacturer Award at the 14th Guangzhou International Auto Show

GAC Honda

- 13th China Best Corporate Citizen Award - Comprehensive Award (2016)
- The Most Respected Company Award
- Innovative Consumer Guide and Service - Role Model Enterprise (2016)

GAC Toyota

- China Corporate Social Responsibility List - Outstanding Company Award for six consecutive years
- People.cn CSR Award - Annual Case Award
- Green Auto Enterprise of Environmental Protection (2015)

GAC FCA

- Advanced Unit of Coordinated Innovation
- High - Tech Enterprise
- Excellent Enterprise of "Safe Industrial Park" Construction (2015)

GAC Mitsubishi

- National Role Model Enterprise of Integrity - Product and Service Quality
- National Model Enterprise in Quality and Integrity Benchmarking
- Quality Benchmarking Company of Hunan Province

SPECIAL
SUBJECTS ON
RESPONSIBILITY

Special Subject 1

GAC Trumpchi
a Famous Brand



GAC Motor adhered to innovation-driven growth and the “additive” strategy in quality, service, safety and other core features, created a quality control system throughout the product life cycle, and uplifted the quality of China’s cars to the world-class standards, earning the title of “The Best Chinese Car Brand”. World-famous financial magazine *Bloomberg Business* awarded GAC Motor “the Fastest Growing Chinese Automaker”, which was the first of its kind given to a Chinese car maker.

From 2013 to 2015, an increasing number of domestic Chinese brands had recorded better scores better than the industry’s average. Brands like Trumpchi had kept up its continuous growth. In the 2016 Initial Quality Study (IQS) of Chinese cars published by J. D. Power, GAC Trumpchi remained the No. 1 Chinese brand for the fourth consecutive year. At the same time, Trumpchi GS4 won the first place in the ranking of compact SUV market segment.

The Belt and Road initiative expanded the scope of economic and trade cooperation in the automotive industry. As a leader of self-owned brand in China, GAC Motor has been committed to positive development and national standards in gathering top teams and quality resources to integrate global R&D, GAC production style, global supply chain system and GAC marketing capabilities to build a world-class automobile manufacturing system. Trumpchi has embraced a development path driven by high quality and innovation, building a quality brand and helping to realize China’s car-making dream. In this new automotive era, the Trumpchi brand has kept surging and created a legendary success story.

Craftsmanship
for Quality



Trumpchi:
A Surging
Brand

GAC Motor aimed for middle and high-end market from the beginning. Since we launched our first product in 2011, we have cumulatively won nearly 800,000 car owners, taking the lead among indigenous Chinese auto brands. In 2016, Trumpchi launched two high-end C-class models: GA8 and GS8, completing the strategic deployment of luxury C-class cars in sedan and SUV segments.

The first high-end business car GA8 was shown in Davos Forum, China International Fair for Investment and Trade (Xiamen), G20 Summit, ASEAN Expo, Asia-Europe Expo and other international high-end events, winning the eyes and hearts of business elites from home and abroad. “Flagship luxury 7-seat SUV” Trumpchi GS8 has been selling well after launch, which marks a new stage for Trumpchi’s growth in the high-end market.



Trumpchi Aims for
Creating High-End Value

GAC Motor has expanded overseas market to set up dealer networks and after-sales service systems in many countries and regions in the Middle East, South America, Africa and Southeast Asia, established the first SKD factory in Nigeria and a new factory in Xinjiang, and launched the biggest local events ever to unveil GS4 in Bahrain and Nigeria to raise brand awareness of Trumpchi abroad. In 2016 GAC Motor’s sales volume reached 372,000 units, a remarkable growth of 90.66% year-on-year, and sales volume in overseas markets grew by 53%. Sales and service channels and marketing networks had been set up in 14 countries and regions including Kuwait and Chile. A middle and high-end brand image had taken root to become “one of the best domestic Chinese brands” for local consumers.



Trumpchi
Expands along
the “Belt & Road”

In 2016, GAC Group launched its overseas expansion strategic plan to integrate global resources and achieve breakthrough of self-owned brand in major car markets of the world. By showing up at the North American International Auto Show, Dubai Car Expo and other big international auto events, and following the successful launch of its star model GS4 and high-end GA8, GS8, GAC Trumpchi had the attention of major media around the world and was praised as “The Best Chinese Car Brand”.

In November 2016, GAC Motor, as the only car marker appearing in CPC Publicity Department’s “New Concept, Name Brand” news stories, drew the attention of over 20 central media agencies including the People’s Daily, Xinhua News Agency and CCTV, and won nearly 100 honors and awards including China Best Enterprise Award, China Brand of the Year, and SUV Model of the Year which showed the results of supply-side reforms by Chinese car making brands and proved the fact that Trumpchi had been pushing forward the continuous growth of domestic Chinese brands, delivered positive energy, and lived up to its social responsibility. On January 9, 2017, GAC Group debuted EnSpirit, Trumpchi GS7 and GE3 and demonstrated technological progress in North American International Auto Show, which made GAC the first Chinese car maker to enter into the main showfloor of North American International Auto Show in its 110-year history. At the same time, GAC Group announced that its North American R&D Center would be officially set up in 2017. GAC Group targets to achieve self-owned brand sales volume of 800,000 units in 2020 , and build Trumpchi into a world-class brand.



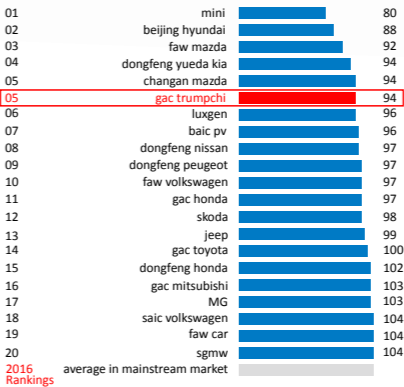
GAC Motor’s sales volume
reached **372,000 units**

a remarkable growth of
90.66% year-on-year

and sales volume in overseas
markets grew by **53%**



J. D. Power’s IQS ranking of Domestic Chinese Brands in 2016 – Mainstream Market



The lower the score is, the less frequently the default takes place, and the higher the quality is

No. 1 Chinese brand for four consecutive years, Trumpchi jumped to No. 5 of the industry in 2016, a break record in the history of domestic Chinese brands

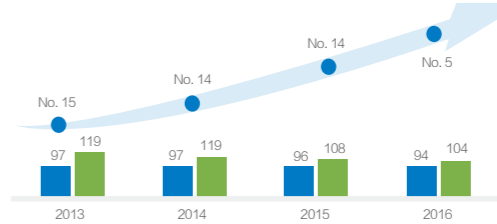
In J. D. Power’s Initial Quality Study (IQS), GAC Trumpchi was far above the industrial average and has maintained No. 1 Chinese brand for four consecutive years

With a breakthrough in the average quality of the industry, Trumpchi won the double champions in J. D. Power’s IQS for domestic Chinese brand

With an excellent score high above the industrial average of 110 points, Trumpchi again won No. 1 place in domestic Chinese brands

7 places up again in the new car quality ranking and No. 1 domestic Chinese brand for three consecutive years.

A supply-side reform pioneer who practices the five development ideas, and winner of four consecutive years and double champions of both brand and model.



Score of Trumpchi Industrial average score

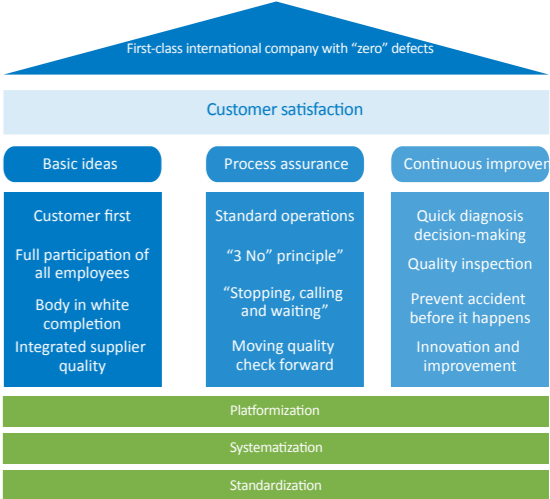


No. 1 Chinese brand in J. D. Power’s Initial Quality Study (IQS)



Build GAC Mode of Quality Control

By absorbing different styles of global quality management practices, and by taking into consideration its own characteristics, GAC Group has established its own unique quality management mode on basis of “standardized, systemized and platform” operations featuring “basic quality concepts, process quality assurance and continuous improvement”. Its core elements include introduction of a “production line Stopping-Calling-Waiting”systemand implementation of Plan-Do-Check-Action (PDCA) cycles. The quality management mode has enabled GAC Group to achieve cross-year, cross-plat-form and cross-model quality consistency.



GAC Motor builds a quality control system throughout the product life cycle

Undertaking Responsibility for Targeted Poverty Alleviation

GAC Group carried on the spirits from Central Poverty Alleviation and Development Conference and President Xi Jinping's speech regarding poverty alleviation, pushed forward and coordinated the implementation of "Four Overalls" strategic layout, and upheld the development philosophy featuring innovation, coordination, opening and sharing. GAC Group adhered to targeted poverty alleviation, detailed planning and individual responsibility, made great efforts to increase income of the poor population, and changed the outlook of underdeveloped areas, in a bid to ensure that all of Guangdong's poor population will eliminate poverty and embrace a well-off life by 2018.

Making Clear Poverty Alleviation Target

From 2016 to 2018, GAC Group pinpointed 3 villages of Lianyi, Baishi and Silian in Jiupo Town in Lianzhou of Qingyuan for alleviation work. GAC Group formulated "Implementation Scheme for the 3-Year Plan of Targeted Poverty Alleviation in New Stage and Working Plan for Improving Civility in Urban and Rural Areas" according to which GAC Group will, along with the subordinate companies responsible for providing support, will raise an estimated RMB 42 million in three years. The CPC Committee of GAC Group sticks to the idea of achieving "real poverty alleviation that produces satisfying results" and develops new ways to execute targeted poverty alleviation to make sure that by 2018 the poverty-stricken population in rural areas will no longer need to worry about food and clothes, education, basic medical service and housing, and the major indicators for basic public services will be at the average level of the whole province.

Poverty Alleviation Measures

Enhance organizational leadership

Set up a leading group and working institution for implementing the 3-year plan of targeted poverty alleviation in new stage.

Ensure responsibility ownership

Introduce the "1+1+1+2" model to make sure that there are 1 responsible leader taking office in the village, 1 Head Office responsible department, 1 responsible company and 2 supporting companies.

Make clear the approval process

Poverty-alleviation funds need to be approved by the leader taking office in the village, supporting companies and GAC respectively.

Create new ways of engagement

Encourage Party members and employees to participate in campaigns to support poverty-alleviations efforts in rural areas.

Increase money input

Ensure to invest no less than RMB 3.5 million every year in each village.

Targeted Management of Policy and Measures

Stick to accurate identification of poverty

Under the principles of "accurate identification, long-term public notification and flexible management", the 3 responsible companies will identify poverty-stricken households in 3 rounds and create archives and information cards.

Formulate supporting plan

Consider the development needs of the villages and poverty-stricken households and put forward a 3-year plan of targeted poverty alleviation to sort out different measures.

Targeted measure and policy management

Manage poverty-stricken households in different types, introduce advanced management ideas and achieve standard and formal poverty alleviation.

Develop collective economy

Coordinate the 3 villages to implement industrial poverty alleviation, achieving long-term and stable results.

Alleviating Poverty and Leading People to a Wealthier Life

From June 2013 to the end of 2016, GAC Group had helped alleviate poverty for 2,787 people in 829 households from Xingzhen New Village, Lianxi Village and Neidong Village in Lianzhou of Qingyuan. In 2016, GAC granted a total of RMB12.836 million of poverty-alleviation funds of which RMB 7.5 million was provided by the headquarter of GAC. We had achieved 3 major targets of stable poverty alleviation at household level, transformation of rural landscape, and dramatic increase of collective economic income.

In 2016, with the support of GAC Group, Lianyi Village, Baishi Village and Silian Village in Jiupo Town in Lianzhou of Qingyuan had helped 266 people out of poverty, accounting for 41.89% of all poverty population recorded in the archives and information cards. They launched 3 poverty alleviation projects of bean curd sticks processing, black goat breeding and asset investment return, with investment of RMB 5.76 million. With training workshops organized by the villagers themselves or jointly with local government, 206 people were trained and 95 found new jobs. GAC invested RMB 83,400 to support education for 45 students and RMB 290,600 to improve conditions of local schools and education facilities. GAC helped to build 1.16 kilometers of road and cement roads were completed to connect all natural villages with 200 or more dwellers. GAC Group also assisted in completing 6,430 meters of water conservancy facilities; newly built or renovated 8 public toilets, 52 garbage stations, 3 standard sanitary stations, 16 cultural and leisure venues, and 22 dilapidated houses, greatly improving the local living environment and winning recognitions and praise from the local dwellers and local governments at all levels.

At the same time, GAC Group provides RMB 1 million of funds every year for supporting poverty alleviation efforts in Youling Village, Sanpai Town in Liannan Yao Ethnic Autonomous County.



the Group granted a total of **RMB 12.836 million** of poverty-alleviation funds

RMB 7.5 million was provided by the headquarter of the Group

206 people were trained

help **95 people** in poverty to find new jobs



GAC Honda Focuses on Targeted Poverty Alleviation Work

Since GAC Honda started to help Lianyi Village in targeted poverty alleviation, the poverty alleviation working team had implemented 7 measures in 2016 including "implementation of social security policy, education for poor children, renovation of dilapidated houses, medical aid, industrial development, housing environment improvement, and job training", winning recognitions from the local government and local work groups, and providing valuable and successful experience to the province's poverty alleviation work. GAC Honda has been invited by Lianzhou and Qingyuan governments to share its poverty alleviation experience.



GAC FCA launched the initiative of "100 accounts connecting 100 households in targeted poverty alleviation", earning the recognition of the Youth League Committee of Changsha City. Its quality inspection and assurance division won the honor of "2016 Changsha Civil Youths".



GAC Toyota, GABC, and Wuyang Honda regularly helped to alleviate poverty in Baishi Village and send regards to the poverty-stricken households during the Mid-Autumn Festival.



Then Chairman Zhang Fangyou made field research.



