



**北京汽车股份有限公司**

**BAIC MOTOR CORPORATION LIMITED\***

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

行有道·達天下

Your Wish · Our Ways



# 2017 ESG

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stock code: 1958

\* For identification purpose only



## Notes on Report

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

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

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

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

Other terms and definitions: please refer to the 2017 Annual Report of the Company, unless otherwise specified.

### Publishing Cycle

This is an annual report covering the period from January 1, 2017 to December 31, 2017. Some contents may go beyond the aforesaid period due to explanation needs.

### Principle for Compilation

This Report is compiled in accordance with the Environmental, Social and Governance (ESG) Reporting Guide issued by the Hong Kong Exchanges and Clearing Limited (HKEX or the Stock Exchange of Hong Kong), the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and other standards.

### Notes on Data

Some financial data in this Report come from the 2017 Annual Report, and given any conflict with the data in the 2017 Annual Report, the latter shall prevail. Other data mainly come from internal system of the Company and statistical data of its subsidiaries. All the monetary amounts in this Report are denominated in Renminbi (RMB), unless otherwise specified.

### Form of Publication

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

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

### Contact Information

Investor hotline: (86) 10 5676 1958      (852) 3188 8333

E-mail: [ir@baicmotor.com](mailto:ir@baicmotor.com)

BAIC Motor Corporation Limited

Address: No. 99 Shuanghe Street, Shunyi District, Beijing      Postal Code: 101300

Please scan the QR code below for more details:



# Contents

# 01



## CHAIRMAN'S STATEMENT

# 04



## GREEN

- 34** GREEN PLANT
- 37** ENERGY MANAGEMENT AND REDUCTION OF GREENHOUSE GAS EMISSION
- 39** EMISSIONS MANAGEMENT

# 05



## HARMONY

- 44** PROMOTING REGIONAL DEVELOPMENT
- 46** JOINING HANDS WITH SUPPLIERS FOR WIN-WIN RESULTS
- 48** BUILDING THE CORPORATE CULTURE OF MAINTAINING OUR FIGHTING SPIRIT
- 54** DEVOTING TO SOCIAL CHARITY CAMPAIGNS

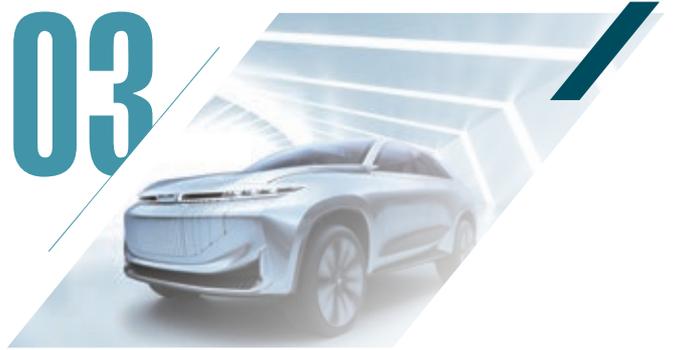
02



## ABOUT US

- 8 COMPANY PROFILE
- 12 RESPONSIBILITY CULTURE
- 13 COMPLIANCE OPERATION

03



## INTELLIGENT TRAVELING

- 16 TOWARDS INTELLIGENT TECHNOLOGIES
- 21 INNOVATION-DRIVEN
- 26 NEW ENERGY
- 28 CRAFTSMAN'S SPIRIT
- 30 CUSTOMER SERVICE

06



## APPENDIX

- 60 HONORS
- 61 RESPONSIBILITY COMMUNICATION
- 62 ANALYSIS OF MATERIAL ISSUES
- 63 INDEX TO ESG INDICATORS
- 64 INDEX TO GRI INDICATORS

# 01

## Chairman's Statement



Dear stakeholders,

Ever since BAIC Motor's inception, we've been concentrating on the passenger vehicle manufacturing field, focusing on high-end proprietary brands, insisting on enhancing comprehensive competitiveness of the whole value chain through a mix of strategies combining proprietary innovation with joint venture and business cooperation. We are committed to becoming a leading passenger vehicle manufacturer in China that is respected by the society and trusted by customers and partners, while making our employees feel proud and having prominent core competitiveness. We are deeply aware of the fact that only by continually communicating with stakeholders and undertaking the corporate social responsibility can an enterprise realize the convergence and maximization of its economic, social and environmental values, and achieve sustainable development.

We harbor the "craftsman's spirit" and repay customers and shareholders with "values" and "smart manufacturing". Under the tide of globalization, the development of Industry 4.0, Internet and sharing economy have deepened and enriched product content and led to more diversified customer demands, and also stimulated profound reform in the automotive industry value chain. Following the transformation routes of "differentiation, electrification, intelligentization, internationalization, service-oriented and networked", the Group has deeply explored into the innovation of intelligent automobile

technologies, and continued to precipitate corporate development and product upgrade through initiatives such as setting up digital factory and strategic cooperation for technological innovation. In 2017, with the efforts of all BAIC Motor staff, the Group witnessed a number of impressive progresses: Beijing Benz and Fujian Benz delivered outstanding results and act as the two major profit contributors of the Group; Beijing Hyundai saw initial results under the “localization” effect, regained its status as a mainstream vehicle enterprise, and completed the transition “from squat to jump”; Beijing Brand off-road vehicle achieved a spectacular success: BJ80 was highly praised for its extraordinary charm shown in the Military Parade to celebrate the return of Hong Kong and in the Zhurihe Military Parade, while BJ40 vehicle development project won the first prize for scientific and technological advancement in the automotive industry; As the first product in the Senova Brand 2.0 era, the new D50 was quickly launched in the market, and the Company’s “Top Ten Projects” were carried out in full steam, which began a new chapter in the construction of our proprietary brands. In 2017, the Group recorded a consolidated revenue of RMB134.16 billion and a net profit of RMB11.00 billion.

We pay attention to climate change, promote low-carbon operation and perform our environmental responsibility. The impacts of climatic and environmental problems such as haze, ecological damage, water resource pollution, etc. are becoming increasingly prominent on the society. In order to better perform our environmental responsibility and reduce the negative impact of our business on the environment, the Group has adhered to the pure electric + hybrid new energy vehicle strategy after considering the big picture, and drafted plans for technical routes, development and production of pure electric, hybrid electric and 48V products. In 2017, the Group increased capital in BJEV, and signed the Framework Agreement on Increasing Investment in Beijing Benz to Introduce Pure Electric Vehicle Products with Daimler; Beijing Brand has produced many pure electric new energy vehicle models improved from traditional petrol car models. The major vehicle models have a range for integrated duty reaching 360 km, which continue to be industry-leading. We are also actively promoting green operation: In 2017, Beijing Benz and Beijing Branch were awarded the title “green plant” in the initial list announced by the Ministry of Industry and Information Technology. Other plants under the Group continued to practice HSE management, and endeavored to minimize environmental impacts by using energy-saving and eco-friendly equipment, updating old equipment and other measures.

We achieve a win-win situation with suppliers, care about the personal growth of employees, and support community development. We select suppliers carefully, strengthen communication and exchange ideas with them, pursue good faith cooperation with them, and try to achieve a win-win situation as the principle and ultimate goal while pursuing constant improvement in quality of auto parts and components. We seek to work hand-in-hand and grow together with our employees: We adhere to the talent philosophy of “people-oriented, realizing the full potential of staff, and promising to achieve win-win situation”. To serve the need of passing on our corporate culture, for implementation of corporate strategies and talent team building, we continue to optimize our talent structure and attach great importance to cultivation and ability advancement of employees, to care about their safety and health, and to commit itself to building a fairly treated, positive and harmonious team of employees. We pursue co-development with the community: We stays true to its initial aspiration, actively perform corporate social responsibility. Keeping in mind the mission to “nurture the world with love, help families with a caring heart”, we take advantage of the resources available from the industry and our business strengths, support the local communities in the districts where we have operations to achieve long-term sustainable development.

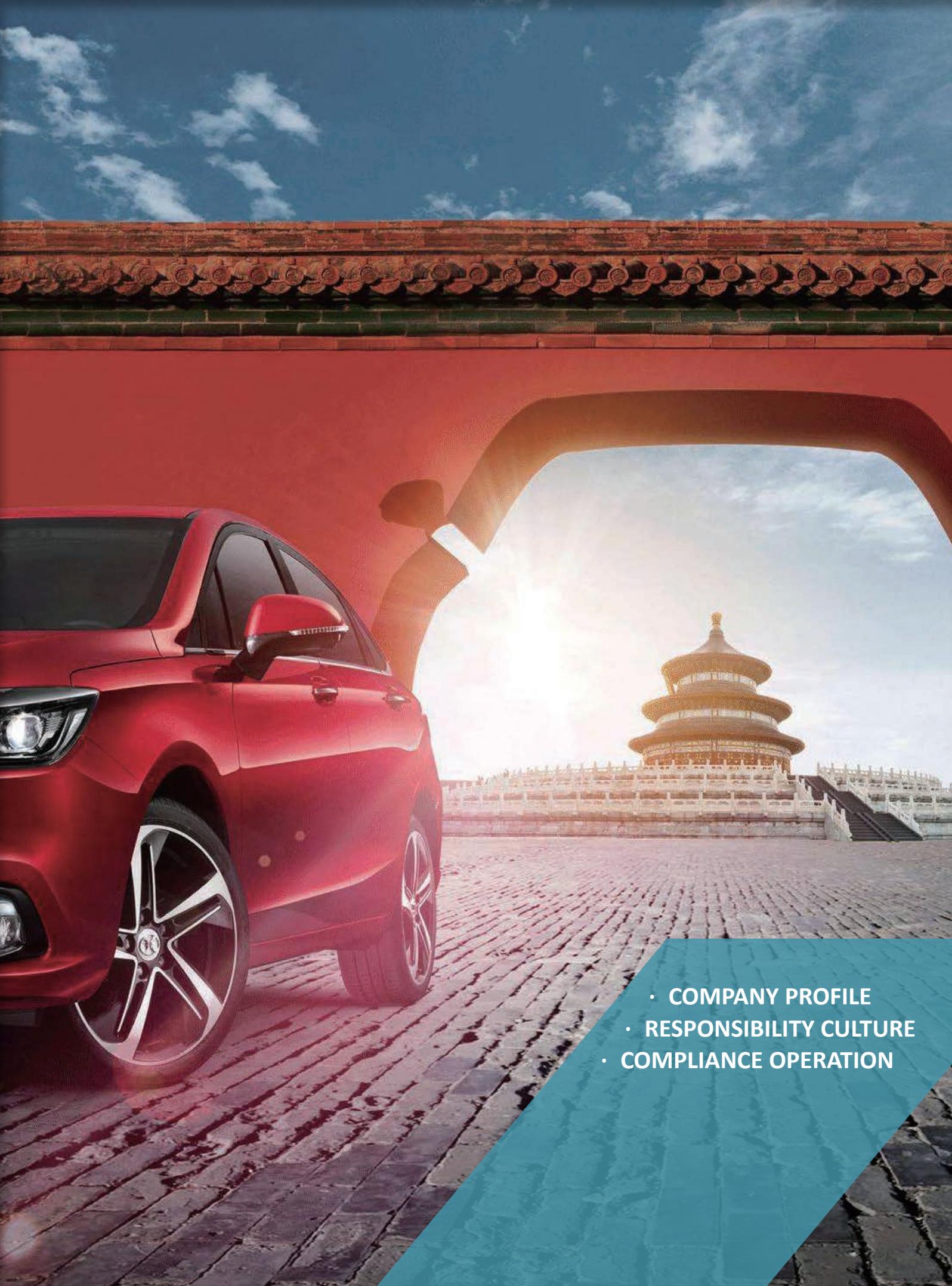
In 2018, the Group will continue to focus on the environmental and social issues it concerns about, stick to the path of sustainable development, insist on the core values of “customer-centric, craftsmanship-based, maintaining our fighting spirit, and transforming to an operator” and facilitate the improvement and implementation of its own systems for sustainable development as guided by the five development concepts of “Innovation, Coordination, Green Awareness, Openness and Sharing”, and devote every effort toward achieving the corporate vision of “Becoming a respectable pacesetter in the automotive industry”.



02

# About Us





- COMPANY PROFILE
- RESPONSIBILITY CULTURE
- COMPLIANCE OPERATION

## ■ Company Profile

Established in September 2010, BAIC Motor Corporation Limited is a leading passenger vehicle enterprise in China, as well as one of the passenger vehicle manufacturers with best brand layout and business system in the industry. We are engaged in extensive and diversified operations covering design, R&D, manufacturing, sales and services related to passenger vehicles. As a passenger vehicle manufacturer that adapts to the market demand and embodies the robust growth potential in China, we operate the BAIC Motor proprietary brand business with advanced technical platforms and rapid sales growth, the long-history Mercedes-Benz luxury car business, and the Beijing Hyundai medium and high-end brand business with steady sales growth. Our highly diversified and complimentary passenger vehicle brand mix covers different market segments, including joint venture luxury vehicles, joint venture medium and high-end vehicles, own-brand medium and high-end vehicles, and own-brand economy passenger vehicles. We deliver a broad spectrum of passenger vehicle models that cover medium to large-sized, medium-sized, compact and small-sized sedans, SUV, MPV and crossover passenger vehicle products that can satisfy diverse consumer demands. We are also the leading company of the pure electric passenger vehicle business of China. On December 19, 2014, the Company completed its initial public offering of H shares and was listed on the Main Board of the Stock Exchange of Hong Kong (H share stock abbreviation: BAIC Motor; H share stock code: 1958). As at the end of 2017, the Company had 22,844 employees in total and recorded operating revenue of approximately RMB134.16 billion, representing an increase of 15.5% year on year. The total tax paid was RMB24.53 billion.



the Company had

**22,844**

employees in total



recorded operating  
revenue of approximately

RMB **134.16** billion



representing  
an increase of

**15.5** %  
year on year



total tax paid

RMB **24.53** billion

## Beijing Brand

### BAIC Motor Senova

“Senova” is a mid- to high-end proprietary passenger vehicle product series of BAIC Motor, targeting at consumers who value both vehicle performance and cost efficiency. “Dedication to Performance” is the brand essence of Senova. It aims to create the brand attributes of “MBtech quality, intelligent driving, metropolitan beauty and innovative technology”.