Chairman Zeng Qinghong sent regards to the poverty-stricken households

In 2017, GAC Group will further push forward targeted poverty alleviation projects to help local people fight against poverty and boost confidence in building a beautiful countryside. It aims to create a sound poverty-alleviation brand with GAC features in the course of assuming its corporate social responsibilities.

FOSTERING HIGH QUALITY THROUGH CUSTOMER SERVICE

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Chasing the dream with quality and advancing via service. GAC is driving the supply side reform through innovation, boosting the “Made in China 2025” program, promoting the transformations “from manufacturing to creation, from speed to quality, and from product to brand”, and implementing a series of innovations in manufacturing, service and other aspects. Through effective structural reform of the supply side, GAC has persisted in giving first priority to product quality, improved customer service, reinforced quality management, forged exquisite vehicle models and provided exquisite services based on international standards in an effort to practice its customer responsibility.

Providing High-Quality Products

GAC adheres to the brand core of “Detailing. Greatness”, persists in satisfying and even surpassing the customers’ individualized high-quality demands through differentiation and refinement, and has thus won widespread customer recognition and outstanding market performance. In 2016, GAC produced and sold approximately 1,659,600 and 1,650,100 finished cars respectively, an increase of 30.28% and 26.96% respectively on a yearly basis, about 13.3 percent higher than the industry average in sales volume increase, ranking No.1 among China’s six State-owned automobile groups.



In 2016, GAC produced and sold approximately **1.6596 million** finished cars

an increase of **30.28%** on a yearly basis

13.3 percent higher than the industry average in sales volume increase

Introducing more car models to satisfy consumer demands

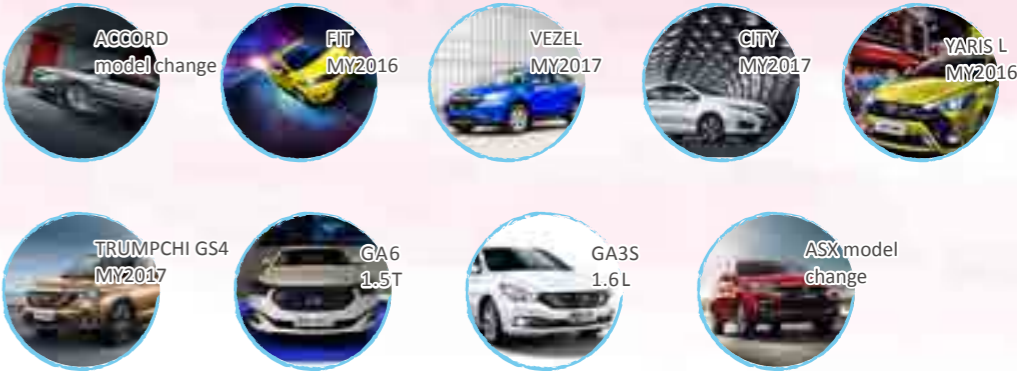
GAC has persisted in the common development of joint venture and independent innovation, established joint venture companies with Honda, Toyota, Hino, Mitsubishi and Fiat-Chrysler, forged the new model of self-owned brand “Trumpchi” and formed the tripartite pattern of self-owned, Japanese and European-US brands. By introducing best-selling models to the market and readjusting the product mix, GAC has witnessed an increase in sales volume. In 2016, GAC launched 10 brand-new models to satisfy the market demand.

Latest Developments of GAC Product Lines in 2016

Brand-new Models



Facelift and Model Year



Buzz Models



GAC Motor taking the lead in sales growth: In 2016, the sales volume of all Trumpchi models exceeded 372,000 units, an increase of 90.66% YOY, far ahead of all the domestic Chinese brands. Its star model GS8 saw a monthly sales volume of nearly 10,000 units, leaping to No.2 in the medium-to-large 7-seat SUV market which has been dominated by joint-venture products, and won the “Diamond Award” in the Eighth “Provincial Governor Cup” Industrial Design Competition and the Driving High-End Prize in the Fourth Xuanyuan Award 2017; GS4 won the first SUV Gold Medal in the First China Eco-Car Assessment Programme (C-ECAP), the Best Compact SUV Award and the 2015 Best Chinese Mass Production Car Award; and GA8 was appraised as the “Independent Model Most Focused by Civil Servants”.





With a high score of 80.68 points, Trumpchi GS4 won the First SUV Gold Medal in the First C-ECAP up to date



Trumpchi GS4 won the "Best Compact SUV Award" in Customer Satisfaction Survey in the Chinese automobile industry with the highest score

GAC Honda repeatedly winning laurels: Avancier won 11 awards including “Large Deluxe SUV of the Year”, VEZEL won such titles as “Car of the Year 2015 - Compact SUV of the Year”, Odyssey won three awards including “MPV of the Year 2015” awarded by the media, and CITY won the first among the middle-sized basic cars in the J. D. Power reliability research on Chinese vehicles.



Launch of Avancier, a large deluxe SUV of GAC Honda



Acura CDX

GAC Toyota leading the trend: During Toyota’s global quality inspection in 2015, GAC Toyota won the dual-line zero defect evaluation, creating the first case of zero defect performance of multiple production lines among all its overseas factories. Camry won 3 awards including the “Classical Model Award for 20th Anniversary of People.com.cn”, Highlander won 34 awards including the “Classical Marketing Case of Entertainment Marketing through GO FIGHTING”, Levin 1.2T won 3 awards including “High-Performance Model”, and YARiS won 2 awards including “Trendy Hatchback of the Year”.



Levin 1.2 T



Camry 10th Anniversary



Jeep maintained its ranking at **No.14**

Fiat saw a higher ranking by **6 places** on the ranking list

GAC FCA advancing: By introducing the advanced experience from Fiat Chrysler Group, GAC FCA has established a quality management system covering all departments, all tiers and all processes and perfected and improved its quality control and product management level. In the 2016 J.D. Power Sales Satisfaction Investigation (JDP SSI), Jeep maintained its ranking at No.14 and Fiat saw a higher ranking by 6 places on the ranking list. Jeep Cherokee stood out from 22 candidate models with C-NCAP five-star rating and won the title of “Top Safety Car 2016”.



Compass of GAC FCA

GAC Mitsubishi winning wide recognition: GAC Mitsubishi has two main models, i.e. Outlander and bran-new ASX. Right after it was launched, Outlander received widespread favorable feedback and recognition in the SUV market, and is now leading other models of the same level in the segment in terms of netizens’ recognition and owners’ satisfaction on the professional websites for automobile. The brand-new ASX was launched as a modified model, and by consolidating and enhancing the product capabilities, it has maintained its sales volume and market influence.



Outlander

In 2017, GAC expects to launch 15 new products, among which GAC Motor will launch 6 conventional models, including Trumpchi GS7, GM8, GS3, GA8 1.8T, GS4 MCA, and GA4, and 4 new-energy models, GE3, GA3S PHEV, GS4 PHEV and GA6 PHEV; GAC Honda will launch Avancier 1.5T and localized Acura TLX; GAC Toyota will launch all new Camry, Yaris L and Levin MCA; and GAC FCA will introduce GAC self-owned brand’s new energy cars.



New ASX

Investing in major projects and optimizing industrial layout

In 2016, GAC Group finalized 78 investment projects, with 101 projects still under construction, and the actual amount of investment reached RMB13.73 billion, representing 73% of the total. The Guangzhou Plant of GAC FCA, the capacity expansion project of GAC Motor (an increase of 150,000 units/year) and the GAC-BYD new-energy bus project had been completed and put into production. DaSheng Technology Co., Ltd. (an E-business project) was established and went into operation online, and the relocation projects of Guangzhou TST, Guangzhou Huade and GAC Ogihara were basically completed. The major projects, including the major technological upgrading project and the first-stage construction project of Phase II of the Hualong Base of Guangzhou Automobile Group Automotive Engineering Institute, GAC Motor’s Hangzhou Project and GAC Toyota’s project of expanding capacity and increasing product categories, are advancing as scheduled and have achieved significant progress.



In September 2016, the GAC Hangzhou Upgrade Project was launched at Hangzhou Dajiangdong Industrial Clustering Zone



The Ground Breaking Ceremony for the No. 3 Production Line Building of GAC Toyota on March 9, 2016



Forging the Automobile Internet Ecosystem

On June 8, 2016, DaSheng Technology Co., Ltd. jointly invested by GAC Group, Le Holdings (Beijing) Co. Ltd., and Urtrust Insurance Co., Ltd. was officially established in Guangzhou. Committed to forging a full life cycle centered on the users and oriented to automobile consumption, DaSheng is an automobile Internet company that integrates manufacturing, sales, services, finance, insurance, venture capital and other areas of the automobile industry and allows all the participants to share the brand-new value ecological platform of automobile Internet.



GAC Group finalized **78** investment projects

Group investment projects under construction in **101**



Improving Customer Service

Relying on the layout of the complete industrial chain covering R&D, whole vehicles, parts and components, commercial services and financial services, GAC Group was the first corporate group in the domestic automobile industry that provides insurance brokerage, automobile finance and insurance, capital, leasing and other financial services across the entire industrial chain. Abiding by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, GAC Business took practical measures to protect the legitimate rights and interests and information privacy of customers, and improved its customer service capabilities. GAC Business provides such business of automobile leasing, used cars and exquisite goods. Over 6 years, GAC SOFINCO Auto Finance platform has provided inventory financing and individual loans to dealers and end-users and provided stable and sufficient loans accumulating RMB238.564 billion; Urtrust Insurance was successfully listed on NEEQ, and the automobile insurance business of Guangai Insurance Brokers witnessed a sound development; and GAC Capital focused on the automobile industrial chain to mine potential projects, and gave a full play to the functions of capital investment, making auto services more comprehensive and accessible.

Innovation on service brand

In 2016, GAC Honda established its auto sales company to achieve the “joy of purchase, joy of sale and joy of creation”, and became a popular service brand among consumers. GAC Motor enhanced the establishment of the service system and strengthened the basic services and operations of the sales stores to build a brand of “rewarding service”; Wuyang-Honda practiced the concept of “sunshine and sincere services” to provide the users with “professional, honest, convenient and considerate” quality services; and GAC Business set up the brand of “Lixin Travels” to act as GAC’s image for travel services.

Case

GAC Motor Forging the “Rewarding Service “Brand

With its “professional, considerate, innovative and trustworthy” core concept, GAC Motor won the first place among domestic Chinese brands in after-sales service satisfaction in 2016. Highly praised by authoritative institutions for its pre-sales and after-sales services, GAC Motor ranked No. 12 on an overall basis during the JD Power consumer satisfaction investigation (CSI) of after-sales service in China in 2016, up by 11 places as compared with 2015 and above the industrial average. It ranked No. 2 among domestic Chinese brands in JD Power after-sales service loyalty study (SLS), standing on the list of high loyalty.

“3-year or 100,000 kilometer car warranty” commitment, open and visualized services, and transparent prices of parts and labour hours

Trustworthy

Trumpchi features professional service staff, professional maintenance equipment, professional service processes and professional remote technical service

Professional

Using the environment-friendly water paints to keep away from pollution, using the most efficient layout of stations in the workshop and one-on-one car presentation to customers

Innovative

Using the “4S+S (Satellite)” mode of clustering network of sales stores, with over 400 after-sales service outlets already set up to cover the major cities across the country and create the 30-kilometer service circle

Considerate

Considerate services

Exclusive service team

GAC Business – The No.1 Store of GAC Honda and No.1 Store of GAC Toyota implemented the mechanism of “exclusive service to customers”, under which customer satisfaction with the sales stores was greatly improved due to the efforts of the designated customer manager and the after-sales technical team.

Innovation on service platform

GAC reinforced its after-sales service standards and the establishment of the dealers’ personnel system. By way of the industry leading car owner WeChat platform, achievement was made on service optimization innovation, and 90% of the localized Jeep owners identified the car owner WeChat, which made it possible to achieve precise after-sales marketing and highly efficient customer feedback and thus improved the satisfaction of online customers.

Improving service support

GAC Hino carried out the all-round customer service activities and improved such activities as the service network expansion, regularly scheduled training of VIP customers and fuel-saving and safe driving training and competition to create value for the customers.

Securing service capabilities

In 2016, GAC Group (together with associated companies and joint ventures) had a total of 2,464 dealers, including 466 newly opened ones, covering 311 county-level cities and counties and 288 prefecture-level cities in 31 provinces, autonomous regions and municipalities (excluding Hong Kong, Macao and Taiwan).

GAC SOFINCO strengthened the innovation on financial products and launched online the financial product comprehensive plan featuring “financial product + road rescue + balance preservation” to realize the full life circle services in customers’ purchase, use of cars and settlement of claims. The disaster recovery data center and image system provided protection for the business data of 1,748 dealers and 229,000 customers and offered them more efficient and more intelligent retail loan services. In the assessment and evaluation organized by Guangdong Banking Regulatory Bureau on the protection of consumers’ rights and interests in the banking industry, GAC SOFINCO was rated as “AA” Grade (with 85-90 scores) and the “anti-fraud system” it jointly established with SAS also won the 2016 International Award for Asian Bankers.

By working closely with the manufacturers, dealers and insurance companies, Guangai Insurance provided worry-free and convenient automobile insurance broker services.

Urtrust Insurance launched the “dual 100 services” (i.e. maintenance and repair by 100% recommended 4S stores and 100% assurance on the use of original parts for claim settlement) to provide customers with emergent road rescue, substitute car service and other value-added services.

Enhancing service experience

GAC Toyota extended customer care and guided the dealers on communication with customers of recalled cars to reduce their concerns. GAC Toyota ranked the fourth place among joint venture brands in the 2016 customer satisfaction investigation of after-sales service in China.

By expanding its service channels, GAC Motor strove to use vehicles to bridge a life-long trustworthy relationship with its customers. In the J.D. Power Sales Satisfaction Investigation (JDP SSI), Jeep maintained its ranking at No.14 and Fiat saw a higher ranking by 6 places on the ranking list.

Based on the 4 core functions of “anti-theft, alert of abnormality, vehicle conditions and services”, Wuyang-Honda carried out its development of motorcycle center-control system, which connected via mobile APP helps to accesses to the motorcycle conditions, historical tracks, alert of service, and positioning. It can also realize the functions of one-key report of loss, report of car falling to the police and alert of incoming calls so that consumers may have a safer, convenient and considerate driving experience.