北汽绅宝  
BAIC SENOVA

### BJ

“BJ” series is a pioneer brand of BAIC Motor which is inherited from the half-century-long military vehicle with strong characteristics of tough style off-road concept vehicles. “Pure Cross-Country, Absolutely Boundless” is the brand philosophy of BJ. With the brand vision of “No.1 off-road vehicle brand in China”, it aims to create the brand attributes of “pure inheritance, professional skills, military vehicle quality and tough style”.

北京®  
越野世家

### New Energy Vehicle

Beijing Brand pushed forward the progress of new energy integration and built a technological roadmap for the development and production of pure electric, hybrid electric and 48V products. In terms of pure electric new energy vehicle, the major vehicle models have reached 360 km of range in comprehensive operating modes, which continues to be the industry-leading. In terms of hybrid electric product planning, Beijing Brand plans to rapidly complete the upgrade from traditional internal combustion engine products to hybrid electric products through a two-step process.



BAIC BJEV  
北汽新能源

## Beijing Benz

Beijing Benz Automotive Co., Ltd. (“Beijing Benz”) is a subsidiary of the Company. The Company holds 51.0% equity interest of Beijing Benz, while Daimler AG (“Daimler”) and its wholly-owned subsidiary, Daimler Greater China Ltd. (“Daimler Greater China”), together hold 49.0% equity interest of Beijing Benz. Beijing Benz commenced the manufacturing and sales of passenger vehicles of Mercedes-Benz brand in 2006. In 2017, Beijing Benz sold 430 thousand units of vehicles in the year, representing a year-on-year increase of 33.3%.



Mercedes-Benz  
北京奔驰

## Beijing Hyundai

Beijing Hyundai Motor Co., Ltd. (“Beijing Hyundai”) is a joint venture of the Company. The Company holds 50.0% equity interest of Beijing Hyundai through its subsidiary BAIC Investment Co., Ltd. (“BAIC Investment”), while Hyundai Motor Company (“Hyundai Motor”) holds another 50.0% equity interest of Beijing Hyundai. Beijing Hyundai commenced the manufacturing and sales of passenger vehicles of Hyundai brand in 2002 and currently manufactures and sells over ten types of vehicles, covering a full range of major sedan models including middle class, compact and A0-Class models, as well as SUV models.



北京现代  
NEW THINKING.  
NEW POSSIBILITIES.

## Fujian Benz

Fujian Benz is a joint venture of the Company. The Company holds 35.0% equity interest of Fujian Benz, and establishes an act-in-concert agreement with FJMOTOR, which holds 15.0% equity interest of Fujian Benz. The consensus will be reached while making decisions regarding the operation, management and other matters of Fujian Benz, as well as the exercising of power by the directors appointed by FJMOTOR. Daimler Vans Limited (Hong Kong) holds the remaining 50.0% equity interest of Fujian Benz. Fujian Benz commenced the manufacturing and sales of multi-purpose passenger vehicles of Mercedes-Benz brand in 2010.



Mercedes-Benz  
福建奔驰

## Core parts and components for passenger vehicles

Besides manufacturing of complete vehicles, we also produce engines, powertrain, and other core parts and components for passenger vehicles through the production bases of Beijing Brand, Beijing Benz and Beijing Hyundai. In respect of Beijing Brand, we manufacture engines and other core auto parts and components through entities including BAIC Motor Powertrain Co., Ltd. ("Powertrain"), and mainly assemble such core parts and components on our self-produced vehicle products and also sell them to other auto manufacturers. Beijing Benz commenced to manufacture engines in 2013 and it is the first engine manufacturing base of Daimler Group under the Mercedes-Benz brand outside Germany. Its specific products include M270, M274 and M276 engines. With the commencement of construction of the new-energy power battery factory, Beijing Benz will produce many types of new-energy powered battery products in the future. Beijing Hyundai commenced to manufacture engines in 2004, and its specific products cover six major series including Gamma1.6 MPI/GDI and Gamma1.6 Turbo-GDI. Such engines are industry-leading in terms of technology and power, etc. The products are mainly assembled on Hyundai brand passenger vehicles manufactured by Beijing Hyundai.



## Car financing

We conduct car financing and automobile aftermarket-related businesses of Beijing Brand, Mercedes-Benz brand and Hyundai brand through associates including BAIC Group Finance Co., Ltd. ("BAIC Finance"), Mercedes-Benz Leasing Co. Ltd. ("MBLC") and Beijing Hyundai Auto Finance Company Limited ("BHAF"). We will continue to push forward the rapid development of car financing business by such means as capital investment and business cooperation.



## Other related businesses

In 2017, we continued to carry out research and development of high-end passenger vehicles and light weight vehicles, used car business, etc. through relevant joint ventures.



## ■ Responsibility Culture

We are always persisting in responsible development and rooting the sustainability concept in the foundation of our corporate culture. As driven by the corporate mission of “leading the future car life”, we insist on the vision of “becoming a respectable pacesetter in the

automotive industry”, we build up the core values of “customer-centric, craftsmanship-based, maintaining our fighting spirit, and transforming to an operator”, and devote efforts to create values for stakeholders through unceasing collaborative solidarity.



In 2017, in accordance with the Environmental, Social and Governance (ESG) Reporting Guide of the Stock Exchange of Hong Kong and with reference to the Sustainability Reporting Guidelines (G4) and the new standards issued by the Global Reporting Initiative (GRI), we have, by considering the material issues of the automotive industry and the operation and management facts of the Group, established the Group’s ESG index system that complies with the supervisory requirements, shows the industry characteristics and

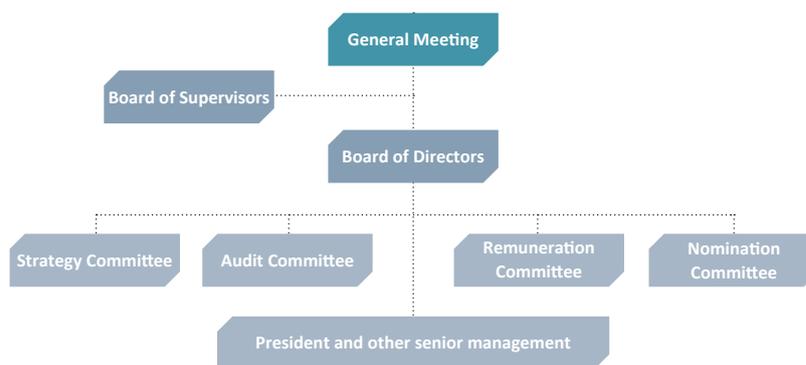
reflects the corporate facts, so as to better respond to and satisfy the Stock Exchange of Hong Kong’s requirements on ESG scope that the issuer’s entity and time covered in the report should be consistent with the scope of the financial year disclosed in the annual report, and its requirements on coverage principle that the materiality, quantitative, balance and consistence requirements should be met.

# Compliance Operation

## Continuously improving the corporate governance structure

The Group is committed to building and maintaining the high-level corporate governance so as to protect the rights and interests of shareholders and enhance the sense of corporate value and responsibility. The Company has established a sound and market-oriented corporate governance structure and set up the general meeting, the Board of Directors, the Special Committees under the

Board of Directors and the Board of Supervisors, and implemented corporate governance practices in strict accordance with the Articles of Association of the Company, and continuously improved the governance level in accordance with the supervisory requirements and our business situations. (For more information, refer to the Company's Annual Report in 2017).



## Enhancing the anti-corruption framework

The Company conducts business activities in conformity with the laws and regulations including the Company Law of the People's Republic of China, the Law of Countering Unfair Competition of the People's Republic of China and the Interim Provisions Forbidding Commercial Briberies, as well as the basic code of ethics. We guided the Group's compliance behaviours by formulating and improving

the internal systems and regulations including the Compliance Management Measures, the Compliance Whistle-Blowing Management Measures and the corporate code of commercial conducts. During the reporting period, we were not aware of any litigation arising out of the violation of laws or regulations against corruption, bribery, fraud, and money laundering.

### In 2017, BAIC Motor attached importance to improving the anti-corruption prevention and supervision system:

#### Establishing the prevention system

- Establishing the "acupuncture style" prevention and supervision system
- Formulating and operating the Implementation Plan of BAIC Motor Corporation Limited for Integrity Risk Prevention, Control and Management in 2017
- Strengthening corruption prevention and supervision of the management, positions with business disposition right, major projects and key systems
- Signing the target responsibility statement for "supervision responsibility" in construction of a clean and honest administration

#### Improving the supervision and whistle-blowing platform

- Establishing internal supervision and whistle-blowing channel, such as whistle-blowing box in the building, leader's mailbox of the Discipline Inspection Commission, compliance whistle-blowing mailbox etc.
- Establishing external whistle-blowing platforms, such as discipline inspection whistle-blowing hotline, letters and visits, leader's mailbox of the Company etc.

#### Carrying out special actions

- The activities such as "Bringing integrity to the enterprise" and "Bringing integrity to departments and offices" have covered more than 600 management members and employees
- Carrying out special actions, such as first lesson for on-boarding integrity, woodpecker operation, warning education visit etc.

#### Supply chain anti-corruption

- Attaching importance to supervising the high-risk areas of corruption, such as procurement, R&D
- Representatives of 40 suppliers and dealers have signed the Agreement on Co-Developing the Clean and Honest Partnership respectively with the Company's management
- Building a "clean and honest supply platform" together with suppliers and dealers

03

**Intelligent  
Traveling**





- TOWARDS INTELLIGENT TECHNOLOGIES
- INNOVATION-DRIVEN
- NEW ENERGY
- CRAFTSMAN'S SPIRIT
- CUSTOMER SERVICE



## ■ Towards Intelligent Technologies

The global automotive industry is experiencing a profound reform. The development of Industry 4.0, Internet and AI has promoted intelligent driving and unmanned driving to gradually become a reality, and the consumer demand for cars are further expanding towards digitalized and man-car intelligent interactive experience. As one of the world's largest and fastest-growing automotive markets, China is positively advancing the intelligent reform, upgrade and transformation in the automotive industry, as well as the "Made in China 2025" plan, thereby clarifying the upgrade direction of the manufacturing industry from the national perspective. In 2017, the Medium and Long-term Development Planning for the Automotive Industry was distributed to further clarify the comprehensive realization of intelligent strategic objectives in key fields of the automotive industry as of 2025. During the period when intelligent interconnection develops in depth and breadth, the Group has profoundly explored into the innovation of intelligent automobile technology such as intelligent driving, human-machine intelligent interaction, etc. on the basis of NOVA-PLS three-dimensional integrated omni-directional intelligent strategic system.

## New Driving Enjoyment Ecosystem

The development of Internet has changed the traditional linear value creation model that the vehicle enterprises take the lead and the customers follow at the end, but now it has developed into a model where all varieties of services providers such as 4S store, navigation, information service, audio and video entertainment, fuel filling, supermarket, restaurant, hotel, scenic spot, parking lot, etc. can join the automobile value chain and play their roles under particular scenarios. Through the years of accumulation and the layout in intelligent aspects, the Group's new brand IP "New Driving Enjoyment Ecosystem" emerges

accordingly. "Driving" means the automobile products that provide driving pleasure, which will become our distinct product attribute. "Enjoyment" means the unique experience initiated for enjoying life, which will become our distinct service label. Based on the collaboration and integration of ecosystems, we bring forth the scenarios and values greater than the car itself for users, which are not only limited to the auto products and services themselves, but also cover the high-grade services for all life scenarios related to travel, such as tourism, social intercourse, entertainment, culture, education, medical care, etc.

### Case

#### New Driving Enjoyment Ecosystem" Experience Zone at Beijing International Automotive Exhibition (Auto China)



On April 23, 2018, the "New Driving Enjoyment Ecosystem" Brand IP was released. We set the "New Driving Enjoyment Ecosystem" Experience Zone to show the core features of "New Driving Enjoyment Ecosystem" from three perspectives of travel pleasure, fun and enjoyment, as well as the brand new experience gained from cars.



#### Travel Pleasure Experience Zone

Experience the innovative applications, health monitoring and other scenarios on the vehicle: Tencent Auto Intelligence AI in Car System can integrate the big data, maps, e-books and music resources of Tencent; Crossfit on-vehicle smart wear equipment can detect the stress status of lumbar and cervical vertebrae in sitting posture.



#### Fun Experience Zone

Experience the fun gained from entertainment scenario in the car life. For example, "Strawberry Music Festival", which is highly favored by the youth, is integrated in the vehicle, and provides the audio-visual experience of live concerts through VR.



#### Enjoyment Experience Zone

Experience the enjoyment brought by the quality car life. For example, we cooperate with original designers and craftsmen to develop the cross-boundary derivatives, serving as gifts in special scenarios like birthday, engagement, etc.

## Addition, Subtraction, Multiplication and Division

Over the explorations and practices for two years, we presented the NOVA-PLS intelligent strategy in 2017 based on our business policy of “accelerating product upgrade, joining forces in achieving addition, subtraction, multiplication and division, insisting on transformational development, and gathering growth momentum”. In order to better adapt to the market environment and accelerate the steady implementation of intelligent strategy, we have further proposed the “addition, subtraction, multiplication and division” and the Ascension

Program. As at the end of 2017, the Group has made certain progress in terms of intelligent strategy, intelligent driving and intelligent interconnection. The Group has cooperated with IFLYTEK CO., LTD. (“IFLYTEK”), Beijing Baidu Netcom Science and Technology Co., Ltd. (“Baidu”) and AutoNavi Software Co., Ltd. in automatic driving technology and intelligent interconnection system, and has also launched the first comprehensive product SenovaD50 in the 2.0 era.