Message from a customer

“Our company is mainly engaged in the transportation of hazardous chemical substances. We made our first purchase in consideration of the quality, but no matter how good the quality is, it must be backed by good after-sales guarantee. The good service policy of GAC Hino plus the considerate after-sales service follow-up of Nanning Ningxing Service Station, including new car orientation, fuel-saving training and alert of service and others, it was such quality services that lead to the subsequent purchases we made later!”

—— Huang Dechang, General Manager of Guangxi Tuyang Trading Co., Ltd. (GAC Hino customer)

Upgrading quality brand

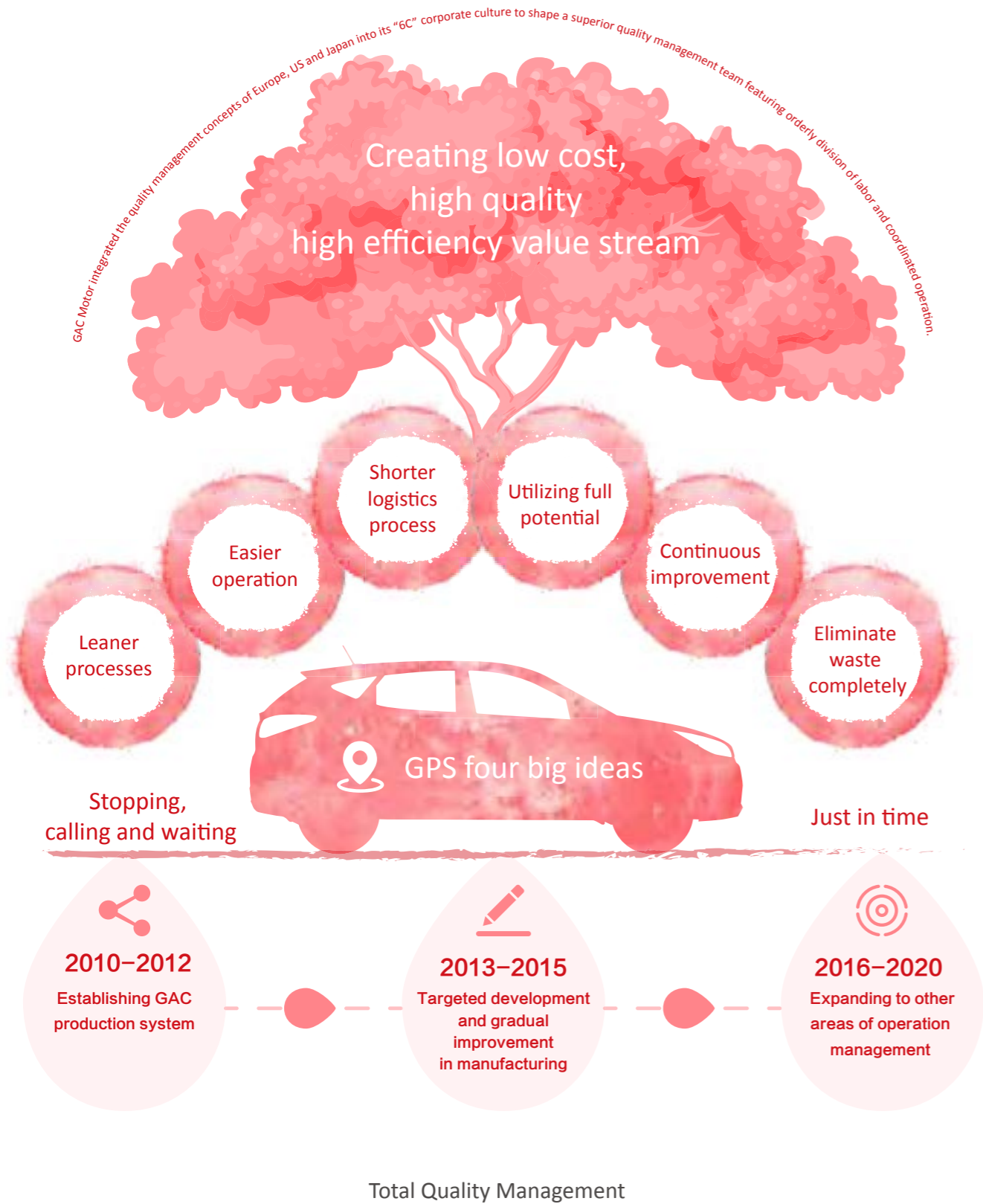
In its practice of the program of “Made in China 2025”, GAC Group established the cyber-physical system with the GAC mode of production as the core, developed intelligent manufacturing technologies, built intelligent factories and achieved smart production and logistics. On the basis of securing high-end quality of products, GAC created the miracle speed of Chinese auto industry, achieved the leaping development of its brand and offered consumers with high-quality car use experience.

Strengthening quality management

By integrating the global top-notch automobile R&D teams and resources and by combining the advanced European technological elements, Japanese car-making processes and culture of Lingnan, GAC Group created its own mode of production and promoted intelligent manufacturing to secure the provision of the highest-quality products to consumers.



GAC mode of production ensuring world-class quality of products



the number of defective parts dropping to **0.015 pieces/unit**

an accumulative number of **962** operating persons on the production lines reduced

saving **17%** of the total investment in the project

Innovation on intelligent manufacturing. GAC Motor strove to forge its GPS mode of production to achieve its low-cost and high-quality production of GAC Trumpchi. GAC Toyota pushed forward the production structure reform to improve production efficiency and product quality, and in Toyota's yearly quality inspection, GAC Toyota achieved the outstanding performance of dual-line "zero" defect, with the number of defective parts dropping to 0.015 pieces/unit and an accumulative number of 962 operating persons on the production lines reduced. GAC Honda accomplished independent purchase of engine parts and became an enterprise integrating the production and purchase of vehicle and engines. the Guangzhou factory of GAC FCA was built according to the concepts of SSC and shared resources with GAC Motor, saving 17% of the total investment in the GAC FCA Guangzhou factory project.

Maintaining consistent quality. GAC Motor served the market based on the Internet, fulfilled the access of R&D, technology, quality, production and marketing to the Internet and obtained the utility model patent for its Automobile Real-time Remote Monitoring and Fault Feedback Device, and its Internet-based Automobile Remote Network Software Refresh and Management System is being publicly displayed. GAC Motor was honored as "2016 National Model Enterprise for Product and Service Quality Integrity" by China Association for Quality Inspection. GAC Honda did well in the quality management of new factories and new models and enhanced the overall quality level. The global direct pass rate of its third factory that had just gone into operation was 92.2%; and the actual defective performance of the new engines that had just been put into production was 0.0014 pieces/unit, reaching the advanced level in the industry. The sales company and manufacturing company of GAC FCA worked closely with each other to fully guarantee the initial quality reputation of localized cars.

Accepting social supervision. GAC Group carried out the requirements of the Measures for the Implementation of Sales Management of Automobile Brands and the Management Regulations for the Recall of Defective Automobile Products, and attached importance to sustainable, health and safe services for products. GAC Motor accepted the supervision by governmental administrative departments, set various channels (e.g. hot line, petition letter box and network platform) to handle complaints from the public, and responded with a final settlement within the required time to ensure customers' satisfaction. In 2016, its rate of quality complaints per 10,000 units was 1.50. In response to the call of the State Administration of Quality Supervision, Inspection and Quarantine in the Enterprise Quality Credit Report (AQSIQ [2016] No.588), Wuyang-Honda began to release its Enterprise Quality Credit Report on a regular basis in 2016 to accept the supervision from the public and the industry.

Promoting brand upgrading

GAC Group has forged the fine tradition for exquisite products, fostered the excelsior spirit of craftsmanship and reinforced the construction of lean quality management system to enhance product quality on an overall basis; promoted the optimization of joint venture logos and standardized CI/VI management and application to improve brand value; and centered on the strategic plan for brands to construct the brand architecture, build a good brand image that reflects GAC’s core value and develop a strong corporate brand in the Chinese automobile industry, as well as in the international auto world with global influence and a high sense of social responsibility.

In 2005, GAC Group began to develop its own brand and persisted in original development to lay the cornerstone for brand competitiveness.

In 2016, GAC Group stepped up its efforts on brand development and improved its brand strategy, concept and value system to upgrade the core value of its brand. In November, GAC launched an campaign to collect and select its brand slogan to better represent its core value and get closer to the consumers. In the meantime, GAC Toyota and GAC Mitsubishi announced the official use of their brand-new corporate logos to unify the brand image so as to provide the customers with better brand recognition and identity and also reflect the equal, mutually beneficial and win-win cooperative relationship between the shareholders.

“Quality is foremost and quality should always be put before sales volume, and only with ‘quality’ can ‘brand’ be built on”.

-Corporate brand development philosophy of Zeng Qinghong, Chairman of GAC Group



GAC achieved its own branding through original design - Zhang Fan awarded the “Auto Designer of the Year” at the 2017 China Automobile Development Forum of GAC Automotive Engineering Institute and the First China Red Dot Automobile Award

In November 2016, the central media launched an investigation and media coverage event entitled “New Concept and Famous Brand”, and GAC Group was one of the seven domestic Chinese enterprises and the only one in the automobile industry that was covered by the media at their first stop. GAC received a concentrated coverage and widespread recognition for its experience and results in “creating famous brand through new concept”.



“GAC: Branding through consistent high quality”, a front-page special feature report by the People’s Daily



“GAC’s brands prove a success”, an article published on China Daily

In April 2017, GAC Group will announce its strategic plan for brands, and by leveraging the opportunity of brand upgrading, GAC will build famous brands through persisting in original R&D, exquisite product quality, considerate service, management innovation, open cooperation and fulfillment of social responsibility. By the end of 2020, it will strive to reach a total of 800,000 units of automobiles of its self-owned brand in production and sales, and develop a strong corporate brand in the Chinese automobile industry, as well as in the international auto world with global influence and a high sense of social responsibility.

EXQUISITE AND
EXCELLENT
MANAGEMENT FOR
SHAREHOLDERS' VALUE

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Chasing the dream with value and advancing through management. As China's first large state-owned holding automobile enterprise group listed on both Shanghai and Hong Kong stock exchanges, GAC Group has deepened the SOE equity reform, pushed ahead the transformation of operation and management, carried out the construction of the CPC's style of work and governance, and persisted in the original R&D and innovation. It has strengthened the investor relations management, implemented the sustaining and stable policy of dividend distribution, improved itself and such capital operation platforms as GAC Hong Kong, reinforced the influence and control of the state-owned controlling shareholder over the listed company, stabilized and increased the market value of the listed company and realized the maintenance and appreciation of the value of state-owned assets.

Strengthening Operation and Management

GAC Group accurately determined the industrial development trend, strengthened its communication with the government, and supported all the work of the invested enterprises. It actively carried out production and operation in strict accordance with the planned development orientation and program goals as determined by the Board of Directors, optimized the management process, improved management efficiency, and achieved outstanding business performance. In 2016, GAC Group was included in the list of the Fortune Global 500 for the fourth time, ranking No.303, a new high on the list.

In 2016, GAC fulfilled a total production and sale of 1,659,600 and 1,650,100 automobiles, an increase of 30.28% and 26.96% on a year-on-year basis respectively; and a total production and sale of 1,040,900 and 1,022,000 motorcycles; with an export of 335,100 units, reaching a new record high. GAC realized a total industrial output of RMB233.897 billion, an increase of 24% on an year-on-year basis; realized a total of industrial added value of RMB56.135 billion, an increase of 21% on an year-on-year basis; together with its joint ventures and associated companies, GAC realized a business revenue of RMB275.772 billion, an increase of 27.67% on an year-on-year basis; achieved a total profit of RMB17.958 billion, an increase of 31.74% on an year-on-year basis; and achieved pre-tax profit of RMB45 billion , an increase of 29.7% on a year-on-year basis.

Indicator	Unit	2014	2015	2016
Consolidated total assets	RMB100 million	624.09	671.66	820.92
Consolidated business revenue	RMB100 million	223.83	294.18	494.18
Net profits attributable to parent company owners	RMB100 million	31.95	42.32	62.88
Basic EPS	RMB	0.50	0.66	0.98
Cash dividend	RMB100 million	11.58	10.30	12.87

* Cash dividend: means the amount of distributed cash dividends within a natural year, i.e. the amount of year-end dividends for the previous year plus the amount of interim dividends for the current year.

Tamping business segments. In 2016, GAC’s self-owned brand, GAC Motor, fulfilled a total sale of 372,000 automobiles and a total pre-tax profit of RMB6.69 billion, and the self-owned series became the core competitiveness; driven by the sharp increase in the sale of JEEP models, GAC FCA, the European-US series, achieved a total pre-tax profit of RMB2.802 billion, while JEEP Compass, with its start of production, enriched the product lineup of GAC FCA. The joint ventures with Japanese auto makers maintained a good momentum, where the GAC Honda’s product lineup were further enriched and GAC Toyota’s production, sale and profits increased steadily; and GAC Mitsubishi launched its brand-new Outlander and made a new breakthrough.



an operating revenue of
RMB 275.772 billion

achieved a total profit of
RMB 17.958 billion

achieved pre-tax profit of
RMB 45 billion

Innovation on corporate culture. For 11 consecutive years, GAC has carried out the Innovation Guangzhou Automobile (IGA) activities across the group and by focusing on talent cultivation and centering on production and operation goals, GAC improved quality, increased efficiency, practiced energy conservation and emissions reduction and realized automation. In 2016, GAC established 6,789 IGA groups and put forward 400,000 proposals for improvement, with a total of more than 43,000 persons participating in the activities, and the direct economic benefits generated from such activities exceeded RMB810 million. Over the 11 years, the IGA witnessed a receipt of more than RMB2.93 million improvement proposals, a total of more than 319,000 persons in participation, and generated a total of RMB3.85 billion in direct economic benefits. The activities enhanced GAC’s soft strength and comprehensive competitiveness.