### Increase input in medium and high-end market Increase the dealers' capability

- Full launch of the new BAIC 2.0 products
- BJ40 plus access to SUV market
- Brand-new medium and high-end SUV/B-class sedans
- Dealers' capability is fully increased



### Reduce low-value products Streamline the operating process

- Reduce the ratio of products with low competitiveness
- Alleviate burns on dealers and focus on end improvement
- Streamline the operating process and care about core business



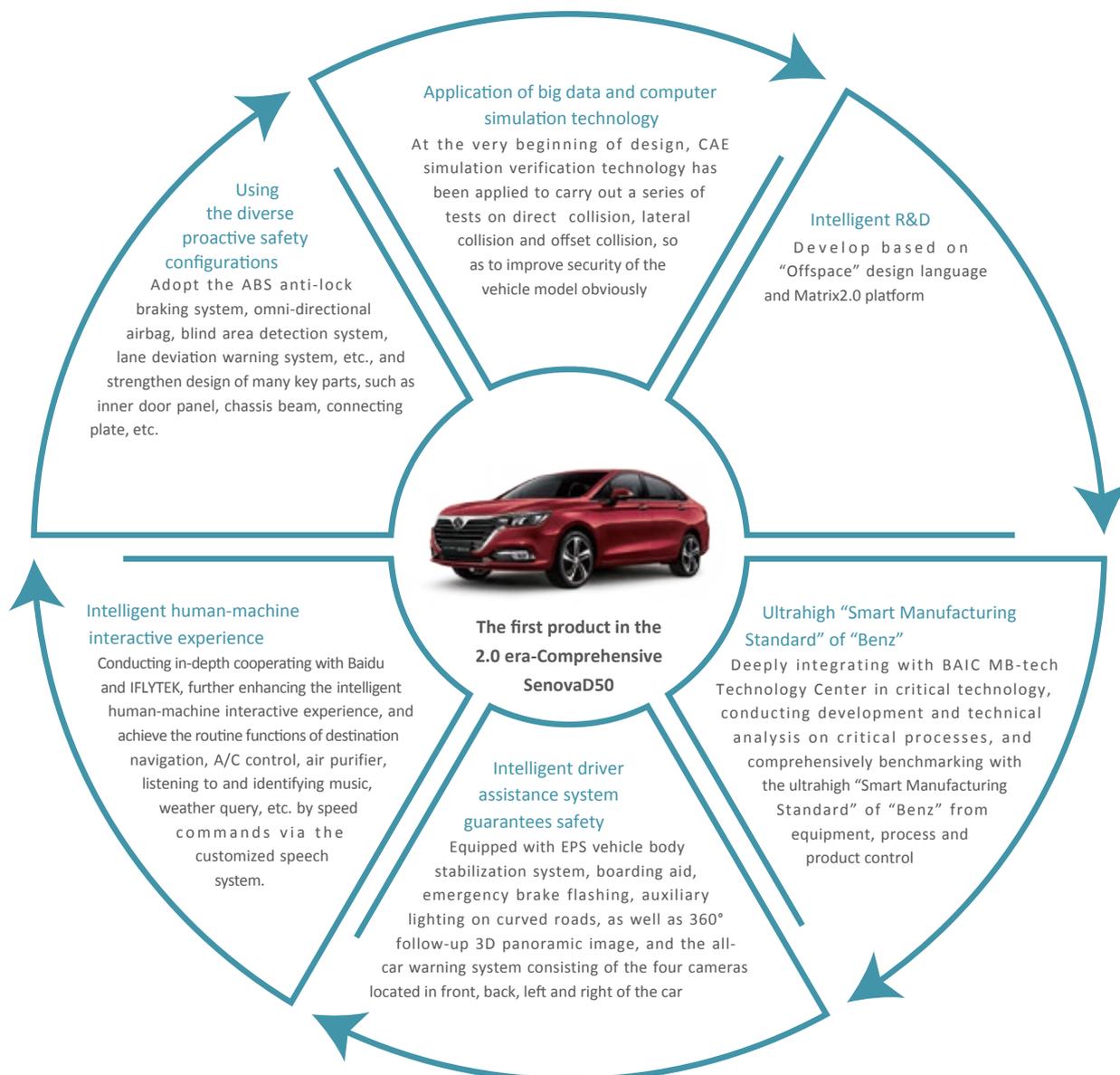
### Multiply the integration of resources Take advantage of Internet+ new retail

- Resources of BAIC MB-tech and BAIC Off-Road Vehicle are highly integrated to boost the R&D of new products
- Take advantage of Internet+ new retail, and enhance the consumer's end experience



### Eliminate inefficient production capacity Update the outdated products

- Eliminate inefficient production capacity by referring to the real supply side demands
- Update the products rapidly to increase brand values



Case

### Cooperating with Baidu in advancing technical innovation



BAIC Motor and Baidu signed the Strategic Cooperation Framework Agreement twice on January 7, 2017 and July 17, 2017, under which both parties will carry out in-depth cooperation in automatic driving, IT product, cloud service, Baidu Security AI “Cloud Automobile Information Security”, etc., and devote to realizing the mass production level of the AI-based L4-class intelligent driving technology as of 2021, jointly advancing the innovation in automatic driving technology, and promoting the automobile intelligent upgrade.

Case

### Conducting extensive cooperation with IFLYTEK in the intelligence field



On November 8, 2017, BAIC Motor and IFLYTEK signed the Strategic Cooperation Framework Agreement to establish the strategic partnership. Both parties will carry out in-depth cooperation in human-machine interactive technology, on-vehicle intelligence and AI technology, big data analysis, intelligent vehicle networking platform, marketing resources and other business fields, and will provide safer, more natural and convenient approaches for guaranteeing user’s safe driving by virtue of intelligent speech technology, automobile intelligent terminal and intelligent vehicle networking platform.

Case

### Carrying out strategic cooperation with Yanfeng



In October 2017, BAIC Motor and Yanfeng Automotive Trim Systems Co., Ltd. (“Yanfeng”) signed the Strategic Cooperation Framework Agreement, under which both parties will cooperate in automobile interior space as well as interior and exterior trims related to automatic driving, co-develop plans for intelligent interior and exterior trims of intelligent vehicles in future, and enhance car driving and riding experience.



## ■ Innovation-driven

The new round of scientific and technological revolution reshaped the international industrial division pattern, which forms into historical intersection with China's acceleration of the transformation of its economic development mode. China is transforming from the high-speed growth stage to the high-quality development stage. Chinese government has made multiple efforts to improve its economic development quality by such strategies and policies as deepening comprehensive reform from the national level, promoting the supply side structural reform actively, proposing and implementing the Industry Planning 2025, and adopting the reform of state-owned enterprises. We seize the opportunities, adapt to the market consumption demands and national industrial policies, promote the transformation from the traditional manufacturing enterprise to the manufacturing service and innovation enterprise, innovate our business model and development mode by focusing on enhancing the value creation, comprehensively deepen the enterprise reform, and drive development with Innovation.

## Optimizing the development mode

We aim to improve our development quality, continue optimizing our development mode under the policy guidance of the national supply side reform and deepening the reform of state-owned enterprises, enhance the adaptability and flexibility to market demand changes, strengthen competitive vitality, and better satisfy the needs for

preserving or increasing the value of state-owned assets, creating continual benefits for investors, and achieving sustainable business development. In 2017, BAIC Motor continued carrying out the “Top Ten Projects” by following the Company’s development strategy, optimized and enhanced the management efficiency.



Listed Company with the Best Investment Value during the Thirteenth Five-Year Plan



Chairman of BAIC Motor Mr. Xu Heyi awarded the “Hong Kong handover 20th anniversary capital market special contribution” prize



Listed Company with the Best Investor Relations Management

### Recipient of the China Securities “Golden Bauhinia” Award in 2017

#### Case

#### Top Ten Projects



Based on the development strategy for proprietary brands and corporate core values of BAIC Motor, the “Top Ten Projects” have fully positioned the Company’s development direction, and clarified the Company’s direction for improvement, which are the important guidelines and implementation planning for achieving strategic transformation of BAIC Motor.



Being “customer-centric”

Product planning and product definition improvement project  
Product R&D capability (including powertrain) development and improvement project



Being “craftsmanship-based”

Quality leadership strategy landing project



Being “maintaining our fighting spirit”

HR vitality improvement project  
Cultural management landing project  
Cadre’s management vitality improvement project



Being “transforming to an operator”

Marketing capability improvement project  
Operating system flexibility development project  
Process reengineering  
Cost control capability improvement project

## Technological innovation

In 2017, we continued improving and developing our innovation system, strengthened the enterprise-university-research institute cooperation, and established corresponding independent innovation systems and platforms for our proprietary brands, Beijing Benz and Beijing Hyundai. In terms of protection of intellectual property rights, we continued

following up the requirements in national laws and regulations relating to intellectual property rights, and launched the Management Measures for Intellectual Property Rights, further specifying the tasks of patent management work, emphasizing on rewards to patent developers, and providing institutional guarantee to encourage employees' innovation.

## Building the innovation systems and platforms



- Based on the Automotive Research Institute, Beijing Brand has established the technological development system and operation mechanism that adapt to the market competition requirements and the corporate development needs, which can improve the Company's market response capability, the resource coordination and utilization capability, and the independent innovation capability
- Beijing Brand has constantly strengthened the construction of innovation studios. As at the end of 2017, the Company has had 3 Beijing municipal-level named studios, 6 municipal-level studios and 6 innovative studios of the research institute level
- Beijing Brand has continuously cooperated with Beijing Union University in carrying out development and testing of C70G driverless cars, participated in famous events and activities of the industry for many times, and achieved satisfactory results



- Beijing Benz has established the largest R&D center among all joint ventures of Daimler AG, within which there are 7 advanced laboratories for climate corrosion, vehicle emissions, engines and vibration noise, as well as trial production workshops and test runway. It provides major technical support for R&D and manufacturing of Mercedes-Benz's domestic models



- Beijing Hyundai has completed development of the civilian and taxi models of Celesta electric vehicle
- Beijing Hyundai promotes the development of 13 types of imported vehicle models, of which 6 vehicle models including the new-generation ix35 and new Verna have been launched in the market and mass-produced
- Beijing Hyundai has independently developed an intelligent on-vehicle network system and installed such system in the new-generation ix35 and new Verna, which have been recognized by the market and consumers
- The Company's average fuel consumption level has satisfied the government's regulatory requirements, through mass production and launch of new energy products in advance, revalidation of the fuel consumption of new Tucson/Santafe, expanded installation of ISG/downsizing of engines for new Mistra/new ix25 and other measures



The concept model OFFSPACE won the “Best Concept Car Award” in the 2016 Second Chinese Brand Car Model of the Year and the Best Designer Appraisal Event organized by CAR STYLING

## Case

### The First BAIC Motor Industrial Innovation Fair



The First BAIC Motor Industrial Innovation Fair, with the theme of “Leaping off the innovation canyon · Crossing over the Darwin Sea”, was successfully held at BAIC Motor Industry R&D Base on December 15, 2017.

The First BAIC Motor Industrial Innovation Fair aims to promote the seamless connection of investors and demanders for technological innovation and entrepreneurship projects, help the SMEs of the industry to break down innovation bottlenecks by relying on BAIC Motor’s strong strengths in “Industry + Finance”, lead the industry to innovate upon resource optimization and allocation, and attract the high-tech enterprises of the intelligent, networking and electronic fields to gather in Beijing through the Company’s platform advantages. More than 60 enterprises including Baidu, Didi, Xiaomi and IFLYTEK and over 600 people from nearly one hundred investment institutions have come to “attend the fair”.



## Case

### BJ40 Series won the most credible award of China's automotive industry



On December 20, 2017, at the awarding ceremony of "China Automotive Industry Awards for Science and Technology", known as the "Nobel Prize" of the Automotive Industry in China, the BJ40 series light-duty off-road vehicle self-developed by BAIC Motor won the first prize of "China Automotive Industry Awards for Science and Technology", for its innovative technologies with proprietary intellectual property rights including 11 invention patents, 26 types, 57 appearance patents, 398 utility model patents, becoming the only complete vehicle project among the six first prize winners. Meanwhile, BAIC Motor's project of "Development Technology and Application of Vehicle Body Electronic Control System Based on Simulation Mode" won the third prize for "scientific and technological progress".

**11**

invention  
patents

**26**

types

**57**

appearance  
patents

**398**

utility model  
patents





## ■ New Energy

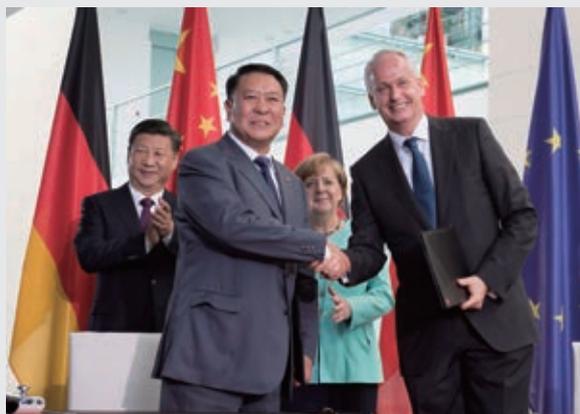
Under the double appeals for environmental protection and low carbon, in order to further promote the development of energy-saving and new energy vehicle industry, and advance the adjustment and upgrade of environmental protection and energy structure, China provides supports from the national policy level, involving the national strategic development planning for emerging industries during the “Thirteenth Five-Year Plan” takes the new energy vehicle as one of the seven strategic support industries and MIIT issued the Announcement on Catalogue Management of New Energy Vehicles Exempted from the Vehicle Purchase Tax (draft for comment) and the double-integral policy. To further grasp the opportunities, the Group increases the input in new energy, improves the coordination in the three aspects of products, industry and industry chain, insists on the pure electric + hybrid new energy vehicle strategy, continuously strengthens technological R&D and investment, intensifies cooperation with upstream and downstream of the industry chain, and improves the performance of new energy vehicle. On July 20, 2017, the Company signed a capital increase agreement with BJEV, and strengthened cooperation with Daimler in the new energy field.