Table for KPI Data of IGA Activities Each Year				
Year	Number of Participants in QC (person-time)	Number of QC Groups	Number of Improvement Proposals	Total Amount Saved by IGA Activities (RMB 10,000)
2006	14583	1081	25097	¥1,363
2007	15102	1833	91633	¥6,708
2008	20704	3082	169481	¥10,751
2009	17796	2988	209635	¥24,290
2010	22182	3486	236134	¥22,069
2011	29621	4757	312075	¥27,155
2012	38826	5177	334256	¥35,188
2013	34328	5396	354704	¥52,013
2014	40382	6298	415454	¥58,019
2015	42443	6441	385395	¥65,651
2016	43356	6789	400399	¥81,354
Total	319323	47328	2934263	¥384,561

Deepening capital operation. In 2016, GAC completed the financing of RMB7.4 billion for its headquarters and RMB1.5 billion for its invested enterprises, launched the RMB15 billion private placement project, closed the issuance of about RMB4.1 billion convertible bonds and RMB2.3 billion short-term financing bonds, and won widespread recognition among the investors on the market; Urtrust Insurance was successfully listed on the NEEQ Market; GAC SOFINCO obtained approval from the People’s Bank of China and successfully issued RMB1.5 billion three-year financial bonds; GAC Business was approved by the National Association of Financial Market Institutional Investors for the registered line of RMB1.38 billion mid-term notes and RMB2.0 billion super short-term commercial paper; and GAC Group obtained the approval from the China Banking Regulatory Commission for the establishment of the proposed financial company.



the financing of **RMB7.4 billion** for its headquarters

launched the **RMB15 billion** private placement project

Honest, Incorruptible and Self-Disciplined

GAC Group adheres to the concept that “there are no onlookers in combating corruption and an incorruptible GAC needs practisers”. In 2016, by focusing on the deep-going learning and education in “two studies and one action”, GAC Group fully implemented the requirements for strengthening Party self-governance, intensified the assumption of responsibility and concentrated on disciple execution, supervision and accountability to boost the construction of a incorruptible GAC and safeguard the interests of shareholders. GAC Group was honored as an “Active Enterprise of Guangzhou for Communication of Party’s Style of Work and Clean Government in 2016”.

Boosting the effort of strengthening Party self-governance. GAC Group implemented the spirit of the CPC Central Committee’s Eight Regulations, carried out the governance of the use of public cars and other special governances and materialized the *Management Measures for Treatments and Business Expenses of On-Duty Corporate Principals*. In 2016, the CPC Committee of GAC interviewed the heads of the invested enterprises for 9 person-times and collectively interviewed the heads of one enterprise; the Discipline Inspection Committee of GAC interviewed the heads of the invested enterprises for 13 person-times, the management teams of the invested enterprise held the talk-to-remind activities and explored and practiced the “four forms”. GAC worked out the list of work for two responsibility years, conducted the activity of the “Standard Construction Year of Discipline Inspection Committee” and compiled the *Workbook for Implementation of “Two Responsibilities”*; received the on-spot inspection and assessment by Guangzhou Municipal Party Committee for the first time and obtained recognition and praise by the Thirteenth Inspection Group of the City; and developed the “Assessment and Evaluation System for the Party’s Style of Work and Probity Construction Responsibility System” and solidified the implementation of responsibilities.

Intensifying supervision to guard against risks. In 2016, GAC and its subordinate sate-owned and state-holding enterprises conducted supervision over 647 “Three important and one big” projects and enhanced electronic supervision over the “Three important and one big” decisions. Each quarter, GAC held a joint meeting on supervision work and carried out the overall supervision over special matters such as the “use of financial funds” and “management of treatments and business expenses of on-duty corporate principals”. For the first time, it conducted the overall supervision over Wuyang-Honda jointly with the foreign shareholders and innovated on the new mode of overall supervision over joint ventures. By centering on the construction of major projects, innovation on production and marketing system and management and operation of real estate, GAC established 111 performance supervision projects and completed 107 of them, proposed and implemented 465 rectification measures, prevented economic losses of about RMB14.04 million, saved a total of RMB1.8 billion in funds and recovered economic losses of RMB160,000. GAC carried out the day-to-day supervision on the bid and tender management, bulk purchase and engineering construction projects, issued 95 supervision proposals and put forward 303 suggestions.

Persisting in equal emphasis on punishment and prevention. GAC Group deepened the construction of the “3161 Platform” and improved the level of intelligent anti-corruption; optimized the construction of the system for combating corruption and upholding integrity and developed 23 systems in the four categories of “supervision, discipline execution, accountability and overall”; stuck to mass education, highlighted warning education and strengthened exemplary education, and did well in such activities as the discipline education and learning month, online “three-discipline class” and collective anti-corruption talks with new leaders. GAC organized its Party members to participate in the online learning and test of honesty and self-discipline norms and Party discipline and punishment regulations on the 3161 Platform, the online test of “Walking We-Chat Education for Party Members” and the on-spot examination for the municipal cadres and full-time political work cadres, and brought into play the role of omnimedia platforms such as “one website and three journals” and WeChat. More than 50 papers were commended during the subject research activities of the Institute of China Supervision (ICS) Machinery Branch and the Provincial Discipline Inspection and Supervision Society of State-Owned Enterprises and the theoretical research work was constantly deepened. GAC Motor’s program of GAC Trumpchi—China’s Legend participated in the cultural exchange event for the municipal state-owned enterprises. GAC Toyota created the exquisite program Probity Spectrum concerning incorruptible culture, and GAC Honda carried out the event of “Gentlemen’s Probity in GAC Honda”, all of which had displayed the appeal of incorruptible culture.



Exhibition and performance of GAC corporate culture of “Vigorous State-Owned Assets and Honest State-Owned Enterprises”



Persisting in Original R & D

GAC Group has followed the principle of “collaborative innovation internally and open cooperation externally”, persisted in the original R&D and laid the cornerstone for brand competitiveness. In 2016, it determined the major tasks of combining the forces of the entire group to develop its self-owned brands and fully implemented the innovation-driven development strategy.

Improving innovative technologies

In alignment with the supply-side reform, GAC advocated the spirit of craftsmanship, closely followed the market demand and attached importance to independent research and development. Throughout the year, GAC launched nearly 20 conventional model projects and 6 new-energy model projects and carried out a number of projects for the development of core parts such as engine, transmission and battery system. GAC Automotive Engineering Institute boosted nearly 20 conventional model projects including AL, A30 and A7M, 6 new-energy model projects including A51, A2A and AE+, and a number of core parts development projects including P7 (engine), P6 (transmission) and battery system; and carried out more than 30 pioneering subject researches including smart car research, preparation of graphene materials and applied research.

Upgrading innovation capability

Building a global R&D system. GAC built a global R&D system with GAC Automotive Engineering Institute as the core and supported by the R&D centers of joint ventures and producers of components. GAC Automotive Engineering Institute has developed the advanced interdisciplinary R&D process and system, built an R&D talent team featuring reasonable structure and proficient skills, shaped the development capabilities in more than ten technical fields including vehicle integration, powertrain and chassis, and had the capabilities of dominating the development of three models of automobiles and such core parts as several engines and transmissions. In 2015, GAC’s National Enterprise Technical Center was evaluated as one of the first 1% in the evaluation of over 1,100 such centers nationwide, and ranked No.12, up by 5 places on the ranking list; and its overall R&D strength was up to the advanced level in China.

Upgrading the leading R&D strength. “GA8” won the Gold Medal of 2016 China Design Red Star Award; the electronic control unit (ECU) platform and its product R&D and application won the Second Prize for Science and Technology in the Chinese Automobile Industry; the research and application of key technologies for the performance development of passenger cars’ chassis won the Second Prize of the Science and Technology Award in the Chinese Machinery Industry; and the independent development and application of Intelligent System of Internet of Vehicles won the First Prize of Guangzhou Science and Technology Award. GAC developed the capabilities of dominating the independent development of three models of automobiles and many core parts and won such qualifications and honors as “Post-Doctoral Scientific Research Workstation of Enterprises” and “Guangdong Model Enterprise Workstation of Academician Experts”.

Implementing the intellectual property strategy. In 2016, GAC saw 490 new effective patent applications, obtained 357 patent authorizations and registered 39 new software copyrights. By the end of 2016, GAC had accumulatively applied for 1,969 patents, obtained 1,290 patent authorizations and registered 89 software copyrights. GAC won the China Patent Excellent Award for the fourth time in a row and was recognized as “2016 National Dominant Enterprise in Intellectual Property” and “2016 Guangdong Dominant Enterprise in Intellectual Property”.



GAC Group Recognized as “2016 Guangdong Dominant Enterprise in Intellectual Property

Table: Patent Applications and Authorizations of GAC Group over the Past 3 Years

Year		2014	2015	2016
Patent applications	Invention (piece)	136	148	157
	Utility model (piece)	209	230	224
	Appearance design (piece)	103	256	109
	Total (piece)	448	634	490
Patent authorizations (piece)		331	361	357

Development of the “2510” strategy. GAC Group clearly specified the development goals and technical development route in the next 2 years, 5 years and 10 years. Centering on enhancing core competitiveness, it will deepen its original development capabilities based on its strategy and focuses. At the same time, it will forge the technical innovation system by reference to the domestic advanced level and drastically increase the investment in the fields of technical innovation, particularly in the four major fields of “electrification, intelligence, light weight and emotional design”, it is planned that the annual investment made in the technical innovation fields will account for 10% of the total R&D funds, and such percentage will be gradually increased to 15%. It is expected that GAC can make great breakthroughs in the technical innovation fields and shape the core competitive advantages that are hard for the rivals to copy or within a short period, hard to surpass.

Managing Investor Relations

In compliance with the principle of “transparency, openness and truthfulness”, GAC improved the information disclosure mechanism to ensure the disclosure of information in a timely and standard manner; intensified the investor awareness, called for rational investment, strengthened communication with investors and forged the investor-centered multi-level communication platforms and channels, so as to create a favorable investor relation environment for the corporate development.



Messages from investors:

It is really praiseworthy that GAC is able to maintain its information disclosure and service in pace with its business development which is advancing rapidly.

— Zeal Asset Management Co., Ltd.

GAC brought to its investors thick earnings in 2016, which benefited not only from the powerful fundamental performance but also from the highly efficient communication of the relevant departments.

—Automobile Industry Research Team of Industrial Securities

Widely recognized by the customers, GAC’s product quality has also brought substantial return to the investors.

—King Tower Asset

Maintaining an unblocked communication platform. While steadily promoting the routine work concerning investor relations, GAC constructed a diversified and all-round platform for communication with investors, and improved such channels as investor hot line, securities mailbox and investor relations website. It organized 4 domestic and overseas road shows, 4 large-scale open days for investors, 2 auto show investigations and 40 global analyst teleconferences, received 35 visits of institutional investors and analysts, received visits by more than 600 investors accumulatively and answered nearly 20 hot lines from investors, thus ensuring the demand for investors’ communication and safeguarding their rights and interests.

Strengthening information disclosure. GAC formulated 7 rules and regulations, including the *Internal Management System for Operations with Information Disclosure Suspended and Exempted* and the *Annual Reward Measures for Completion Evaluation and Post Evaluation of Projects*. It also made revisions to 13 rules and regulations, including the *Management Measures for Purchase of Goods and Services* and the *Management System for Employees’ Remuneration and Welfare*.

In 2016, under the principle of “being truthful, accurate, complete, timely, fair and effective”, GAC Group carried out the information disclosure and persisted in the consistency and simultaneity of information disclosure on A and H markets; abided by the regulatory rules and requirements, intensified the planning of regular report work, performed the information disclosure decision-making process and ensured the work of information disclosure to be timely, standard and effective so as to safeguard the lawful rights and interests of the investors; in strict accordance with regulatory provision, timely and accurately done well in the registration and remind of inside information; and disclosed 169 and 188 company documents respectively on the HKEX and SSE throughout the year and achieved “no error, no delay, no correction and no supplement” in information disclosure during the year.

EMPLOYEES GROW AND SHARING A WONDERFUL LIFE

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Caring for the Developmentof Employees	54

Youth dream, career forward. GAC Group has always remained people-oriented and strives to care for people, respect people, understand people, cultivate people, develop people and achieve the all-round growth of people. It has always regarded the protection of the ultimate rights and interests of employees as the starting point and foothold of building harmonious labor relations to improve the career growth, occupational health and mental care of employees for achievement of the win-win outcome and shared development between employees and the enterprise.



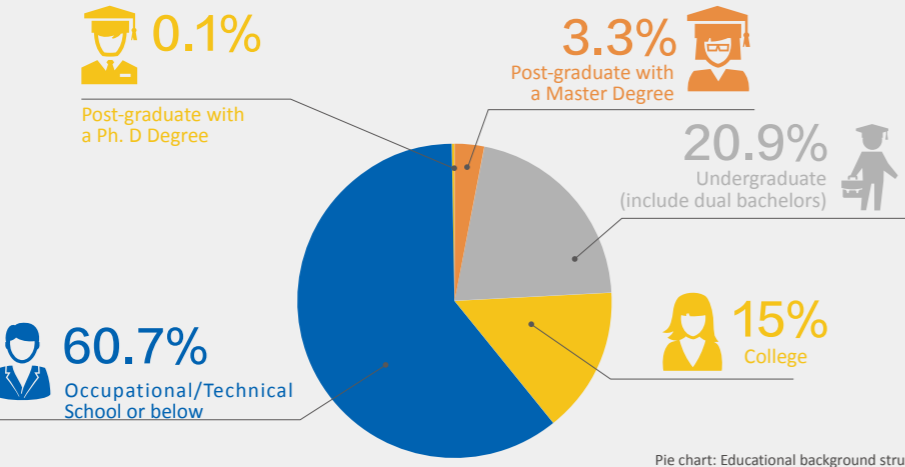
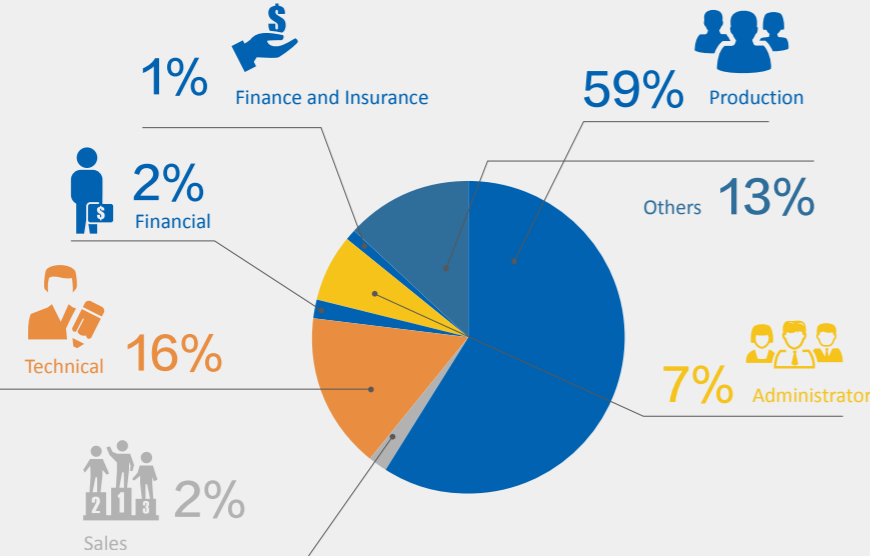
Protecting the Rights and Interests of Employees

GAC Group strictly implemented the *Labor Contract Law* and explicitly provided for the age of employment and working hours in its *Recruitment System* and *Code of Conduct for Staff in Headquarters*, with no use of child labor or forced labor; implemented equal employment, without any prejudice to employees for sexes, ages or physical health; carried out the labor contract system in an all-round manner, standardized and performed the Labor Contract according to law and maintains a 100% signing rate of labor contract; conducted the annual review of labor assurance on time, paid the employment assurance fee for the disabled and handles employee relations according to law, with no occurrence of any labor dispute, unexpected mass emergency and labor dispute arbitration case.