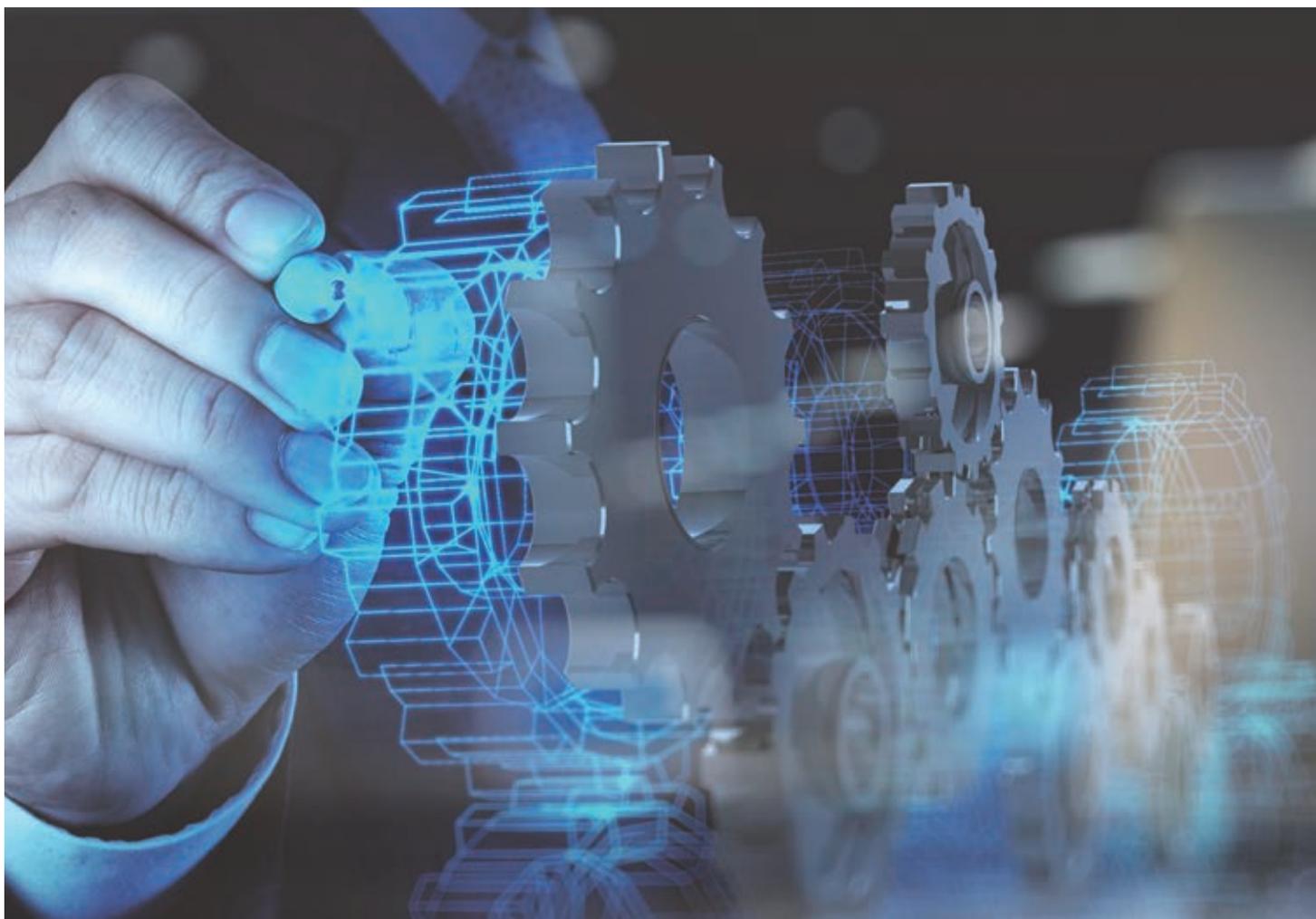
## Case

### Strengthening cooperation with Daimler in the new energy field



The Company has strengthened cooperation with Daimler in the new energy field. In 2017, the Company and Daimler entered into a framework agreement, to establish the pure electric vehicle production base and power battery plant in Beijing Benz, and introduce the pure electric vehicle products of Mercedes-Benz Brand. Both parties will bring into full play their respective strengths in energy vehicle technology and marketing operations to achieve the win-win results, and make efforts to become a practical benchmark realizing the strategic linkage of “Made in China 2025” and “German Industry 4.0”.





## ■ Craftsman's Spirit

Under the guidance of the craftsmanship-based corporate values, the Group adheres to the quality philosophy of “customer first, smart manufacturing with the craftsman’s spirit, quality leadership and striving for excellence”, and raised the “quality leadership strategy” in 2017, so as to improve the brand power of BAIC Motor. We’ve formulated the internal management regulations and policies including the Management Measures for Quality Objectives, Quality Manual, and the Management Measures for Recalling Defective Automotive Products in strict accordance with the laws and regulations such as the Law of the People’s Republic of China on Product Quality, the Regulations on Management of Compulsory Product Certification, etc.. We also continued improving the quality management level, optimizing the quality review control procedures, and improving the management procedures. In January 2018, BAIC Motor won the 2017 “People’s Craftsmanship Enterprise Award”.

The product quality management and review procedures have been described in the 2016 Environmental, Social and Governance Report of BAIC Motor, and please refer to Page 28 to Page 31 thereof for details.

## Case

## Zhurihe Training Base Military Parade



As an automobile enterprise with the half century long development and production history of off-road vehicles as well as the unique military vehicle background, BAIC Motor has been enjoying the fame of “the aristocratic family of off-road vehicles” in the industry. As an inheritor of tough style BAIC off-road vehicle, BJ80 has also played an important role in the historical moment.

On July 30, 2017, Mr. Xi Jinping, General Secretary of the Communist Party of China (CPC), President of the People’s Republic of China, and Chairman of the Central Military Commission took BJ80 off-road vehicle manufactured by BAIC Motor on the Military Parade to Mark the 90th Anniversary of the Founding of the PLA in Zhurihe Training Base, Inner Mongolia. This is the second time for BJ80 off-road vehicle to serve as parade vehicle following the military parade by the PLA Hong Kong Garrison to celebrate the 20th anniversary of the return of Hong Kong on June 30, 2017.

## Case

## Chosen into the CCTV “National Brand Plan”



BAIC Motor was successfully chosen into the 2018 CCTV “National Brand Plan-Industry Leaders”. BAIC Motor will join hands with CCTV to focus on providing more innovative and higher-quality auto products that adapt more to market demands in the course of transforming from “Made in China” to “Created in China”, and will further enhance brand values and achieve new breakthroughs in brand development by virtue of the international platform of national level TV station.

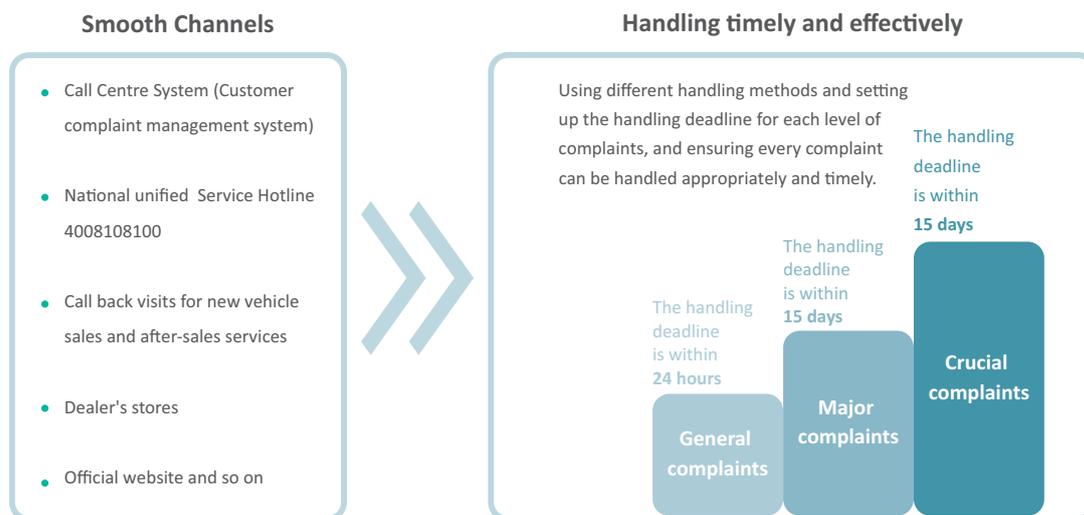




## ■ Customer Service

Being “customer-centric” is the core factor of BAIC Motor’s core values. We strictly comply with the laws and regulations, such as law on protection of the consumer rights and interests, and provide satisfactory products and services for customers by formulating sales management policies, establishing the dealer service standards, exercising customer satisfaction supervision, setting up multi-dimension communication and feedback channels, improving the after-sales repair and technical support approaches, and enhancing customer experience before, during and after sales.

### Establishing multi-dimensional communication channels



### Attaching importance to customers' opinions

- The Management Methods for Customer Complaints, the Management Measures for Satisfaction and Complaint Rectification, etc. are available to conduct unified management on the complaint handling process and subsequent rectification.
- Continuously carrying out complaint analysis and improvement, and analyzing the reasons and liabilities for every complaint case
- Respective regional and functional departments and sections will implement and solve the complaints according to customers' opinions.
- Set the customer complaint specialists to evaluate the rectification results.

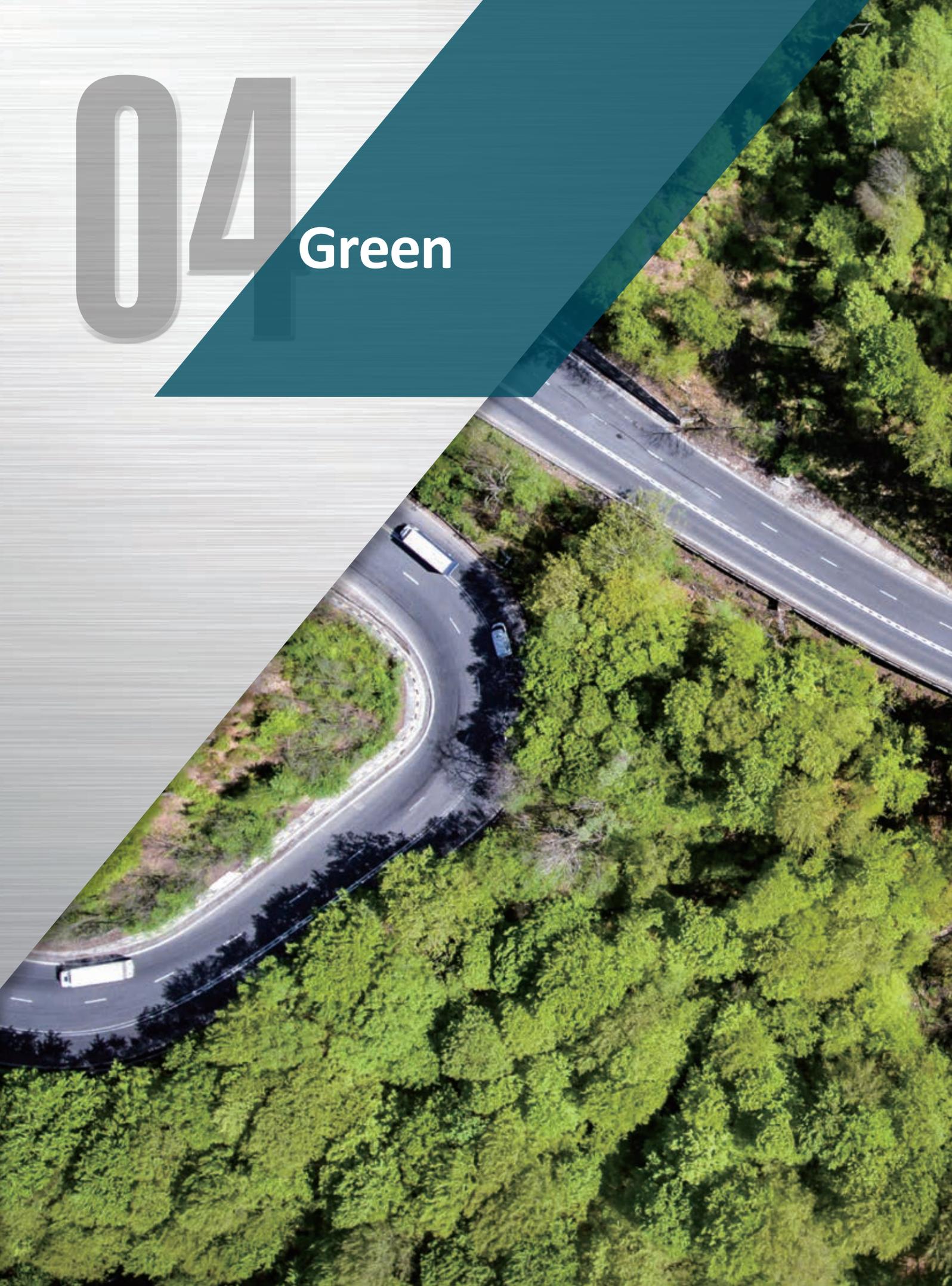
### Focusing on protection of consumer privacy