By the end of 2016, the total number of employees of GAC Group (including the enterprises it has made investment in) was 75,672. In the year, it won the title of Best Employer for Chinese University Graduates.



maintains a **100%** signing rate of labor contract



Protecting basic rights and interests. As required by the laws and regulations of the state, the province and the city on labor assurance, GAC Group paid the premium of all social insurances for its employees on time and in full amount to protect their rights and interests; purchased supplementary medical insurance and other commercial insurances for its employees to ensure their physical health; paid housing monetary subsidies for eligible employees. In the birthday month of every employee, it issues birthday subsidies and gifts as an expression of wishes and care.



Protecting the Rights and Interests of Employees

Through electronic information bar, “GAC Honda News” and WeChat platform, GAC Honda timely communicates the information of production, operation and management; solicits the opinions of employees on matters related to their interests, e.g. wages, welfare, labor protection and qualification review; promotes the democratic management of factory affairs and ensures the employees’ right to know, to participate and to supervise.

Strengthening collective negotiation. GAC has set up and improves its HR management system in accordance with laws and regulations; focused on the legitimate rights and interests of employees, signed labor contract with employees as required by law and carries out the mechanisms of collective contract consultation and collective negotiations about wages.

Ensuring salary incentives. According to its own development plan, GAC strengthened the macro management of salary, maintained the market competitiveness of salary level, popularized the mechanism of collective consultations about salary, improved the mechanism of examining the performance of both the enterprise and individuals as well as the system for promotion of employees and has laid down a salary performance policy that is both incentive and binding.

Keeping the communication channels unimpeded. GAC regularly carries out the activity of reception day of group leaders and reception day of the trade union chairman of the headquarters, with the two days occurring alternately each month. The activity has enriched the channel of communications between the executives and the employees on the one hand, and between the trade union and the employees on the other, enabling the better reflection of employees’ opinions and suggestions. 2016 saw 6 times of the former and 4 times of the latter. Altogether 14 opinions and suggestions were received from employees, 13 of which were addressed or adopted and 1 was given explanations, amounting to a response rate of 100%.



Altogether 14 opinions and suggestions were received from employees



a response rate of **100%**

Ensuring Occupational Safety

In accordance with the *Law of the People’s Republic of China on Production Safety*, *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases* and other laws and regulations, GAC Group fostered safety awareness, valued safe production, improved the management system of occupational health, strengthened health guidance, implemented occupational health training and production safety drills, prevention of occupational health and safety risks and secure the safety of its employees.

Strengthening safe production management. GAC Group persisted in the guideline of “safety first, prevention as focus, comprehensive governance” and the principle of “people-oriented safe development”; implemented the system of responsibility for safe production, intensified responsibility target management, improved the accident emergency rescue system and carries out activities of safe production publicity/education and accident potential control. There was no occurrence of death throughout the year. In 2016, GAC Motor witnessed 0 occurrence of death, serious or minor injury, fire and major traffic accident; was rated “Excellent” in the annual safety examination done by higher unit; achieved a 100% implementation rate of safety education and invested RMB 12,966,400 in safety efforts; GAC Honda improved the architecture of its Safe Production Committee and set up the Department of Safety and Security to intensify safety management.


Carrying out safety publicity and education. GAC Honda has set up the “Safe GAC Honda” WeChat public platform and made innovations in safety publicity and exchange channels so that safety and security endeavors are closer to the young employees; launched the fire control experience carnival to teach through fun and implement fire prevention training.




Safety Production Management in GAC Hino

According to the requirements of GAC’s new standard for assessment of safe production in 2016, GAC Hino improved its systems, standing books and documentation by adding and modifying 30 relevant safety systems and subjected all departments to safety assessment at the end of the year according to the new standard, achieving an up-to-standard rate of 100%.

- Provided traffic safety education and danger precognition training, involving the participation of 579 people;
- Carried out the monthly publicity activity of safety theme; compiled the materials publicizing spring healthcare and prevention of fire ants;
- Made plans for the security of 9 major events held in the year to ensure success thereof;
- Used danger source identification method to re-identify 18 important danger sources (coating paint mixing room, warehouse of hazardous chemicals and gas station), remodify the evaluation table and intensify fulfillment of responsibilities;
- Conducted 14 safety inspections led by leaders, which found 143 problems; every workshop implements a safety self-check on weekly basis and the manufacturing factories implemented 11 regular inspections of their workshops. All the 100 problems found have been addressed.


All the 100 problems found have been addressed.


Conducted 14 safety inspections led by leaders

Strengthening the health guidance of employees. GAC cares for the health of employees and strengthens their health guidance. GAC Toyota listened to and respected the opinions of employees in selecting the organization for their physical examination and provided checkup for more than 9,900 staff in the year; held expert lectures and the activity of “expert offering medical advice”, providing over 80 employees with health guidance; launched the activity of “dog day sticking” for the first time, which involved the participation of 437 employees and received their favorable comments.



GAC Toyota held 3 EAP (employees assistance program) events, involving the participation of 1,000 employees.

Caring for the Development of Employees

GAC Group values the fostering of employees’ professionalism and enriches their cultural and sports activities to realize the common development of both GAC and the employees.

Perfecting the training system. Under the guideline of “consolidating internal foundation, building external image; focusing on internal strategy and external demand”, GAC has improved the employee training system and carried out layered and classified training activities to enhance the competence of internal trainers. In 2016, GAC spent RMB 57.06 million on training 422,300 person-times of employees, including 150,500 person-times of managerial and technical personnel, accounting for 36%, and 271,800 person-times of production workers, accounting for 64%.



on training **422,300** person-times of employees

GAC Motor

- Held 5 training sessions under “Trumpchi Lecture” to enhance the influence of training brand, involving the participation of 573 person-times;
- Promoted “GAC production mode”, compiled the teaching materials of 10 courses to support the spreading of GPS;
- Provided 6 special training sessions for the backbone members in production field, involving the participation of 257 people;
- Launched the “Training of Managerial Personnel for Trumpchi Eagle Series”; selected 613 backbone members in the management to external open course training and the training in technical business; organized internal training for 2,021 section chiefs and backbone members.

GAC Toyota

- Held seminars to exchange and learn experience in structural reform projects;
- Selected the right people into the advanced study and training program

GAC Honda

- Launched 643 internal and external training sessions of 463,000 class hours in accumulation, involving the participation of 70,900 person-times;
- Provided different employees with 9 training courses, involving the participation of 500 person-times

GAC Business

- Made annual training plan;
- Held the internal training of *Skills for Efficient Communications* and the external training of *Commercial Changes in the Age of Big Data*, involving the participation of over 600 person-times.

Update of Employee Training & Learning



GAC Trumpchi Lecture on Safety



Training Camp for new managerial staff of GAC Honda



Training of GAC Honda staff for Code of Conduct



Capability Enhancing Training for Managers of GAC Motor



Thousand People Quality Improvement & Dream Fulfillment Program

In 2016, the trade union of GAC persisted in the biannual “Thousand People Quality Improvement & Dream Fulfillment Program”, made a success of the inclusive project of enhancing staff quality and satisfied their thirst for knowledge and personal achievements. In addition to the RMB 270,000 given by the Guangzhou Federation of Trade Unions, it spent RMB 2,567,000 in the year, adding up to a total of RMB 2,837,000, on the diploma education and technique training of employees, benefiting 1,121 persons, true to the name of “Thousand people quality improvement”.



benefit **1,121** persons

Professional competition. Giving play to the facilitating effect of skill competition in corporate development and staff growth, the trade union of GAC held 2 provincial-level class-2 vocational skill competitions: “Logisticians of Auto Industry” and “Car Assemblers of Auto Industry”. 2 employees were awarded “May 1st Labor Medal of Guangdong Province” by the Federation of Trade Unions of Guangdong Province; 10 employees were rated as “Technical Expert of Guangdong Province” and 19 as “Technical Expert of Guangzhou City”; 161 employees were promoted to the vocational qualification of senior workers.



Vocational Skill Competition of Logisticians of Auto Industry of Guangdong Province



For excellence in innovations. GAC Motor won the “May 1st Labor Citation of Guangdong Province”; the Production Standard Team of the Technical Section, Quality Department, GAC Toyota was selected as “Workers’ Vanguard of Guangdong Province”; He Kaixin Model Worker Innovation Studio of GAC Motor was rated as a “Demonstrative Model Worker Innovation Studio of Guangdong Province”; GAC Components was selected as a “Innovation Demonstration Base for Employees of Guangzhou City”; Mengxiang Innovation Studio of GAC Honda was rated as a “Demonstrative Model Worker Innovation Studio of Guangzhou City”; Ye Shiyuan of GAC Honda was awarded the “National May 1st Labor Medal”.

Rich cultural and sports activities. GAC held the GAC Employee Games, an activity that occurs every 4 years, which included 62 competition items in 16 events, e.g. basketball, swimming, track & field, involving the participation of more than 3,800 people from 20 enterprises; GAC Honda set up the table tennis team and volleyball team of the group, which took part in the table tennis game and volleyball game organized by the SASAC of the city; GAC Toyota organized the football team of the group, which took part in the employee football invitation tournament of Guangzhou; GAC Motor formed a cheerleading team, which represented GAC Group at the art show of SASAC and the 5th National Setting-up Exercise/Dance Contest, winning the title of “Optimal Entertainment Item of State-owned Asset Sector” and the special prize for the youth group; GAC Components organized the badminton team of GAC, which took part in the badminton competition of SASAC and the Employee Badminton Invitation Tournament of Guangzhou, where it won good results, including the women’s singles champion, men’s singles runner-up and third place of groups.



The Fourth Employee Games of GAC Group



Helping hand given to needy employees. The foundation of GAC intensified the help given to the needy employees and, in 2016, increased the number of serious diseases eligible for aid to 10, including “severe aplastic anemia (SAA)”. In the year, it provided unscheduled aid to 432 employees and regular aid to 25 employees, issued RMB 2.68 million of relief funds and added the “May 1st” consolation visits to the employees suffering serious illness and work-related injury. The labor union of GAC carried out the activity of “Home Visit during New Year’s Day and Spring Festival”, while the leaders of GAC visited retired cadres, needy Party members and employees with low income and/or chronic or serious illness. In 2016, the father of an employee with DaSheng Technology Co., Ltd. fell into a serious disease. The fellow employees of the enterprise donated RMB 12,732 and the foundation of GAC offered RMB 10,000 of “unscheduled aid” fund.



GAC FCA Third Collective Wedding of Employees of “Free Love•Boundless Light”



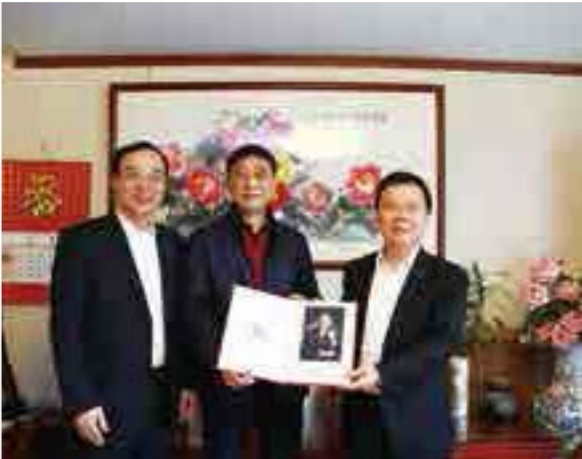
A colorful relay race at GAC Mitsubishi



Dancing GAC People



Employees’ Reading Room at GAC Mitsubishi



GAC Group Leader visits the retired cadres of GAC



GAC Group Leader visits the needy employees of Wuyang-Honda

ENVIRONMENTAL PROTECTION FOR A GREEN WORLD

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The future travel demand will underline energy conservation, environmental protection, safety, comfort, convenience and efficiency. The solution of “smart + connectivity + green travel” solution can address the existing challenges of urban congestion and atmospheric pollution. In response to the call of the state for “green development”, GAC Group commits itself to an auto undertaking that features new energy, energy conservation and environmental protection, supports the smart connectivity green travel, boosts the green and sustainable development of the auto industry.

Developing the New Energy Undertaking

The future travel demand will underline energy conservation,environmental protection, safety, comfort, convenience and efficiency. The solution of “smart + connectivity + green travel” solution can address the existing challenges of urban congestion and atmospheric pollution. In response to the call of the state for “green development”, GAC Group commits itself to an auto undertaking that features new energy, energy conservation and environmental protection, supports the smart connectivity green travel, boosts the green and sustainable development of the auto industry.

GAC Group has, in accordance with the requirements set forth in the “Guiding Opinions of the State Council Office on Accelerating the Promotion and Application of New Energy Vehicles” and MIIT’s “Catalogue of Recommended Models for NEV Promotion and Application”, elevated the development of new energy vehicles (“NEV”) to a strategic height and made comprehensive arrangements; In 2015, established the “153” strategy for development of new energy, which has clarified the building of R&D platform, R&D of core technology and the key development direction of products. Under the strategy, GAC Group will manufacture and sell over 200,000 NEVs by the year 2020 and form the technological advantages and competitive products of NEVs. In 2016, 3,378 NEVs were sold, registering a year-on-year increase of 189%. In the upcoming 5 years, GAC plans to roll out 10 NEV models and complete the construction of a special platform for NEVs.



Increasing the investment in NEVs. In 2016, GAC set up a NEV company and increased the investment in NEV market. After Trumpchi GA5 REV, it rolled out three more NEV models: GA3S PHEV (plug-in hybrid vehicles), GS4 EV (electric vehicles) and GS4 PHEV (plug-in hybrid SUV), with products covering all the 4 types of hybrid, plug-in hybrid, E-REV electric and electric vehicles. An overall capability has been created to incorporate research, production, supply and marketing.

Trumpchi GS4 of GAC Motor achieved the lowest fuel consumption of 5.8L/100km, an amazing result proving that SUV can also be highly fuel-saving; GAC Honda pushed on the trial production and testing in the early period of the introduction of new models and enabled “Accord Hybrid” to take part in market competition with a fast startup speed (0-100Km/h taking merely 8 seconds) and high fuel economy (1,475Km/1 tank of oil); Levin Hybrid of GAC Toyota stands out for a fuel consumption of only 4.2L/100km in comprehensive working conditions, meaning that each vehicle can reduce the emission of carbon dioxide by about 9 tons a year if the calculation is based on a driving range of 200,000km/year; under the guide of the “SUV + New Energy” strategy, GAC Mitsubishi accelerated its efforts in the new energy field and all the three models in production, including Pajero Sport, ASX and Outlander, meet the requirements of China V standard; the 6×4 tractors of 700 series of GAC Hino excels in fuel-saving performance with a fuel consumption of only 1.16L/100km at the constant speed of 65km/h.



GA5 REV
Comprehensive fuel consumption 2.4L; sales >5,000 units



GE3 EV-A0-grade Electric SUV
Electric distance per charge can reach 300km



New Accord · Sport Hybrid
The low fuel consumption (4.2L/100km at the lowest) brought by the efficient dual electric motors earned it 10 awards, including the “New Energy Award of the Year”



“Levin” hybrid
The titles the model won in include “Hybrid Vehicle of the Year”, “Environmental-friendly and Energy-saving Model of the Year” and “Most Popular Hybrid Model”

Persisting in the R&D of new energy products. GAC has built an AWD hybrid assembly architecture that is applicable to multiple new energy power solutions. The hybrid and pure electric models under research by GAC Motor in 2016 included GA3S PHEV, GS4 PHEV, GA6 PHEV and GE3. GAC Engineering and CATL are jointly developing vehicle batteries of high energy density to advance the lightweight development of vehicles. GAC promoted the independent development and application of batteries to master such technologies as PACK assembly, the temperature management and the online/offline testing of battery packs and realize the independent production of battery packs. GAC has achieved the integrated design of the generator, driving motor, accelerator, decelerator and clutch of the GMC electromechanical coupling system to enhance the fuel-saving performance of vehicles.



GMC Electromechanical Coupling System

Assisting new energy-enabled travels. Nearly 100 of the 400 electric buses of GAC BYD have got into the public transportation sector of Guangzhou. GAC Business launched regional experiment with taxis, car rental and time-share rental. GAC Leasing carried out the new business of direct rental and the vehicle financing business of online platform and teamed up with online ride hailing platform such as Didi to expand the direct rental business of online-hailed cars. Under the boost of GAC Group, an all-round “green travel” system has taken shape preliminarily in Guangzhou, covering new energy private cars, new energy buses and energy-saving new energy taxis.



New Energy Taxi-“Levin” Hybrid



New Energy Private Car-Electric SUV GS4 EV



New Energy Bus - K9

Expressing opinions and ideas on new energy. GAC was represented at important national new energy forums, including the Commercial Roundtable of World Economy Forum, Guangzhou International Summit on Electric Vehicle Industry, NEV Summit Forum of 2016 Cross-Strait Economic and Trade Fair. It undertook the “Innovation and Intelligence for a Green Future - EV Industry Roundtable of 2016 China Guangzhou Annual International Investment Conference” to discuss a series of hot issues, including the application and promotion of EV industry, building an exchange platform that facilitates the development of the industry and advocate new energy at important forums at home and abroad.



EV Industry Roundtable of 2016 China Guangzhou Annual International Investment Conference

Promoting Energy Conservation and Emission Reduction

GAC Group, in line with the “Law of the PRC on the Prevention and Control of Atmospheric Pollutions”, the “Ambient Air Quality Standard”, the “Environmental quality standards for surface water”, and the “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes” and other relevant laws and standards, carries through the philosophy of green environmental protection, develops energy-saving and environmental-friendly models by revolving around the goal of energy conservation, consumption reduction, decrease of pollution and increase of benefits, advances the construction of smart, intensive and environmental-friendly factories, takes part in setting the industrial standards for energy conservation and emission reduction, improves environmental performance and builds an “environment-friendly” pioneering enterprise.

Building environmental management system. Driven by GAC Group, GAC Motor used DMAIC (definition, measurement, analysis, improvement, control) method in the entire process of energy management to eliminate the root that causes energy waste and reduce the fluctuation of energy. In 2016, the carbon footprint of unit products fell by 22.6% from 2015; GAC Toyota strengthened the building of its ISO14001 environmental management system, adhered to the activity of “persisting in creating China’s No. 1 industrial chain of environmentally sustainable development” as its environmental guideline and abides by environmental laws and regulations, achieving the result of 0 complaint against illegal act; it also carried out the activity of exchanges between suppliers and distributors and, in the whole year, took 114 measures to improve environmental protection, realized a single vehicle energy consumption of 3.75GJ and saved 2,300 tons of standard coal; compared with 2015, the single vehicle energy consumption fell by 2.4%.



GAC FCA (Changsha Factory) certified to ISO14001 environmental management system

Unit Product Carbon Emission of GAC Motor

Item		Total	Unit Carbon Emission
Emission of carbon dioxide	2016	91,661 tons	0.24 ton/vehicle
	2015	56,243 tons	0.31 ton/vehicle

Building smart environmental-friendly factories. GAC Motor has extended the idea of “green factory, beautiful Trumpchi” to every corner of the enterprise and listed as the most preconditions energy conservation, environmental protection, emission reduction, consumption lowering and recycling to build an environmental-friendly and energy-saving factory in pursuit of the consummation of harmonious man-vehicle development.

Environmental Protection Initiatives of GAC Motor for Green Factory



Energy conservation

Free of pollution, noise and radiation, the solar-wind energy-saving lights transform wind power and solar energy into electric energy by using the natural renewal energy that is inexhaustible.



Solar-wind energy-saving lights

Painting



100% use of water-soluble environmental-friendly paint, which has reduced atmospheric pollution and improved operation environment.



100% use of water-soluble environmental-friendly paint in painting workshop

Noise reduction



The press line is totally enclosed to prevent noise and dust by sealing the noise-making machinery equipment in a small space that keeps it away from the surrounding environment to reduce the hazard of noise against environment and human body.



Press Workshop

Emission reduction



The domestically-advanced servo tail gas extractor can remove the toxic and harmful substances and fume in the waste gas discharged in industrial production before the up-to-standard discharge thereof to reduce atmospheric pollution.



Fume Extractor

Consumption reduction



The internationally advanced wall-mounted robot welding system can greatly enhance efficiency while improving welding quality, reduce manual operation and lower consumption. The assembly equipment line uses world-class friction-driven pipeline of high efficiency and low energy consumption and noise.



Automatic Welding System and Assembly Equipment Line

Pollution discharge



The pollution discharge and purified treatment system can reduce the discharge of sewage to achieve the harmonious coexistence of internal and external environment.



Sewage Treatment System

Practicing Green Culture

GAC Group advocates green culture, conducts exchanges on environmental protection, builds a green supply chain, promotes green office work and boosts the public welfare projects of environmental protection and keeps to a road of sustainable development.

Fostering the awareness for environmental protection. GAC Toyota practiced a green life and continuously carries out activities designed to enhance environmental protection awareness. Such activities it held in 2016 include Environmental Activity Month, environmental protection cartoon design competition and environmental protection knowledge competition; implementing its environmental protection tenet of “One Blue Sky, One Homeland”, GAC FCA held the DIY contest of “turning wastes into valuables” and collected 116 works from the employees, 86 excelling ones of which were put on an itinerant show to fully exhibit the idea of recycling, green and low carbon.



“One Blue Sky, One Homeland” of GAC FCA

To enhance the awareness of all members for environmental protection and advocate energy conservation and environmental protection, GAC FCA released the guideline of “One blue sky, One homeland” and set up publicity posters to create an atmosphere for energy conservation and environmental protection. The content of the posters covers economization of water, electricity and paper, garbage classification, advocacy of low-carbon life and protection of a common homeland.



GAC Toyota TMC Global Environmental Case Presentation



Environmental Protection Competition of GAC Toyota



Environmental Protection Philosophy of GAC FCA



Excelling Works in DIY Contest of “Turning Wastes into Valuables” of GAC FCA

Carrying out exchanges on environmental protection. GAC Toyota continuously carries out environmental protection activities involving the residents, pupils and suppliers in the surrounding communities, including the exchanges with the pupils and suppliers about environmental protection, drawing the participation of some 700 people. It also won the first place at the environmental case presentation of Toyota business entity China and attended the global environmental case presentation of Toyota in November in Japan, where it won a gold award.



GAC Toyota holding exchanges with surrounding suppliers about environmental protection



GAC Toyota holding exchanges with surrounding schools on environmental protection

Creating a green supply chain. GAC attached much importance to the management of the environment and social risks of its suppliers. It strengthened green procurement, managed social risks, and witnessed no actual or potential material negative impact of the suppliers on the environment protection, human rights and labor protection. GAC Honda pushed on the energy conservation and emission reduction of supply chain; released annual environmental guideline and objectives of energy conservation and emission reduction through the procurement conference (to cut greenhouse gas emission by 1%); investigated the emission reduction performance of suppliers through the SLIMOFFICE system, implemented environmental field verification and guides them in making optimization and improvement in such aspects as construction of environmental system, compliance with laws and regulations, visualized management and the management of tier-2 suppliers; commends the suppliers excelling in environment at the annual procurement assembly to get together with them in jointly building a green and environment-friendly supply environment.

Green office. GAC Hino publicized conservation of energy, reduction of garbage and creation of a green working environment; optimized production arrangement plan, reduced the consumption of electricity, water and gas during production, especially by auxiliary facilities and equipment. It lowered the energy consumption of some equipment in non-production hours, strengthened the management of general solid wastes and hazardous wastes, promoted paperless office work, restricted on printing under quota and enhanced the awareness of environmental protection among the employees.

Office Energy Consumption and Waste Emission of GAC Hino

Item	2015	2016	Year-on-Year
Electricity (kwh)	4941122	4615155	- 6.6%
Natural gas (m3)	194485	191451	- 1.6%
Water (ton)	58707	64028	+9%
Converted to standard coal (ton)	865.9	837.38	- 3.3%
Industrial wastes (ton)	777.40	446.52	- 43%
Hazardous wastes (ton)	25.24	29.07	+15%

Practicing green public welfare. GAC Honda held its 2016 tree planting activity in Xinghe County, Inner Mongolia and planted about 120,000 trees, covering a total, area of 1,200 mu, which can absorb 2,210 tons of emitted carbon dioxide each year to improve the local air quality. Since 2001, GAC Honda has invested heavily in tree planting and desertification control for 16 consecutive years, which improved the environment in Xinghe of Inner Mongolia, Fengning of Hebei, Beijing and Tianjin.



10th Honda China Contest of Energy-saving Skills of GAC Honda in 2016

GAC Motor

GAC Motor joined Sanjiangyuan National Park Administration and the World Wildlife Fund (WWF) in sponsoring the project “Born in Sanjiangyuan - Creation of National Park” and participated in the construction plan of China’s first national park. The move marked the beginning of public participation in the construction of national parks and played the role of ice breaker in exploring the system and mechanism of national parks.



“Born in Sanjiangyuan—Creation of National Park” Project

GAC Honda

Teamed up with Guangzhou Environmental Protection Bureau, the Green Shoots Foundation and Alxa SEE Pearl River Project Center to launch the “GAC Honda • Loving Care” campaign of protecting the ecology of the waterhead area of Liuxi River.

Held “GAC Honda Cup” environmental protection photography contest to draw the attention of the public to environment.

Financed GAC Honda •2016“Beautiful Huangpu”48-km hike to encourage the public to experience the city in green.



“GAC Honda • Loving Care” campaign of protecting the ecology of the waterhead area of Liuxi River



Team Attending the “GAC Honda Cup” Environmental Protection Photography Contest



Kick-off Ceremony of GAC Honda Hike

GAC Toyota

Held the activity “Meet on the Earth Day - 2016 Family Environmental Protection Trip of GAC Toyota”, with 37 families of employees, car owners and public gathering in Nansha to get into the nature.



Freezing the color of nature in your eyes

Collaborated with Nansha District government for the annual release of fries in Nansha Seaside Park



Fry Releasing Activity

EXPANDED PARTNERSHIP AND GLOBAL COOPERATION

Promoting Industrial Cooperation 72

Promoting International Cooperation 74

Chasing dreams with partners and advancing cooperation, GAC Group walks hand in hand with its partners to strengthen the coordinated development of the industrial chain, boosts international exchanges and cooperation, brings a beautiful automobile life to global consumers.



Promoting Industrial Cooperation

By cooperating with global leading automobile brands and absorbing advanced production technology and management experience, GAC Group has created its own production mode that leads the industry and is innovative, fostered industrial clusters and organized participation in the exchanges and discussions of the auto industry to boost its healthy development.

Creating the partner system of the industrial chain. GAC Group worked for the win-win cooperation with the partners of auto parts, commercial and trade service, automobile credit and insurance in the upstream and downstream of the industrial chain. In its years of production and operation, GAC Motor, on one hand, shared interests with its strategic partners, e.g. distributors and suppliers, in the upstream and downstream of the industrial chain and, on the other hand, continuously exported the corporate culture and ideas of Trumpchi brand through the information sharing mechanism and joined its partners at the right time in taking part in public welfare projects, thus winning the recognition of many partners in terms of brand feelings.



GAC FCA Guangzhou Factory Completed and Localized Jeep Renegade Rolling off line

On April 18, 2016, GAC Fiat-Chrysler Automobiles Co., Ltd. (“GAC FCA”) formally commissioned its Guangzhou factory and rolled the localized Jeep Renegade off line on the same day to meet the increasingly more professional needs of the young generation seeking for a high-standard way of life and choosing their first SUV. This is another milestone event of GAC FCA after the new Jeep Cherokee was put into production in its Changsha factory, accelerating the further development of the company and the full-scale entry of Jeep brand into the mainstream market of China.