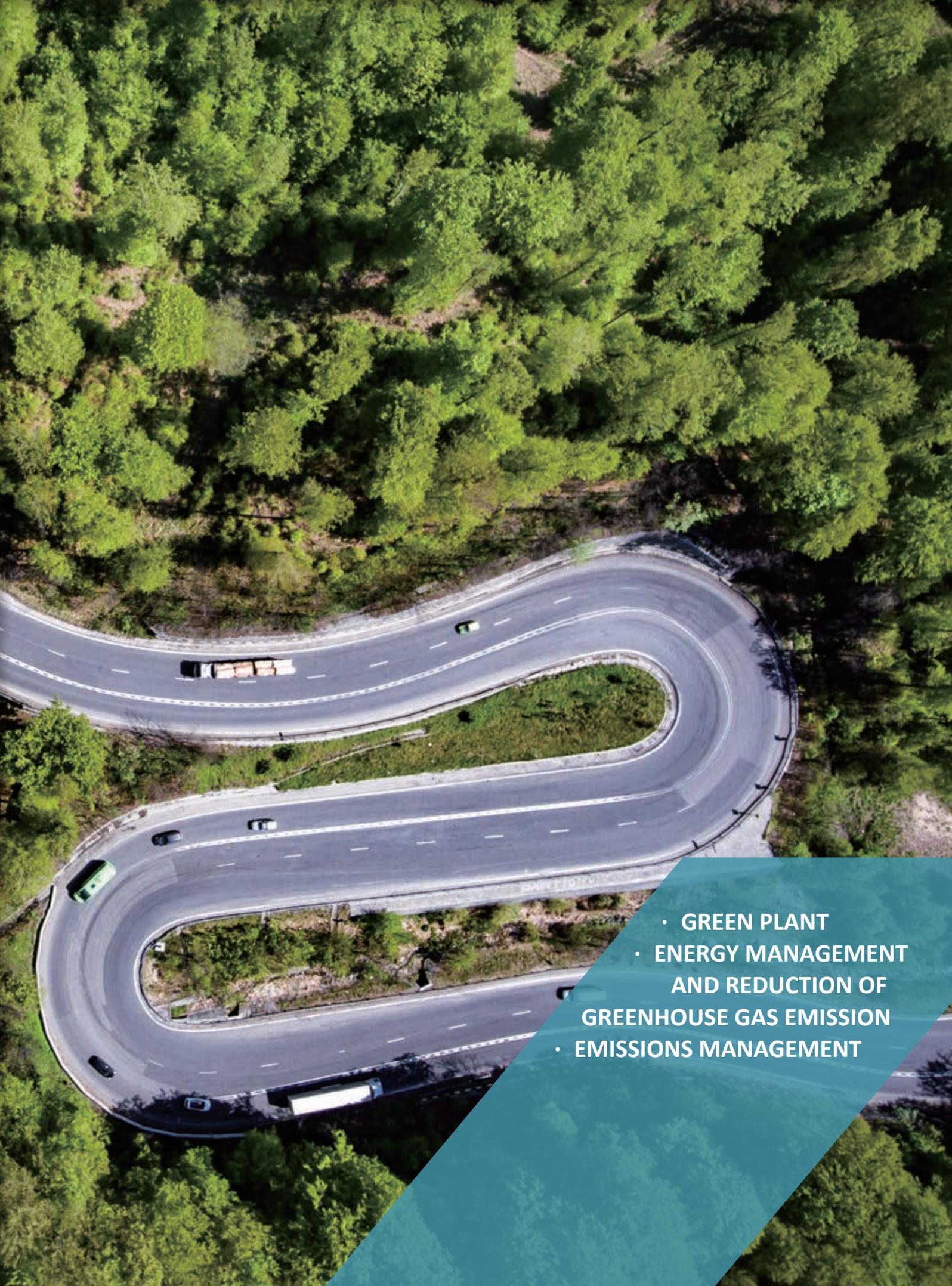
- We formulate the Measures for Centralized Management of Customer Data and so on to further clarify the management authority, functions and duties, and regulate the business process.
- We carry out strict confidentiality management when using the customer data. The access account and authority of customer data and the daily use of customer data will be verified strictly according to requirements, to avoid unexpected use of customer data, and protect the security and privacy of consumer information.

Indicators	2017
Customer complaint reduction rate (%)	7.00
Sales satisfaction (%)	92.60
After-sales service satisfaction (%)	93.00

04

Green





- GREEN PLANT
- ENERGY MANAGEMENT AND REDUCTION OF GREENHOUSE GAS EMISSION
- EMISSIONS MANAGEMENT



## ■ Green plant

BAIC Motor insists on taking the environmental protection concept of “green operation and sustainable development” as the guide, penetrates the concept of saving resources, protecting and improving the ecological environment, and benefiting the physical and mental health of both consumers and the public into the whole process of our operation and management, while building smart manufacturing plants as well as establishing and improving the Company’s green manufacturing system. In 2017, Beijing Benz and Beijing Branch of the Group were awarded the title “green plant” in the initial list announced by the MIIT.

## Beijing Benz Builds the Green Plant

In order to intensify the green management during the entire lifecycle of products, and endeavor to establish an efficient, clean, low-carbon and circulatory green manufacturing system, Beijing Benz has constantly introduced new technologies and retrofitted existing process technologies and equipment. Through synchronous implementation of energy-saving and eco-friendly technologies and production processes, such as rooftop heat recovery system, rooftop photovoltaic power generation system, indoor multi-space air supply system, light-sensing control water supply system, etc., we've realized the efficient use of resources and the protection of ecological environment, and gradually developed the economical growth mode featured by low consumption, low emission and high efficiency.

### Emission Management



**Wastewater:** The circulating DI water system make the discharge of washing wastewater after phosphating reduce by 75%; the use of nitrite-free phosphating agent has reduced the NH emission in wastewater.

**Waste gas:** The zeolite rotor concentration treatment facilities are used to treat waste gas generated during the painting process, and make the VOC emission concentration lower than 50% of existing emission standard.

**Solid wastes:** We use limestone powder in painting workshops to absorb the overspray paint mist, and apply for appraisal of the waste limestone powder after absorbing paint mist, thereby realizing zero discharge of industrial wastewater and hazardous solid wastes; the Company is the first in the industry of China to spread the garbage classification concept and practice from offices to production lines, and set nearly 800 sorting garbage bins in the production field.

### Efficient use of water resources



**Rainwater harvesting:** In order to strengthen our ability to retain and control rainwater, save the consumption of tap water and reclaimed water, we have established 6 rainwater retention pools and 3 rainwater retention lakes, which can comprehensively enhance our ability in rainwater retention, flood control and water-logging prevention, while fulfilling the function of greening and landscaping water. 350,000 ton of tap water and reclaimed water can be saved every year.

**Wastewater reuse:** We built a wastewater treatment center with a daily processing capacity of 3,000 tons and processed wastewater for reclamation through three-stage biochemical treatment and membrane treatment.

### Energy saving



**Electricity saving:** We use layered construction and localized lighting mode relating to the design and construction of plant buildings and office buildings, and fully select the energy-efficient lighting sources. Fiber optic energy-saving lamps are used in the production workshops to reflect illumination from natural light; compact fluorescent lamps are used for lighting the office areas; the intelligent automatic control systems such as fixed time power supply, voice control, light control and infrared control are used for lighting of corridors and stairs, so as to improve the energy utilization efficiency.

**Waste heat recycling:** The engine plant adds "heat recovery boxes" to the machining exhaust gas purification system, which can not only realize filtration and recovery of oil mist from machining, but also preheat by thermal converter the indoor air supply in winter, thereby reaching the double effect of energy conservation and emission reduction; the general assembly workshop adopts the Ground Source Heat Pump (GSHP) technology, and by using special equipment and technology, the cold and heat temperature in soil stratum are displaced on a yearly basis to provide suitable indoor temperature in winter and summer. This technology needs input of a little electric energy, which can gain 4 to 7 times of energy returns, achieving the eco-friendly energy-saving energy use effect of "zero exhaust gas and zero leakage". The dry type painting process is used in the painting workshop to recycle 80% air exhaust in the painting room, while the heat recovery device is installed to recover heating/cooling capacity, thereby reducing 60% energy consumption.

## Beijing Branch Builds the Green Plant

Beijing Branch insists on the development concepts of “Innovation, Coordination, Green Awareness, Openness and Sharing”, actively performs its social responsibility, and purses the convergence of economic, social and environmental benefits, and adopts the eco-friendly new technologies and equipment, while constantly conducting eco-friendly upgrade of the existing equipment to build the green plant.



### Energy center

We established an energy management system, installed measuring meters on the secondary and tertiary nodes of energy such as water, electricity, gas and steam used in the painting workshop. We collect data, monitor and conduct consumption analysis of the measuring points, so as to provide data support for the consequent energy-saving transformation.



### Chimney retrofitting

Chimneys in the painting workshop have been retrofitted and equipped with independent closed collection system and pollution treatment facilities, to reduce emissions.



### Boiler burner retrofitting

We carried out energy-saving and emission-reducing upgrade of the boilers, and reduced the gas and electricity consumption by using flue gas recirculation and frequency conversion technology. The low-NOx burners have been used to reduce the generation of NOx from the source and lower the discharge of pollutants. The flue gas recirculation and frequency conversion technology has been used to reduce the gas and electricity consumption.



### Sewage treatment station

We upgrade and retrofit the nickel-containing wastewater treatment system, and make the discharge of heavy metal pollutants comply with the wastewater discharge standard of Beijing Municipality by increasing the activated carbon filter and chelating resin adsorption device.



### KPR rotor concentration system

The system absorbs the high-flow low-concentration organic waste gas, and discharges the purified air into the atmosphere, which can reduce the volatile organic gas emissions by approximately 68.339 ton/year.



## ■ Energy Management and Reduction of Greenhouse Gas Emission

The main resources used by in BAIC Motor include natural gas, electric power, gasoline, diesel, water resources, etc.. The Company strengthened energy and water resources management in strict accordance with relevant laws and regulations. Based on the ELV regulations response system, we formulated the System Engineering Management Innovation Based on Protecting the Environment and Improving the Utilization Efficiency of Resources, the System Engineering Management Innovation Based on Establishing the National-Level Eco-Design Demonstration Enterprise, and other standards, and developed the environmental management system covering various aspects of the Company; Beijing Benz implemented the management mode of environmental management system PDCA, complied the environment management manual, issued and implemented many systems and processes including the Management System for Environmental Protection Equipment and Facilities, Environmental Protection Management Measures for Construction Projects, Hazardous Wastes Treatment Process, etc.. In 2017, no significant illegal incident or issue occurred in the course of seeking for energy and water resources by the Group.

In 2017, major resources of the Group were used as follows:

Indicators	Unit	2017
Scope 1: GHG emissions of direct emission source	tCO2e	329,576.56
Scope 2: GHG emissions of indirect emission source	tCO2	821,081.74
Total GHG emissions	tCO2e	1,150,658.31
GHG emissions per vehicle	tCO2e/vehicle	0.79
Total electricity consumption	Kwh	1,090,726,401
Total gasoline consumption	L	2,385,118.32
Total diesel consumption	L	396,679.15
Natural gas consumption	m <sup>3</sup>	147,744,083.40
Total purchased heat	million kJ	106,535.67
Total comprehensive energy consumption	TCE	337,230.20
Production energy consumption per vehicle	TCE/vehicle	0.23
Total water consumption	Ton	7,397,715.076
Total water consumption for producing a vehicle	Ton/vehicle	5.11
Total recycled and reused water	Ton	3,068,570
Percentage of recycled and reused water	%	41.48

Measures for enhancing the utilization efficiency of energy and resources and reducing carbon emissions:

### Beijing Branch

- The waste heat recovery system is increased for the waste gas after incineration to realize waste heat recycling, which can save steam consumption by 3,300 ton/year, and achieve the energy-saving benefit of RMB616,000 a year
- Measures such as rainwater collection and wastewater recycling have been taken during the production process to continuously enhance the utilization efficiency of water resources

### Guangzhou Company

- The PV 10MW solar energy power generation project has been constructed on roofs of the plant buildings, with the annual power generation of 9.60 million KWH/year, which can save electricity expenses of nearly RMB one million a year for BAIC Motor (Guangzhou) Branch, and which can reduce CO2 emissions by 9,587 ton and save of 3,192 TCE a year
- The 2MW PV power generation project at the employees' parking lot can achieve the annual average power generation of approximately 1.96 million KWh



### Beijing Benz

- Beijing Benz adopts the advanced servo stamping production line, the first optical quality inspection system and the first sheet oil film detection system in China to maximize the energy saving and environmental protection effect
- It uses the advanced technologies with high automation rate, such as the real-time online product measurement, and it is the first to adopt the advanced connection technology to reduce energy consumption
- It uses the dry type painting technology to recycle 80% air exhaust in the painting room, and installs the heat recovery device to recover heating/cooling capacity, thereby reducing 60% energy consumption

### Beijing Hyundai Cangzhou Plant

- Beijing Hyundai Cangzhou Plant enhances the utilization efficiency of resources by 100% automation and highly intelligent production of the stamping workshop, body workshop, painting workshop, assembly workshop and engine plant
- The body workshop, which completely adopts intelligent welding, has 300 robots, with the welding automation rate up to 100%, and can further enhance the materials use rate



## ■ Emissions Management

We have established the green supply chain management system in strict accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and other national laws, regulations and policies related to emissions management. Under the guidance of the Environmental Management Manual, Wastes Management Procedures, and Wastewater Management and Control Procedures, we apply the management and control requirements on restricted subsequences throughout the entire lifecycle process from vehicle model R&D and design to the recycling stage. In 2017, no major environmental protection penalties and incidents occurred in the Company.

Indicators	Unit	2017
Total amount of major penalties	(RMB)	0
Total wastewater discharge	(t)	3,536,107.72
Total COD emissions	(t)	514.50
Total NH emissions	(t)	35.27
Total VOC emissions	(t)	1,760.16
Total SO2 emissions	(t)	8.99
Total production of hazardous wastes	(t)	27,340.71
Total production of non-hazardous wastes	(t)	114,895.26
Including: metal	(t)	76,610.10
Including: paper	(t)	14,705.95
Including: timber	(t)	19,403.42
Including: Others	(t)	4,175.79



## Measures for strengthening management of waste gas, solid wastes, wastewater and noise:



### Waste gas

- Waste gas in the drying room is directly burnt and incinerated, where the organic wastes are fully burnt and split, and finally discharged into upper air in the form of CO<sub>2</sub> and water, so as to ensure the qualified emission of VOC (volatile organic compounds)
- New technologies such as the rotor concentration, incineration and treatment system for spraying waste gas, 48 sets of robot spraying system, centralized paint supply electric pump “sleeping”, etc. were introduced
- Beijing Benz actively adopts the painting line free of the intermediate coating process, which make the production process more compact, reduce the coating consumption by approximately 20%, add reduce energy consumption and VOC emission
- Beijing Benz carries out low nitrogen combustion transformation for all gas-fired boilers existing in the plant, to reduce the NO<sub>x</sub> emission
- Beijing Branch removes dust from the smoke and dust generated in the welding process by using centralized dust purifier and movable dust purifier according to different processes
- Waste gas from varnish painting of Beijing Branch realizes almost zero emission of VOC, after going through absorption, desorption, combustion by the concentrated rotor combustion device
- Beijing Hyundai uses zeolite rotor concentration treatment facilities to deal with waste gas generated during the painting process, and make the VOC emission concentration lower than 50% of existing emission standard



### Wastewater

- Beijing Benz uses circulating pure water system in the coating process, making the discharge of washing wastewater after phosphating reduce by 75%, and uses the nitrite-free phosphating agent to reduce NH emission in wastewater
- BAIC Motor Zhuzhou II Plant adopts MBR+ chelating resin treatment technology during the coating process for wastewater treatment, and reaches the first-class wastewater discharge standard
- BAIC Motor Zhuzhou I Plant has implemented the transformation project for quality improvement of its Ni-containing phosphating wastewater treatment system. After transformation, the Ni concentration at the system outlet can be controlled below 0.3mg/L
- According to water quality differences of the wastewater generated at various process points, BAIC Motor Zhuzhou Base divides the wastewater treatment project into four units, including degreasing oily wastewater treatment system, phosphating wastewater treatment system, electrophoretic painting wastewater treatment system, and integrated wastewater treatment station
- Beijing Hyundai builds the new secondary wastewater treatment facilities and increases the domestic sewage treatment station in its existing I, II and III plants, and realizes the stable and up-to-standard discharge of wastewater in the plants



### Solid waste

#### Measures for treatment of hazardous wastes:

- We submit hazardous wastes to eligible third parties for disposal
- We use the advanced clean production and end treatment technology to promote the resourced and innocuous utilization of wastes
- Beijing Benz carries out authoritative appraisal on waste limestone powder used in the painting process. After confirmed as non-hazardous waste by the environment protection authority, it will be submitted to the downstream enterprises and used as raw materials for manufacturing cement. This can reduce the discharge of hazardous wastes by 3,000 tons, with the industry demonstration effect
- Painting plants of BAIC Motor arrange production in a scientific way to lower the consumption of various coatings, and reduce waste paint slag

#### Measures for treatment of non-hazardous wastes:

- We entrust eligible agencies to recycle the non-hazardous wastes

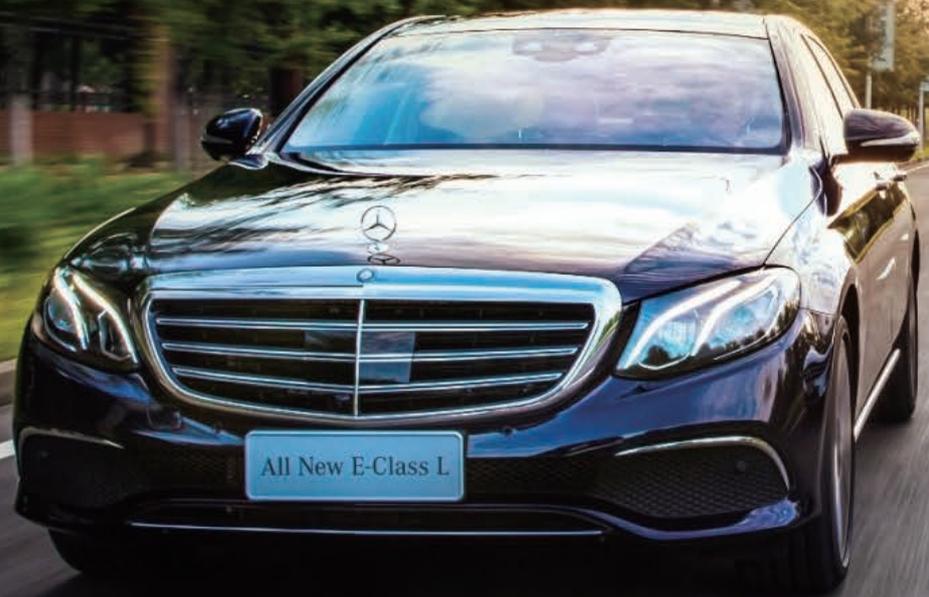


### Noise

- High-end low-noise equipment has been used to reduce noise generated during production process
- BAIC Motor Zhuzhou II Plant uses the fully enclosed production line, which can reduce the production noise effectively

05

Harmony





- PROMOTING REGIONAL DEVELOPMENT
- JOINING HANDS WITH SUPPLIERS FOR WIN-WIN RESULTS
- BUILDING THE CORPORATE CULTURE OF MAINTAINING OUR FIGHTING SPIRIT
- DEVOTING TO SOCIAL CHARITY CAMPAIGNS



## ■ Promoting Regional Development

The Group attaches importance to common development with the areas where we operate business, and integrates self-development with regional development and needs. In 2017, the Company actively coordinated with the national “One Belt, One Road” strategy, and intensified communications on the South Africa market; strengthened independent innovation, optimized the “high-tech, new and characteristic” requirements centering on proprietary brands. We built plants in Cangzhou, Hebei Province to help alleviate the non-capital-city functions, and collaborated with the “Beijing-Tianjin-Hebei Coordinated Development”; we have constantly enhanced the development quality in the Yangtze River Economic Zone, Guangdong-Hong Kong-Macau Greater Bay Area, and plants in Guangzhou and Chongqing, promoted the large-scale, high-end, international, service-oriented and low-carbon development through the reform and innovation practices, and assisted the communication and development of regional technology, economy, society and culture.

Case

## Collaborating with the “One Belt, One Road” Strategy and Laying out Business In South Africa



As South Africa is an important region alongside the “One Belt, One Road” strategy, the Company has strengthened expansion in the South Africa market. In 2017, we attended the South African Festival of Motoring with BAIC X25, D20 and BJ40 off-road vehicle. Therein, D20 is the first passenger vehicle product launched in South Africa; BJ40 adopts the body-chassis frame construction, which can protect the vehicle body from deformation after driving for a long time and a long distance under harsh road conditions, and cope with all kinds of complicated road conditions in South Africa.

South Africa is also the location of our South African Plant, which is BAIC Motor’s first overseas vehicle manufacturing plant and the leading project arranged overseas. South African Plant will carry out construction covering the entire supply chain of R&D, procurement, production, sales and financial services, and will manufacture BAIC Motor’s passenger vehicles, off-road vehicle and other automobile products. Upon completion of construction, it will provide more employment opportunities for locality, and promote the extensive communications between two countries in economic and humanistic aspects.





## ■ Joining Hands with Suppliers for Win-win Results

BAIC Motor abides by the laws and regulations in the areas where we operate business, comply with the requirements in national policies like the supply side reform, medium and long-term planning of the automotive industry, etc., and adheres to the operating concept of sincerity, compliance, collaboration, win-win, punctual supply and cost optimization. We continuously optimize the supply chain cooperation and management, attach importance to develop strategic partners and high-end suppliers, intensify the resource integration capacity, and enhance the execution efficiency following the principle of combining centralized procurement and specialized procurement. In 2017, the Group had totally 328 long-term and fixed cooperative suppliers, and the suppliers performing relevant practices accounted for 92.4% of the total number of suppliers. In 2017, the transaction amount of the Group's top five suppliers accounted for about 46.2% of the cost of raw materials used in sales cost of the year.

**Establish a scientific supplier management system**

We established the Supplier Management System, Supplier Assessment Management System, Supplier Performance Evaluation Management System, etc., continually standardized the supplier management, reinforced the supplier access evaluation and process evaluation, and conducted assessment on supplier performance, so as to ensure the suppliers conduct business in a legitimate and compliant manner and supply products with good quality, thereby reducing the supply chain risks.

**Promote communication with suppliers**

The Company continues intensifying the supply chain communication, integrates, carefully discusses and actively responds to the expectations and appeals of suppliers, and gradually creates a mutually beneficial, win-win and favorable situation with suppliers. We attach importance to the suppliers' appeals, make positive response to important problems mostly concerned by suppliers, such as performance evaluation, bidding fairness, project advancement, etc., and promote the benign co-development of both parties.

**Green supply chain**

The Company attaches importance to the green development of supply chain, and has formulated the Green Supply Chain Management and Control Measures to carry out management and control over the environmental protection and green awareness of the supply chain.

**Supplier training**

BAIC Motor has optimized the training system, and satisfied the needs of trainees via such training segments as special lecturing, analysis of actual cases, etc. To maintain overall quality of the supplier steam, BAIC Motor has organized the lower-ranking suppliers in terms of performance to implement a one-year supplier capability improvement project together with the Company's supplier management team. As at the end of 2017, BAIC Motor and the suppliers have solved more than one thousand problems, with the goal attainment rate up to 100%.





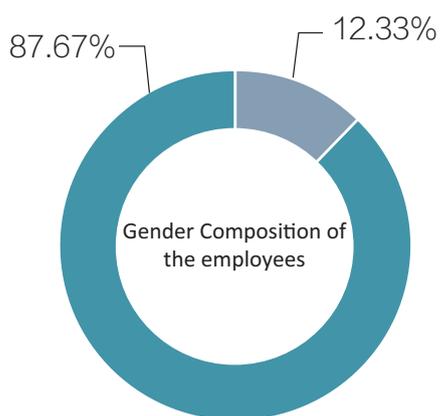
## ■ Building the Corporate Culture of Maintaining Our Fighting Spirit

Good health and well-being, gender equality and decent work are UN's sustainable development goals and also the well-being that we make efforts to create for employees. Under the guidance of the core values of "customer-centric, craftsmanship-based, maintaining our fighting spirit, and transforming to operator", the Group established a multiple dimensional, human-oriented, harmonious and enterprising conscientious corporate environment.

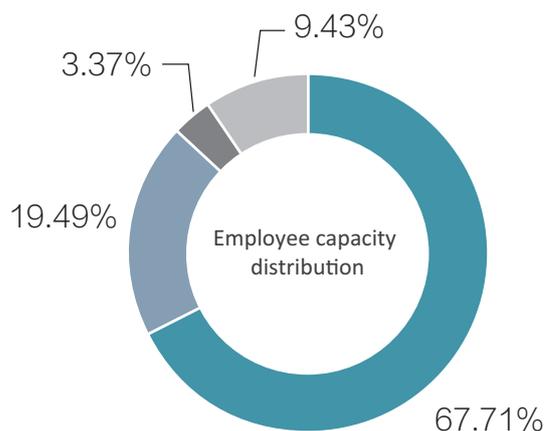
## Setting up a diversified team

We adhere to the human-oriented talent philosophy, stick to the principle of equal employment, strictly fulfill and implement statutory requirements of national laws and regulations including *Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China*. Moreover, we formulated a series of in-house administrative mechanisms like *Recruitment Management Mechanism of BAIC Motor Corporation Limited* and *Measures of Award for In-house Recommendation for Employee Recruitment of BAIC Motor Corporation Limited*, and we regulated the recruitment processes and standards to guarantee their equality, impartiality and openness, and prevent the occurrence of discrimination and use of child or forced labour. Meanwhile, the Group protects recruitment, promotion,

removal, working hours, holiday and other interests of employees specified by laws and company policies and continuously improves the remuneration and welfare system. Moreover, the Company pays attention to the integration of employees from various countries and ethnic groups, and guarantees employees of different genders, ages, skills and educational backgrounds to be entitled with equal rights. As at the end of the reporting period, there were totally 22,844 employees in the Group, with the annual employee turnover rate at 3.92%, of which the annual turnover rate of male employees was 3.52%, while that of female employees was 0.40%; and no child or forced labour was used.



● Male employees ● Female employees



● Production workers ● Marketing personnel  
● Technicians ● Others



## Boosting the growth of employees

BAIC Motor values the cultivation and improvement of employees and keeps improving HR management under the framework of internal mechanisms such as *Pre-job Training Management Measures*, *Special Training Management Measures* and *Post Management Measures*, in a bid to optimize and intensify management measures through strictly complying with requirements of laws and policies including *Labor Law of the People's Republic of China*.

### Establishment of remuneration and promotion incentive mechanism

We established a performance-oriented employee incentive mechanism, planned a capability-based employee career development channel and boasted a set of open, fair and transparent performance evaluation mechanism. Meanwhile, in combination with *Management Scheme for Employee Rank Promotion of BAIC Motor*, we set up the employee promotion system made up by professional function/marketing, management and R&D these three arrays in parallel to realize the vocational promotion channels based on capability and specific to employees of different types on the basis of performance evaluation mechanism.

### Diversified employee training system

With BAIC (Business, Active, Innovation and Cooperation) as core training philosophy, out of the demands in corporate culture heritage, corporate strategy implementation and talent team construction, we continually improved the construction of training platform, developed training activities specific to employees at all levels and respective positions and established diversified training systems to meet the needs of employee growth.

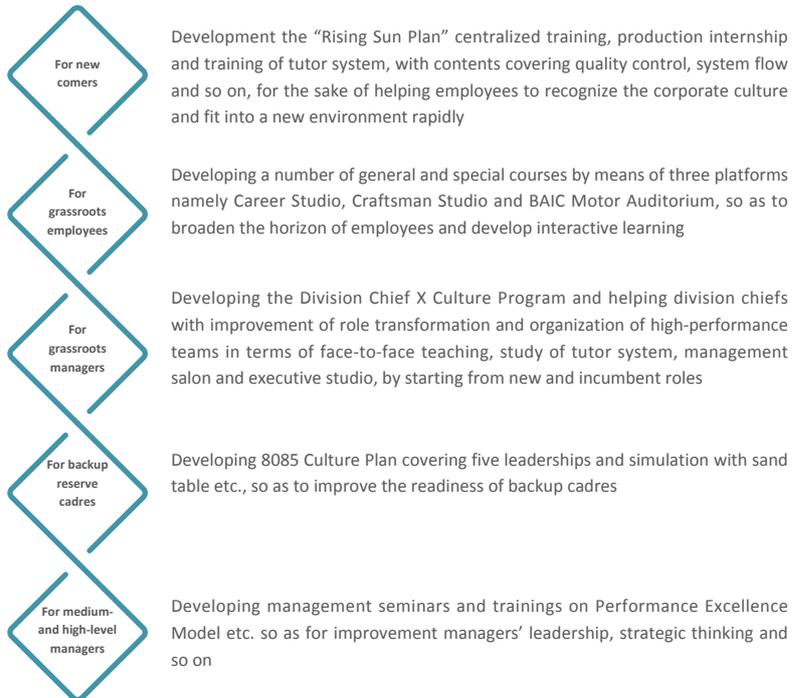
#### Building on-line/off-line linkage learning platforms

Founding Education Network College of BAIC Motor, including on-line learning platforms like Group Leader and Cadre On-line College, Managerial Cadre Safety Training and Stock On-line Business College of BAIC Motor.