“Today, the completion of our Guangzhou factory and the rollout of domestic Jeep Renegade mark another historic step taken in the globalization strategy of the Jeep brand, and also mean that GAC FCA, a joint venture with our important partner GAC Group, will witness great improvement of competitiveness.”

——Marchionne, CEO of Fiat Chrysler Automobile Group



Joint discussion on the future development of the industry. On April 26, 2016, China Automobile Forum was held at the Beijing Conference Center. Mr. Zeng Qinghong, the then General Manager of GAC Group, delivered a keynote speech entitled “Development Strategy and Opportunity of GAC Group”.



GAC Group attended the 2016 Taida Automobile Forum on the supply side structural reform . Mr. Wu Song, then Vice President, was present upon invitation at the plenary session under the theme “Enterprise Strategy of Supply-Side Reform” and made a speech entitled “Innovation-Driven Structural Reform”. In the speech, he talked about how GAC persisted in the innovation-driven approach by taking into account the development situation of the auto market and the conditions of the enterprise itself to implement systematic engineering in R&D, production, management, services and brand and carry out the structural reform of the supply side of the auto industry, thereby achieving remarkable results.

Promoting International Cooperation

GAC Group adheres to an internationalized development strategy and goes all out to build competitive global R&D system, global procurement and supply chain system, global production system, overseas marketing system and overseas service system through the integration of global resources to enable its own brands to make a breakthrough in the major auto markets of the world and become an advanced internationalized automobile group that provides global consumers with auto products and services of the highest value. The plan is for the scale of overseas sales to take up 5~10% of the overall scale of the self-owned brand of GAC by 2020 so that Chinese brands can march into the world arena.

By the end of 2016, the number of foreign-funded partners of GAC Group and its invested enterprises reached nearly 40, including Honda, Toyota Motor Corporation, FCA Group, Mitsubishi Motors, Hino Motors, Credit Agricole Consumer Finance, Aioi, Tokyo Seating Corporation, Denso, Bridgestone, Magna International, Stanley Electric, Showa, Mitsuba, Pukka, Toyota Textile, Toyota Tsusho Corporation, Hayashi Telempu Co., Ltd., KUMURA UNITY, NYK, Carmax and Taiwan Dongyang.



Partnered with 2017 Guangzhou Fortune Global Forum

On March 2, 2017, contract signing ceremony was held in Guangzhou GAC Center to mark the cooperation between GAC Group and 2017 Guangzhou Fortune Global Forum. The dignitaries present to witness the event included Chairman Zeng Qinghong and President Feng Xingya of GAC Group, Alan Murray, Chief Editor of the *Fortune* magazine and John Needham, Managing Director of Fortune Global Forum. The aim is to exhibit the brand image of GAC through the world famous forum platform as it continuously enhances itself and goes global.



Cooperation agreement signed by the representatives of GAC Group and 2017 Guangzhou Fortune Global Forum



On December 21, 2016, the Myanmar Exhibition Hall of GAC Motor started business in Yangon. The representative of Myanmar distributor LS AUTO praised that: GAC Motor is in cooperation with the top-grade auto parts suppliers of the world and aligns itself with international standard in automobile quality so that it can meet the demand of local consumers in both design and quality.



CONTRIBUTIONS TO COMMUNITIES AND DISSEMINATION OF LOVING CARE

Supporting Cultural and Sports Undertakings	78
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Aiming to “become an excellent corporate citizen”, GAC Group supports cultural and sports undertakings, carries out activities of public charity, poverty alleviation and disaster relief, advocates safe driving and continuously makes new and greater contributions to public welfare undertakings. In 2016, GAC and its affiliated enterprises invested over RMB 67.2 million in public good endeavors, e.g. charity, culture, sports and education.

Supporting Cultural and Sports Undertakings

GAC Group supports the development of China's cultural and sports undertakings and has incorporated such support into its CSR system. It repeatedly sponsored high-end international sports events and the featured activities of the city, e.g. the international festival of lights and the Spring Festival flower fair, provided all-round support for scientific, educational, cultural and health undertakings and ensured the reception car service for the state guests of G20 summit, 2016 China Guangzhou International Investment Annual Meeting and the national "Two Sessions".



Donating cars to Olympic champions

GAC Motor rewarded Guangdong athletes winning the champion at Rio Olympic Games in Brazil with high-quality automobile products of independent innovations, to encourage Guangdong athletes to carry through the enterprising spirit of incessant striving in the hope that the Olympic spirit can be inherited and passed on.



To the Olympic champion represents Fu Haifeng (badminton doubles), Chen Yisen (men's diving) presented GAC Trumpchi GS8.

Giving a boost to Guangzhou Culture

Participated in and supported Guangzhou International Festival of Lights, Xihu Spring Festival Flower Fair, Lingnan Forum and other special feature events to extend warmth, repay the society and share the joy of business growth.



Leaders of Guangzhou Municipality visited the booth of GAC Trumpchi GS8 at the Xihu Spring Festival Flower Fair

Cars for large conferences

As designated vehicle of G20 summit, GAC Trumpchi GA8 provided excellent and safe service for the government leaders of the countries represented at the event. The model also served the New Leaders Annual Meeting of 2016 Summer Davos Forum, exhibiting the highest quality of Trumpchi as the vehicle for state guests in the products made in China.



Trumpchi GA8 as the vehicle officially designated for G20 Summit

Promoting Public Charity

GAC Group revised the "Measures for Management of Donations to External Public Welfare" to improve the idea of public welfare brand and create a public welfare system capable of sustainable development. At the kick-off ceremony of 2016 Guangdong Poverty Alleviation Day and "Yangcheng Charity for the People" of Guangzhou, it donated RMB 18.45 million to 14 charity projects and became the state-owned enterprise making the largest donation in 2016, winning the honorary title of "2016 Five-Star Unit on Guangzhou Charity List" and the gold award "Kapok Cup of Guangdong for Poverty Alleviation".

In 2016, GAC donated over RMB 67.2 million to public welfare projects of student aid, recovery from illness, poverty reduction, helping the disabled and incapacitated the seniors, safe travel and green environmental protection, benefiting a large part of the society. To support the education undertakings of Hualong Town, Panyu District, GAC Group donated RMB 10 million to Fusu Primary School in the town as education fund; GAC Motor donated RMB 5 million to Hualong Hospital in Panyu District to be used as special medical fund for improving medical service and contribute to the harmonious development of the community in fulfillment of its corporate social responsibility.



Guangdong docking poor day **14** charitable projects

the Group donated over **RMB 67.2 million** to public welfare projects



GAC Vice President Zhang Qingsong at the Awarding Ceremony



Charity Organization of 2016 Guangzhou Charity List



Case

I have heard the sound of dream on the most beautiful 7.7km of Guangzhou

*"Guangdong Provincial Museum-Guangzhou Metro-Guangzhou Tramcar
A group of dream-chasing teenagers walk from the palace of art to the public space"*

February 12, 2016 saw the start of the "Meet the angels and pass on love" metro carriage concert financed by GAC Group in the special GAC train of Guangzhou tramcar on the line praised as the "most beautiful 7.7km of Guangzhou". The Art Troupe of Dream Chasing Angels composed of special teenagers sang the songs of "On the wings of songs", "Heavy Rain", "Love is my eyes" and "Smile under the sun", which enabled more people to see their pursuing of beauty.



"Dream Chasing Angel" Wang Zi'an



GAC Special Tram

Innovating the system of public welfare. In 2016, GAC Toyota came up with public welfare brand concept of “attentively care for everyone” and shifted from the initial donation of money and goods to the present establishment of a public welfare platform. The purpose is to mobilize more people into the cause and commit acts of public welfare with care to form a public welfare system that covers multiple fields.

Enriching the fields of public welfare. In 2016, GAC Group and its affiliated enterprises launched a wide range of public welfare projects in the charity fields that cover environmental protection, education, disadvantaged groups and community construction, forming a good joint force in public welfare.

Fields of Public Welfare	Projects of Public Welfare	Influence on Public Welfare
 Environmental protection	<ul style="list-style-type: none">GAC Motor Innovation and Protection Project of Sanjiangyuan National Park	<ul style="list-style-type: none">Made innovations in the ecology protection management system and jointly carried out diversified activities of public welfare
	<ul style="list-style-type: none">Joint afforestation project of GAC Honda · Xinghe County of Inner Mongolia	<ul style="list-style-type: none">Planted about 120,000 trees and completed the greening of 1,200 mu of land, enabling the absorption of 2,210 tons of emitted carbon dioxide each year.
	<ul style="list-style-type: none">GAC Honda · Green Sprouts public welfare environmental protection activity for Liuxi River waterhead area.	<ul style="list-style-type: none">Built 3 ecological agricultural bases to protect the waterhead area. At the protection base of Leming Village waterhead area, the quality of surface water has risen from lower than class-3 water to higher than class-3 water.
 Education	<ul style="list-style-type: none">GAC Group · project of donating money to Fusu Primary School in Hualong Town	<ul style="list-style-type: none">Intended to help with the construction and expansion of the school, develop community education and improve teaching conditions
	<ul style="list-style-type: none">GAC Group · Guangzhou campaign of “Yangcheng Charity for the People”	<ul style="list-style-type: none">“Grow hand in hand”—Paired student aid activity of Guangzhou to help address the schooling difficulties of the children in need of urgent assistance in mountainous areas
	<ul style="list-style-type: none">GAC Motor· Project of donating plateau mobile teaching van to the poverty-stricken county in Qinghai Province	<ul style="list-style-type: none">Relied on the mobile teaching mode of “Antelope Van” to help the children in remote mountainous areas experience modernized teaching mode.
 Helping disadvantaged groups	<ul style="list-style-type: none">GAC Group · Assistance project of Guangzhou Employee Relief Foundation	<ul style="list-style-type: none">Helped the needy employees and migrant workers of Guangzhou to address the life problems in urgent need of solution
	<ul style="list-style-type: none">GAC Motor· Happiness Project——Activity of Helping Needy Mothers	<ul style="list-style-type: none">Helped the needy mothers and families implementing family planning in poor areas change their living status and lead a happy life
	<ul style="list-style-type: none">GAC Honda · Project of donating Odyssey to the Disabled Training, Education and Development Foundation of Guangdong Province	<ul style="list-style-type: none">Supported the project of Disabled Young Ambassador to help every aspirant man to fulfill their dreams.
	<ul style="list-style-type: none">GAC Honda · Poverty relief project at Daqiao Village, Jiangying Town, Yangshan County, Qingyuan	<ul style="list-style-type: none">Helped the local families in exceptional difficulties
 Helping the disabled and the seniors	<ul style="list-style-type: none">GAC Group · project of donating to Guangzhou Aged Undertakings Foundation	<ul style="list-style-type: none">Helped incapacitated the seniors and the elderlies in poor areas
	<ul style="list-style-type: none">GAC Group · “Heavenly Music” We Media radio project of Dream Chasing Angels	<ul style="list-style-type: none">Helped the disabled children of Dream Chasing Angel Art Troupe realize dreams about art and present the “Heavenly Music”
	<ul style="list-style-type: none">GAC Group · project of aiding the disabled students in Tianhe Qihui School of Guangzhou	<ul style="list-style-type: none">Provided free lunch for all the disabled students of the school
 Social construction	<ul style="list-style-type: none">GAC Motor· project of donating to Hualong Hospital in Panyu District, Guangzhou	<ul style="list-style-type: none">Improved the medical equipment and conditions of local residents of the school



GAC FCA becoming base of practice activities for a famous time-honored school

From July 11 to 14, 2016, some 130 second-year high school students from the 100-year-old famous school - Middle School Affiliated to Hunan Normal University completed their summer vacation practice activity in GAC FCA. Principal Chen Xionghuai of the school presented the plaque “Student Practice Activity Base” and praised GAC FCA as an enterprise with a high sense of social responsibility.



Some 130 teachers and students got into GAC FCA from the time-honored famous school—Middle School Affiliated to Hunan Normal University



GAC Mitsubishi organized free blood donation for 4 consecutive years, with 62 employees donating blood and their loving care to the society



GAC Mitsubishi held March tree planting activity under the theme “Innovating auto life • protecting green earth”

Responding to Disaster and Emergency

In 2016, GAC Group implemented the safe production responsibility system, intensified the target management of responsibility for safe production, realized the standardization of safe production, improved the accident and emergency response system, conducted safe production publicity, education and training, carried out activities of addressing accident potentials. In the year, GAC Group and its affiliated enterprises launched 470 emergency escape drills, involving the participation of 71,810 people (including comprehensive drills, special drills and disposal drills), and provided 607 training sessions about the relevant content of emergency escape, involving the participation of 60,650 people. No fatal accident occurred in the year.



launched **470** emergency escape drills

provided **607** training sessions

Promoting Safe Driving

GAC Group assumes the responsibility of presenting the knowledge about safe driving and has carried out a number of public welfare activities of safe driving to spread the idea about safe driving and commit itself to “creating a traffic society of zero accident”.

Carrying out the public welfare activities of safe driving. GAC Honda and other enterprises set up three bases in Guangzhou, including Xiyuan Safe Driving Center, exhibition hall of popular science about automobile safety for youngsters and the safety experience area in the children's park. GAC Toyota donated money to the construction of “Children’s Safety Experience Classroom” in Chengdu, Qingdao and Zhengzhou, which provides traffic safety knowledge and safe driving training services for children, youngsters and adults.

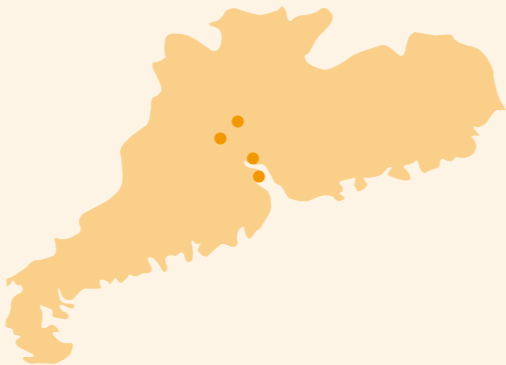


GAC Honda Safe Travel in China——For the Safety of All

On December 1, 2016, GAC Honda launched 2016 Safe Travel in China and teamed up with Didi Travel, the strongest service platform of online car hailing, to provide safe driving training for the drivers of Didi Travel in the four cities of Guangzhou, Foshan, Zhuhai and Zhongshan through the safe driving base of GAC Honda in Zengcheng to enhance the traffic awareness of the entire society.