Keeping enriching internal lecturer and course resource pools; innovating and setting up eternal lecturer and course resource pools; developing training experience exchange meetings on a regular basis, in a bid to provide training management personnel, internal trainers and tutors with professional ability promotion series training.

#### Diversified Training System



Indicators	2017
Percentage of the trained employees (%)	100
Total hours of employee training (hour)	1,813,393
Average training hours per employee received (hour/person)	79.3
Average training hours per employee completed (hour/person)	79.3
Incl.: Average training hours of male employee completed (hour/person)	79.3
Incl.: Average training hours of female employee completed (hour/person)	79.3
Incl.: Average training hours of high-level management employee completed (hour/person)	110
Incl.: Average training hours of medium-level management employee completed (hour/person)	36

## Creating a safe and healthy environment

BAIC Motor adheres to the guidelines of “Safety First, Prevention Primary and Comprehensive Governance”, enhances the construction of safety system continuously, and develops safety training in all aspects through complying with requirements of laws and regulations including *PRC Production Safety Law* and *Prevention and Control of Occupational Diseases Law*, in order to ensure the sustainable and efficient operation of safety management system with characteristics of BAIC Motor and avoid the occurrence of various accidents.

### Completing safety system and safety management system certification

- Completing safety management systems including *Safe Production Management System of BAIC Motor Corporation Limited* and *Hidden Accident Troubleshooting and Governance Management Measures of BAIC Motor Corporation Limited* to protect the safety of employees
- Perfecting *Plan for Comprehensive Emergency Response to Accidents* and *Emergency Procedures and Response Procedures* to enhance the safety emergency response capability
- Carrying on development of OHSAS-related work and succeeding in recertification of OHSAS18001:2007

### Organizing safety training

- Training all employees by levels, organizing and development various safety trainings on safety management personnel, new employee orientation safety education, smoke control and firefighting management
- Developing various inspections and exchange activities, e.g. “Safety and Environmental Protection Season”, firefighting games, safety and environmental protection knowledge contest, special campaigns against hidden safety troubles, exchange of experience in shift and team standardization work, etc.

### Paying attention to physical and mental health of employees

- Organizing physical examination for employees regularly and developing pre-job, in-service and departure vocational disease examination
- Developing health lectures such as *Weight Management in Cuisine Psychology*
- Developing employee health management training activities, including “*Aid*” by Your Side – *First Aid Knowledge You Need to Know*, CPR, injury treatment, etc.

Case

Formal Operation of Beijing Benz Occupational Health and Medical Care Service Center



On December 18, 2017, Beijing Benz Occupational Health and Medical Care Service Center was formally put into operation. The Occupational Health and Medical Care Service Center contains four major fundamental functions, i.e. occupational health service, daily medical care, diagnosis and treatment service, emergency first-aid service and special health service and can provide employees with health services like customized occupational health examination and analysis, expert consultation, health consultation, company for going to a doctor, physical therapy, physical therapy with traditional Chinese medicine. With bilingual professional medical team available, the Center is capable of offering all-weather 7\*24\*365 medical diagnosis and treatment service for all employees so that all employees would enjoy all-inclusive health guarantee.

Indicator	2017
Times of safety education training (time)	1,858
Person-times of safety education training (person/time)	148,672
Working days lost due to work-related injury (day)	514
Number of work-related fatalities (person)	0



## Improving the workplace happiness

While safeguarding the remuneration welfare, working hours, democratic communication and other basic rights of employees, the Group organizes and develops activities out of the actual needs of employees, solves living concerns for employees, offers soil for strugglers and keeps on enhancing the enterprise's attraction and cohesion and the employees' happiness and sense of belonging.

### Case

#### Setting Craftsman Models and Organizing the Appraisal of Craftsman Master



For the sake of carrying out craftsmanship and setting craftsman models, BAIC Motor organized and held the Appraisal of "Craftsman Master". Through selections of multiple links like "Preliminary Candidate Review – Scoring by Experts – Investigation by Enterprise – Comprehensive Comparison and Appraisal – Qualification Verification", 22 "Craftsman Masters" and 52 "Outstanding Craftsmen" were selected out of 147 candidates. Their achievements were exhibited for publicity and carrying-out of "Craftsman Masters" in BAIC Motor. There were totally 37,000 BAIC Motor employees and personnel concerned to vote online. The event offered a platform for employees to show their excellence and enhanced their sense of belongings and corporate cohesion.



**Migrant Plan** Whereas employees were faced with difficulty of no attendance for children in summer and winter holidays, BAIC Motor made timely response to employees' needs and problems, by cooperating kindergartens in developing the event of employee children custody in summer and winter holidays and holding "Migrant Plan" Class, so as to solve actual troubles and difficulties for employees. So far, four terms of "Migrant Plan" Class have been held in total, benefiting 40 employee children, and stood as a brand program of tertiary "service offering" of BAIC Motor.



## ▪ Devoting to Social Charity Campaigns

As a corporate citizen, the Group actively assumes social responsibilities, participates in social charity campaigns, practices UN SDGs, proposes social goals including premium education and sustainable cities and communities, responds to national policies like taking targeted measures in poverty alleviation, abides by laws and regulations, e.g. Charity Law, and makes contributions to construction of a harmonious society in support for sports, environmental protection, social service and support for education.

Indicator	2017
Terms of volunteer activities (terms)	341
Number of participants in employee volunteer activities (persons)	8,640
Hours of volunteer activities during the reporting period (hours)	12,960.00
Number of beneficiaries in volunteer activities during the reporting period (persons)	21,570
Investment amount in volunteer activities during the reporting period (RMB)	682,000

Case

BAIC Motor Sponsors *Reader*



In order to better spread culture and promote public reading, BAIC Motor vigorously sponsored the *Reader*, a cultural variety show on CCTV. *Reader* received massive attention and praise as soon as it was on air. *Reader* (Season I) was awarded “Best Prize for Season TV Program” at “The Magnolia Award” Awarding Ceremony of the 23rd Shanghai TV Festival. *Reader* is a long-missed occupation of traditional culture on TV screen, which reflects the combination of BAIC Motor’s social responsibility and public welfare concept. BAIC Motor is also dedicated to exporting culture and values while supplying products and service to the society, so as to make contribution to improvement of people’s spiritual and cultural life.



Charity Contribution to Education in Yushu, Qinghai Organized by BAIC Motor



BAIC Motor adheres to carrying on and out the volunteer spirit of “Contribution, Friendship, Mutual Aid and Progress” and organizes massive internal volunteers and Party and Youth League members for charity contribution to education in Yushu, Qinghai. On August 23, 2017, we arrived at Baizha Township Central Boarding School, Nangqian County, Yushu, Qinghai and distributed donations and supplies to children directly, full of the care and love of BAIC Motor.



Case

### BAIC Motor Helped Primary Schools in Poverty-stricken Areas of Ganzi, Sichuan in Depth



In March of 2017, BAIC Motor went to primary schools in poverty-stricken areas of Ganzi, Sichuan for help and support and initiated youths into the “Dream Come True” event for poverty-stricken students in Ganzi. While putting heart into children’s feelings, 65 young volunteers prepared “Dream Come True” gifts together with letters and cards full of encouragement for students, which expressed their best wishes to children in Ganzi.



### Beijing Benz – Gathering for love across thousands of miles



On August 26, 2017, volunteers of Beijing Benz from five countries and regions went to Mahai Village, Dachaidan Town, Haixi Prefecture, Qinghai Province to hold a communication event with the theme of “meeting thousands of miles away, joining hands in creating a bright future, and building a Mercedes-Benz dream together” with Kazakh children of Mahai Primary School. They brought the carefully prepared learning gifts for children, and prepared a series of fantastic and characteristic courses for children, including the unveiling ceremony for construction of Beijing Benz book corner, during which they recited certain fragments of children’s favorite books with the children; telling the children the origin of Benz star emblem and the meaning of the “Trifurcate Star Emblem”; as well as German, music, handcraft, and sports courses, so as to encourage children to study hard and pursue their dreams.



*“I have learned a lot of useful knowledge from this English course, I really like the teachers, and I hope that Beijing Benz’s big friends can come to the school again.”*

*– Yerik Guli, a fifth-grade child involved in the English course*

### Beijing Benz Sponsors China Open



Since its inception, Beijing Benz has always adhered to fulfilling the corporate social responsibility, and has continued to invest in sports, education, environmental protection, public welfare and other fields to practice sustainable development through practical actions. By 2017, Beijing Benz has sponsored China Open for eleven years. As the chief sponsor, Beijing Benz not only hopes to create a continuous top tennis feast for the audience to share the joy and passion from competitive sports, but also actively encourages more employees to feel and participate in the event. On the First Beijing Benz China Open held in Bradford Course, employees from Beijing Benz turned into vibrant tennis players, brought a novel tennis contest for spectators and showed and revealed sportsmanship and positive energy.



Case

## Ongoing Desert Prevention Charity Campaign Carried Out by Beijing Hyundai



As a company with a high sense of responsibility, Beijing Hyundai has carried out social contribution activities in many fields. By the end of 2017, Beijing Hyundai has carried out more than 160 social contribution activities with a total investment of more than 490 million. Desert Prevention Charity Campaign is a sub-project of the unique “Growth Plan”, “Blue Sky Plan” and “Happiness Plan”.

From August 3 to August 6, 2017, Beijing Hyundai started the new journey of Year 2017 Desert Prevention Charity Campaign. The volunteer team was consisted of young volunteer representatives, automobile medium moderators and owner representatives of company products, as the important embodiment of “Home Culture” of Beijing Hyundai. The team of 50 members went to the desert prevention frontier of Baoshaodainuoer in XilinGol League, Inner Mongolia, for ecological governance for the tenth time.



### Growth Plan

- Education support by audio-visual facilities
- Education support by vehicle donation
- Beijing Hyundai Class
- Beijing Hyundai Hope Primary School



### Blue Sky Plan

- Desert Control in Inner Mongolia



### Happiness Plan

- Emergency disaster relief
- Care for the vulnerable groups
- Sports sponsorship
- Arts sponsorship

## Serving “Clean Energy · Mission Innovation” Summit by Volunteers from BAIC Motor



During the period from June 5 to June 10, 2017, BAIC Motor organized totally 10 volunteer drivers from Beijing Hyundai and Beijing Branch to participate in volunteer service for “Clean Energy · Mission Innovation” Summit, i.e. Eighth Clean Energy Ministerial & Second Mission Innovation Ministerial.



Young volunteers received comprehensive training including service etiquette, product knowledge and route rehearsal, drove BAIC Motor new energy star models to shuttle among Beijing-Capital International Airport, National Convention Center and other areas and offered enthusiastic, professional and internationalized service. During the event, those young “Global Arrival” volunteers had driven 14,125km accumulatively and served government officials and honorable guests from all countries for 258 times. Youth volunteers from BAIC Motor practiced the “BAIC Motor Spirit” with hard work and warm service, and delivered their abilities and responsibilities to distinguished guests from various countries.

06

Appendix





- HONORS
- RESPONSIBILITY COMMUNICATION
- ANALYSIS OF MATERIAL ISSUES
- INDEX TO ESG INDICATORS
- INDEX TO GRI INDICATORS

## Honors

Time	Honors and Awards	Awarding Institution
2017.3	Beijing Benz won the title of "2016 Global Best Operating Factory"	Produktion (Business Week) and A.T. Kearney
2017.5	Second Prize of "C50E Vehicle Body Dissection" Project	Trade Union of Beijing Automotive Group Co., Ltd.
2017.5	BAIC (Guangzhou) Automotive Corporation Limited won the title of "Role Model of Guangzhou"	Propaganda Department of Guangzhou Municipal Party Committee
2017.6	Two silver awards, six bronze awards and eleven finalists at the 12 <sup>th</sup> Beijing Inventions and Innovation contest of the automobile research institute of BAIC Motor Corporation Limited	Beijing Association of Inventions/Beijing Technical Association of Staff
2017.6	"Technical Innovation Award of Workers" in Beijing Workers Innovation Contest	Beijing Worker's Technical Association
2017.7	BAIC Motor Beijing Branch was put on the demonstration list of initial green plants by MIIT (2017)	Ministry of Industry and Information Technology
2017.8	2017 Demonstration Enterprise for the Integration of Informatization and Industrialization Management System Standardization	Ministry of Industry and Information Technology
2017.8	Beijing Benz won the Demonstration Enterprise for the First Green Manufacturing System Construction-Green Factory	Ministry of Industry and Information Technology
2017.9	Beijing Hyundai won a number of titles of the China Vehicle Dependability Study <sup>SM</sup> (VDS)	J.D.POWER
2017.9	Beijing Hyundai won the 1 <sup>st</sup> of China Initial Quality Study (IQS)	J.D.POWER
2017.9	Beijing Hyundai won the 2017 China's Best Customer Contact Center Prize of "Golden Sound Award"	51Callcenter/Ministry of Industry and Information Technology/Ministry of Human Resources and Social Security
2017.9	SenovaX35 was honored as the No. 1 Satisfactory A0-Class SUV of RMB70,000 and below	China Association for Quality
2017.10	First Prize (Second Prize) of Beijing Modern Enterprise Management Innovation Achievements	Beijing Municipal Evaluation Committee of Modern Enterprise Management Innovation Achievements
2017.10	"Star Shield Award" at the 10 <sup>th</sup> anniversary of China Automotive Safety Award (2017)	China Automotive Technology & Research Center
2017.10	First Prize of the 32 <sup>nd</sup> Beijing Modern Enterprise Management Innovation Achievements	State-owned Assets Supervision and Administration Commission of Beijing Municipality
2017.10	Scientific Progress Award of China Machinery Industry	China Machinery Industry Federation Chinese Mechanical Engineering Society
2017.11	Annual Influential Automobile Enterprise <sup>1</sup>	China Annual Automobile Ranking List Award Ceremony
2017.11	Annual Valuable Enterprise	www.qctt.cn
2017.11	Clean Production Renovation Project for Vehicle and Engine Production Line	Hunan Economic and Information Technology Commission
2017.11	"2017 Investment Potential Enterprise Award"	National Business Daily
2017.11	"Listed Company with Best Investment Value" Award during the Thirteenth Five-Year Plan	Hong Kong Ta Kung Wen Wei Media Group
2017.11	"Listed Company with Best Investor Relations Management" Award	Hong Kong Ta Kung Wen Wei Media Group
2017.11	Xu Heyi, chairman of BAIC Motor awarded the "Hong Kong handover 20th anniversary capital market special contribution" prize	Hong Kong Ta Kung Wen Wei Media Group
2017.11	Beijing Benz won the title of the Fifth National Civilized Unit	Central Civilization Office
2017.11	Second Prize of Beijing Modern Enterprise Management Innovation Achievements	Beijing Municipal Evaluation Committee of Modern Enterprise Management Innovation Achievements
2017.12	Statistical Good Faith Unit	Bureau of Statistics of Beijing and Shunyi District
2017.12	Key Support Project for Beijing Chief Technician Studios	Beijing Municipal Human Resources and Social Security Bureau
2017.12	China Excellent Patent Award	State Intellectual Property Office
2017.12	National Intellectual Property Demonstration Enterprise	State Intellectual Property Office
2017.12	Beijing Benz was honored as the Demonstration Enterprise in the Quality and Safety Demonstration Area for Export Automobile Products in Beijing	Beijing Entry-Exit Inspection and Quarantine Bureau and Beijing Municipal Commission of Commerce
2017.12	Beijing Hyundai won the Best Partnership Award	Beijing Youth Development Foundation
2017.12	SenovaX35 was honored as the China Design Red Star Award	China Red Star Design Award Committee
2018.1	2017 Advanced Unit for Target Management of Occupational Health Work in Zhuzhou	Zhuzhou Production Safety Committee