GAC Honda kicked off 2016 Safe Travel in China



GAC Toyota public welfare · safe activity

In 2016, GAC Toyota creatively developed richer forms of safety activities for public welfare by focusing on children: the interactive experience game of traffic safety using the theme “Happy Small Town”; publication of the second “Serial Picture Book of Happy Small Town”——“Wonderful Car Travel”; creation of the serial courses entitled “Car Genius CSO”, which use children’s mind and imagination to vest vehicles with life and stimulate the interest and enthusiasm for learning vehicle safety knowledge. By now, some 100,000 children and their family members have benefited from the public welfare ·safety activities of GAC Toyota.



Public welfare · safety activity of GAC Toyota committed to popularizing traffic safety knowledge among children



DaSheng Technology Co., Ltd. cares for the safe ride of children

In November 2016, DaSheng Technology Co., Ltd. held lectures on the safe ride of children aged 3~6, a unique group in passengers. Through the interactive mode of learning through play, the lectures spread knowledge about safe ride. Families were invited to the event to increase awareness for the safe ride of children and the need to protect their safety in ride, thereby contributing to the creation of a “safe city that keeps children unharmed”.



The children taking part in the activity built the “good car” in their mind with toy bricks.



Parents in a lecture about “safe ride of children”

Popularizing the knowledge about traffic safety.

In 2016, GAC Motor joined hands with the traffic police of Guangzhou to launch the campaign of publicizing traffic safety and enhance the awareness of the public for traffic safety. GAC Toyota implemented the safe driving project of “Happy Steering Wheel” for the 6th year to cause more families to become a member of traffic safety through “parent company-safety education-inheritance from one generation to another”.



“Happy Steering Wheel” keeping you company for 6 years to safeguard your “happiness”.



Looking Forward in 2017

In the “13th Five Year Plan”, GAC Group puts forward the overall development strategy of “1513”, which means we will, based on the development principle of “collaborative innovation internally and open cooperation externally”, complete 1 goal, consolidate 5 sectors, bring out 1 focus, and achieve 3 major breakthroughs to improve overall core competitiveness and secure sustainable development.

“1” goal



We will strive to produce and sell 2.4 million cars by the end of the 13th Five Year Plan with a compound annual growth rate (CAGR) of 12%, business revenue of over RMB 400 billion, pre-tax profit of over RMB50 billion, which makes us a leading automobile group.

“1” focus



GAC will focus on developing self-owned brand to realize leapfrog development in this area.

“5” areas



We will improve five sectors of R&D, whole vehicles, part and components, commercial service, as well as financial service.

“3” major breakthroughs



We will achieve major breakthroughs in three areas of electrification, internationalization and connectivity.

In the following five years, GAC Group will further promote the “1513” strategy:

- acquire full set of core technology, develop competitive automotive products, build up R&D carrier of core technology, and drive sustainable development of GAC Group with science and technology innovation;
- take the whole vehicle business as the core pillar that drives common development of other business areas, overseas market, and new energy vehicles, establishing a tripartite layout in vehicle sector;
- start from product mix, corporate structure, R&D and production capability and supporting systems to improve the supporting capability for parts;
- consolidate the foundation of GAC’s vehicle business for owners to improve our leading position in vehicle sales and after service, extend services on industrial chain, and build our strength in business and trade competition;
- build diversified financial service platforms and capital engines mainly providing diversified financial services.

Kep Performance Form

Indicator	Unit	2014	2015	2016
Consolidated total assets	RMB100 million	624.09	671.66	820.92
Summary of business revenue	RMB Million	208446	221217	275772
Consolidated business revenue	RMB100 million	223.83	294.18	494.18
Automobile sales	10,000 units	117.35	129.97	165.01
Motorcycle sales	10,000 units	106.23	107.02	102.20
Payment of corporate income tax (total)	RMB Million	4038	3782	6416.75
Net profits belonging to parent company owners	RMB100 million	31.95	42.32	62.88
Basic earning per share	RMB	0.50	0.66	0.98
Cash dividend	RMB100 million	11.58	10.30	12.87
Position in Fortune 500	Ranking	366	362	303
Patent applications	Piece	448	634	490
Granted patents	Piece	331	331	361
Total number of employees	Person	61725	67205	75672
Proportion of female employees	%	18	18	18

* Cash dividend: refers to cash dividends in a calendar year, including final dividend of last year and interim dividend of the current year.

GRI Index

Serial No.	Content	Location
Strategy and Analysis		
1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability.	Applied
2	Provide a description of key impacts, risks and opportunities.	Applied
Organizational Profile		
3	Report the name of the organization.	Applied
4	Report the primary brands, products, and services	Applied
5	Report the location of the organization’s headquarters.	Applied
6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Applied
7	Report the nature of ownership and legal form.	Applied
8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Applied
9	Report the scale of the organization.	Applied
10	Report the total number of employees by employment contract and gender; Report the total number of permanent employees by employment type and gender; Report the total workforce by employees and supervised workers and by gender; Report the total workforce by region and gender; Report whether a substantial portion of the organization’s work is performed by workers who are legally recognized as self-employed ,or by individuals other than employees or supervised workers, including employees and supervised of contractors; Report any significant variations in employment numbers(such as seasonal variations in employment in the tourism or agricultural industries).	Applied
11	Report the percentage of total employees covered by collective bargaining agreements.	Applied
12	Describe the organization’s supply chain.	Applied
13	Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain.	Applied
14	Report whether and how the precautionary approach or principle is addressed by the organization	Applied
15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Applied
16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	Applied
17	List all entities included in the organization’s consolidated financial statements or equivalent documents; Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	Applied
18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Applied
19	List all the material Aspects identified in the process for defining report content.	Applied
20	For each material Aspect, report the Aspect Boundary within the organization.	Applied
21	For each material Aspect, report the Aspect Boundary outside the organization.	Applied
22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Applied

Serial No.	Content	Location
23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Applied
Stakeholder Engagement		
25	Report the basis for identification and selection of stakeholders with whom to engage.	Applied
26	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Applied
27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Applied
Report Profile		
28	Reporting period (such as fiscal or calendar year) for information provided.	Applied
29	Date of most recent previous report (if any).	Applied
30	Reporting cycle.	Applied
31	Provide the contact point for questions regarding the report or its contents.	Applied
32	Report the ‘in accordance’ option the organization has chosen.	Applied
Assurance		
33	Report the organization’s policy and current practice with regard to seeking external assurance for the report.	Applied
	If not include in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.	Applied
	Report the relationship between the organization and the assurance providence	Applied
	Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability .	Applied
Governance		
34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Applied
35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Applied
36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Applied
37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Applied

Serial No.	Content	Location
38	Report the composition of the highest governance body and its committees.	Applied
39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization’s management and the reasons for this arrangement).	Applied
40	Report the highest governance body and its committees.	Applied
41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Applied
42	Report the highest governance body’s and senior executives’ roles in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Applied
43	Report the measures taken to develop and enhance the highest governance body’s collective knowledge of economic, environmental and social topics.	Applied
44	Report the processes for evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	Applied
	Report actions taken in response to evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Applied
45	Report the highest governance body’s role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body’s role in the implementation of due diligence processes.	Applied
	Report whether stakeholder consultation is used to support the highest governance body’s identification and management of economic, environmental and social impacts, risks, and opportunities.	Applied
46	Report the highest governance body’s role in reviewing the effectiveness of the organization’s risk management processes for economic, environmental and social topics.	Applied
47	Report the frequency of the highest governance body’s review of economic, environmental and social impacts, risks, and opportunities.	Applied
48	Report the highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material Aspects are covered.	Applied
49	Report the process for communicating critical concerns to the highest governance body.	Applied
50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Applied
51	Report the remuneration policies for the highest governance body and senior executives.	Applied
	Report how performance criteria in the remuneration policy relate to the highest governance body’s and senior executives’ economic, environmental and social objectives.	Applied
52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Applied
53	Report how stakeholders’ views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Applied
54	Report the ratio of the annual total compensation for the organization’s highest-paid individual in each county of significant operations to the median annual tatal compensation for all employees (excluding the highest-paid individual)in the same country	Applied

Serial No.	Content	Location
55	Report the ratio of percentage increase in annual total compensation for the organization’s highest-paid individual in each county of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)in the same country	Applied
56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Applied
57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Applied
58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Applied
Economic		
EC1	Direct economic value generated and distributed by the organization.	Applied
EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change.	Applied
EC3	Coverage of the organization’s defined benefit plan obligations.	Applied
EC4	Financial assistance received from government.	Applied
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Applied
EC6	Proportion of senior management hired from the local community at significant locations of operation.	Applied
EC7	Development and impact of infrastructure investments and services supported.	Applied
EC8	Significant indirect economic impacts, including the extent of impacts.	Applied
EC9	Proportion of spending on local suppliers at significant locations of operation.	Applied
Environmental		
EN1	Materials used by weight or volume	Applied
EN2	Percentage of materials used that are recycle input materials.	Applied
EN3	Energy consumption with the organization.	Applied
EN4	Energy consumption outside of the organization.	Applied
EN5	Energy intensity.	Applied

Serial No.	Content	Location
EN6	Reduction of energy consumption.	Applied
EN7	Reductions in energy requirements of products and services.	Applied
EN8	Total water withdrawal by source.	Applied
EN9	Water sources significantly affected by withdrawal of water.	Applied
EN10	Percentage and total volume of water recycled and reused.	Applied
EN11	Operational sites owned ,leased managed in ,or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Applied
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Applied
EN13	Habitats protected or restored.	
EN14	Total number of IUCN Red List Species and national conservation list species with habitats in areas affected by operations ,by level of extinction risk.	Applied
EN15	Direct greenhouse gas (GHG) emissions.	Applied
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Applied
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	Applied
EN18	Greenhouse gas (GHG) emissions intensity.	Applied
EN19	Reduction of greenhouse gas (GHG) emissions.	Applied
EN20	Emissions of ozone-depleting subetances (ods).	Applied
EN21	NOx, SOx, and other significant air emissions.	Applied
EN22	Total water discharge by quality and destination.	Applied
EN23	Total weight of waste by type and disposal method.	Applied
EN24	Total number and volume of significant spills.	Applied
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Applied
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Applied
EN27	Extent of impact mitigation of environmental impacts of products and services.	Applied

Serial No.	Content	Location
EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	Applied
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Applied
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Applied
EN31	Total environmental protection expenditures and investments by type.	Applied
EN32	Percentage of new suppliers that were screened using environmental criteria.	Applied
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Applied
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Applied
Social		
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Applied
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Applied
LA3	Return to work and retention rates after parental leave, by gender.	Applied
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Applied
LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	Applied
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Applied
LA7	Workers with high incidence or high risk of diseases related to their occupation.	Applied
LA8	Health and safety topics covered in formal agreements with trade unions.	Applied
LA9	Average hours of training per year per employee by gender, and by employee category.	Applied
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Applied
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Applied
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Applied

Serial No.	Content	Location
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Applied
LA14	Percentage of new suppliers that were screened using labor practices criteria.	Applied
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Applied
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	Applied
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Applied
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Applied
HR3	Total number of incidents of discrimination and corrective actions taken.	Applied
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Applied
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Applied
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Applied
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	Applied
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	Applied
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Applied
HR10	Percentage of new suppliers that were screened using human rights criteria.	Applied
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Applied
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Applied
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Applied
SO2	Operations with significant actual and potential negative impacts on local communities.	Applied
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Applied
SO4	Communication and training on anti-corruption policies and procedures.	Applied
SO5	Confirmed incidents of corruption and actions taken.	Applied
SO6	Total value of political contributions by country and recipient/ beneficiary.	Applied

Serial No.	Content	Location
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Applied
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Applied
SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	Applied
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Applied
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	Applied
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Applied
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Applied
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Applied
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Applied
PR5	Results of surveys measuring customer satisfaction.	Applied
PR6	Sale of banned or disputed products.	Applied
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	Applied
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Applied
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Applied

ESG Index

Scope	Aspect	Content	Reference
Environmental	Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide , methane, nitrousoxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P63
		A1.1 The types of emissions and respective emissions data.	P63-68
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P63-68
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P67
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P67
		A1.5 Description of measures to mitigate emissions and results achieved.	P58-69
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P66-67
	Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P63-67
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P61-67
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P67
		A2.3 Description of energy use efficiency initiatives and results achieved	P58-67
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P66-67
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
	The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	P60, 63, 66
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P60-69
Social	Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P50
		B1.1 Total workforce by gender, employment type, age group and geographical region.	P50
		B1.2 Employee turnover rate by gender, age group and geographical region.	P85
	Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P52-53
		B2.1 Number and rate of work-related fatalities.	P52
		B2.2 Lost days due to work injury.	Not applicable

Scope	Aspect	Content	Reference
Social	Development and Training	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P52-53
		General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P54-56
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P54
		B3.2 The average training hours completed per employee by gender and employee category.	P54
	Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P50
		B4.1 Description of measures to review employment practices to avoid child and forced labor.	P50
		B4.2 Description of steps taken to eliminate such practices when discovered.	Not applicable
	Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	P67
		B5.1 Number of suppliers by geographical region.	P75
	Product Responsibility	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P67
		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P31
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
		B6.2 Number of products and service related complaints received and how they are dealt with.	P33-34
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	P31
		B6.4 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P31
	Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P44
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not applicable
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P44-45
	Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P76-83
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P78-83
		B8.2 Resources contributed (e.g. money or time) to the focus area.	P78-83



Feedback Form

To continuously improve our social responsibility efforts and enhance our ability to perform social responsibility, we want very much to hear your opinions and suggestions. We would like you to assist in answering the questions in this feedback form and return it to us as described below:

Your information

Name

Organization

Title

Tel

Email

1. Your overall rating of our social responsibility report:

☐ Excellent ☐ Good ☐ So-so

2. Do you think the report can reflect the significant of the company on the economy, society and environment?

☐ Yes ☐ No ☐ N/A

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed herein?

☐ Very high ☐ High ☐ Average ☐ Low ☐ Very Low

4. How do you rate the performance of the company in serving customers and protecting their interests?

☐ Excellent ☐ Good ☐ Average ☐ Below average ☐ N/A

5. Which part of the report are you most satisfied with?

6. What information do you hope to know about further?

7. What are your suggestions on our future release of the report?

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New Town, Tianhe District,Guangzhou





The official website of QR code.

Scan the QR code, pay close attention to the GAC.

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