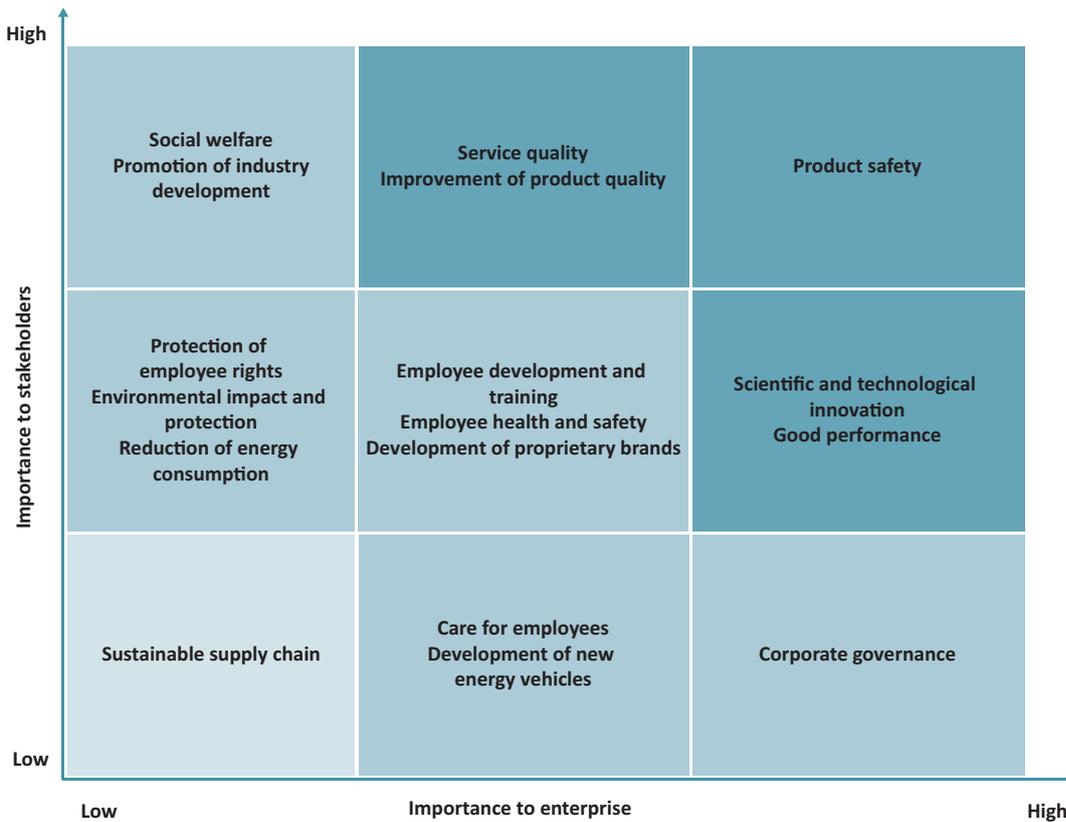
# Responsibility Communication

Stakeholders	Communication mechanism	Stakeholders' appeals	Response of the Company
Government and regulators	<ul style="list-style-type: none"> <li>· Policies and guidelines</li> <li>· Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>· Drive economic development</li> <li>· Tax payment according to law</li> <li>· Honest and legitimate operation</li> <li>· Create job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>· Actively respond to national strategies</li> <li>· Good operation</li> <li>· Compliant operation</li> <li>· Create jobs</li> <li>· Strengthen innovation and R&amp;D</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>· General Meeting of Shareholders</li> <li>· Board of Directors</li> <li>· Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>· Enhance values</li> <li>· Regularize corporate governance</li> <li>· Transparent operation</li> </ul>	<ul style="list-style-type: none"> <li>· Good operating results</li> <li>· Continuously improve corporate governance structure</li> <li>· Comprehensive, timely, accurate information disclosure</li> </ul>
Customers	<ul style="list-style-type: none"> <li>· Company website</li> <li>· WeChat Official Account</li> <li>· Weibo Official Account</li> </ul>	<ul style="list-style-type: none"> <li>· High price-performance ratio</li> <li>· Safety protection</li> <li>· Deliver high-quality services</li> </ul>	<ul style="list-style-type: none"> <li>· Develop new energy vehicles</li> <li>· Improve product quality management system</li> <li>· Organize car owner events</li> <li>· Customer satisfaction survey</li> </ul>
Employees	<ul style="list-style-type: none"> <li>· Communication with employees</li> <li>· Trade Union</li> <li>· Staff Council</li> <li>· President's Lunch Party</li> <li>· Bulletin</li> </ul>	<ul style="list-style-type: none"> <li>· Sound remuneration and welfare system</li> <li>· Smooth career development channel</li> <li>· Comfortable working environment</li> </ul>	<ul style="list-style-type: none"> <li>· Safeguard legitimate rights and interests of employees</li> <li>· Continuously reinforce safety and health management</li> <li>· Provide diverse training</li> <li>· Carry out staff care activities</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>· Regular communication</li> <li>· Business cooperation and exchange</li> <li>· Training</li> </ul>	<ul style="list-style-type: none"> <li>· Fair and equitable cooperation</li> <li>· Cooperation and mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>· Continuously improve supplier management</li> <li>· Strengthen internal procurement management</li> <li>· Conduct supplier training</li> </ul>
Dealers	<ul style="list-style-type: none"> <li>· Sales activities</li> <li>· Training</li> <li>· Business guidance</li> </ul>	<ul style="list-style-type: none"> <li>· Model supply</li> <li>· Business help</li> </ul>	<ul style="list-style-type: none"> <li>· Strengthen instruction and help for dealers in sales activities</li> <li>· Share market information</li> <li>· Conduct dealer training</li> </ul>
Community	<ul style="list-style-type: none"> <li>· Care for vulnerable groups</li> <li>· Philanthropic events for community</li> </ul>	<ul style="list-style-type: none"> <li>· Common community development</li> <li>· Harmonious community relations</li> </ul>	<ul style="list-style-type: none"> <li>· Sponsor events</li> <li>· Participate in volunteer events</li> <li>· Be dedicated to social charity</li> </ul>
Public and media	<ul style="list-style-type: none"> <li>· Information disclosure on media</li> <li>· Philanthropic event</li> </ul>	<ul style="list-style-type: none"> <li>· Open, transparent information disclosure</li> <li>· Comprehensive, effective performance of corporate citizen responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>· Timely and objective information disclosure</li> </ul>
Environment	<ul style="list-style-type: none"> <li>· Environmental protection activities</li> <li>· Green operation</li> </ul>	<ul style="list-style-type: none"> <li>· Reduce energy consumption and carbon emission</li> <li>· Actively participate in environmental protection activities</li> </ul>	<ul style="list-style-type: none"> <li>· Improve awareness of environmental protection</li> <li>· Strengthen the construction of safety and environmental protection system</li> <li>· Conduct green operation</li> <li>· Perform energy saving upgrade</li> </ul>

# Analysis of Material Issues

The Company has actively undertaken its social responsibility, strengthened communication with stakeholders, positively responded to the stakeholders' appeals, and continually enhanced its sustainable development capability. On the basis of meeting the requirements of the Environmental, Social and Governance (ESG) Reporting Guide of the Stock Exchange of Hong Kong, and by referring to the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and comparing with the leading

enterprises at home and abroad, the Company has analyzed, classified, screened and sorted the issues that reflect an entity's significant impacts on economy, environment and society and that have a material influence on the stakeholders' evaluation and decision-making, so as to disclose relevant information about operation and management as accurately and comprehensively as possible.



# Index to ESG Indicators

No.	Indicator Description	Page
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P37-P41
A1 Emissions	A1.1 The types of emissions and respective emissions data.	P38, P40
A1 Emissions	A1.2 Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P38
A1 Emissions	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P40
A1 Emissions	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P40
A1 Emissions	A1.5 Description of measures to mitigate emissions and results achieved.	P35, P36, P41
A1 Emissions	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P35, P36, P41
A2 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.	P37
A2 Use of resources	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).	P38
A2 Use of resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P38
A2 Use of resources	A2.3 Description of energy use efficiency initiatives and results achieved.	P36, P38
A2 Use of resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P37, P38
A2 Use of resources	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A
A3 The Environment and Natural Resources	General Disclosure Policies on minimizing the significant impact of the issuer on the environment and natural resources.	P37
A3 The Environment and Natural Resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P39, P41
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant regulations that have impact on the issuer relating to compensation, recruitment and promotion, hours, rest periods, equal, diversity, anti-discrimination, benefits and welfare.	P48, P49
B1 Employment	B1.1 Total workforce by gender, employment type, age group and geographical region.	P49
B1 Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	P49
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P51
B2 Health and Safety	B2.1 Number and rate of work-related fatalities.	P52
B2 Health and Safety	B2.2 Lost days due to work injury.	P52
B2 Health and Safety	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P52, P53
B3 Development and Training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P50
B3 Development and Training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P51
B3 Development and Training	B3.2 The average training hours completed per employee by gender and employee category.	P51
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P49
B4 Labour Standards	B4.1 Description of measures to review employment practices to avoid child and forced labor.	P49
B4 Labour Standards	B4.2 Description of steps taken to eliminate such practices when discovered.	P49
B5 Supply Chain Management	General disclosure Policies on managing environmental and social risks of the supply chain.	P46, P47
B5 Supply Chain Management	B5.1 Number of suppliers by geographical region.	P46
B5 Supply Chain Management	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P46, P47
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P28-P31
B6 Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	For details, please see the recalls announcement on the Company's website
B6 Product Responsibility	B6.2 Number of products and service related complaints received and how they are dealt with.	P31
B6 Product Responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P23
B6 Product Responsibility	B6.4 Description of quality assurance process and recall procedures.	P28
B6 Product Responsibility	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P31
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P13
B7 Anti-corruption	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.	P13
B7 Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P13
B8 Community Investment	General disclosure Policies on community engagement understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P54
B8 Community Investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, culture, sport).	P54-P57
B8 Community Investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	P55

## Index to GRI Indicators

Disclosure Item No.	Name of Disclosure Items	Position in Report
102-1	Name of the organization	P8
102-2	Activities, brands, products and services	P8
102-5	Ownership and legal form	P8
102-6	Markets served	P8
102-7	Scale of the organization	P8
102-8	Information on employees and other workers	P8
102-14	Statement from senior decision-maker	P4, P5
102-18	Governance structure	P13
102-21	Consulting stakeholders on economic, environmental, and social topics	P61
102-22	Composition of the highest governance body and its committees	P13
102-31	Review of economic, environmental and social topics	P62
102-33	Communicating critical concerns	P61
102-40	List of stakeholder groups	P61
102-42	Identifying and selecting stakeholders	P61
102-44	Key topics and concerns raised	P62
102-46	Defining report content and topic Boundaries	P1
102-47	List of material topics	P62
102-50	Reporting period	P1
102-52	Reporting cycle	P1
102-53	Contact point for questions regarding the report	P1
102-55	GRI content index	P64
201-1	Direct economic value generated and distributed	P8
205-2	Communication and training about anti-corruption policies and procedures	P13
205-3	Confirmed incidents of corruption and actions taken	P13
301-1	Materials used by weight or volume	P38
302-1	Energy consumption within the organization	P38
302-3	Energy intensity	P38
303-3	Water recycled and reused	P38
305-1	Direct (Scope 1) GHG emissions	P38
305-2	Energy indirect (Scope 2) GHG emissions	P38
305-4	GHG emissions intensity	P38
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P40
306-1	Water discharge by quality and destination	P40
306-2	Waste by type and disposal method	P40
307-1	Non-compliance with environmental laws and regulations	P39
401-1	New employee hires and employee turnover	P49
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P53
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism	P52
404-1	Average hours of training per year per employee	P51
404-2	Programs for upgrading employee skills and transition assistance programs	P50
405-1	Diversity of governance bodies and employees	P49





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