

# GREAT WALL MOTOR COMPANY LIMITED

## Corporate Social Responsibility Report 2018

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### I. CORPORATE OVERVIEW

#### (I) Corporate Profile

Great Wall Motor Company Limited (“Great Wall Motor” or the “Company”) is one of the largest SUV and pick-up truck manufacturer in the People’s Republic of China (the “PRC”). In 2003 and 2011, the Company was successfully listed in Hong Kong and the PRC, respectively. As at the end of 2018, the Company’s total assets amounted to RMB111.800 billion. The Company has over 60 subsidiaries and more than 60,000 employees. Currently, Great Wall Motor has four brands, namely Haval, WEY, Great Wall pick-up trucks and ORA, covering three major product lines, i.e. SUVs, sedans and pick-up trucks. The Company is able to independently produce engines, transmissions, and other core parts and components. The Company will develop conventional vehicles as well as accelerate its pace to develop new energy vehicles.

Great Wall Motor’s eight production bases have begun to take shape in the PRC as several major finished automobile projects in Yongchuan of Chongqing, Zhangjiagang of Jiangsu, Rizhao of Shandong, Pinghu of Zhejiang and Taizhou of Jiangsu are progressing steadily upon completion of the production bases in Baoding, Tianjin and Xushui. In overseas countries, KD plants have been built in Ecuador, Malaysia, Tunisia and Bulgaria as well. Construction of a plant in the Russia state of Tula, which is wholly-owned by Great Wall Motor, is underway as well. This is one of the pioneered finished-automobile plants with four major processes established abroad by a Chinese automobile company, which will commence production during the first half of 2019.

Great Wall Motor continues to commit “excessive investment” to technology R&D which focuses on effective R&D, aiming to become a leading player in the industry, thus laying a solid foundation for sustained independent innovation. It has world-class R&D equipment and systems, with the development and design capabilities for three product lines, i.e. SUVs, sedans and pick-up trucks, as well as powertrains. It has set up overseas R&D centers in Japan, the United States, Germany, India, Austria and South Korea for establishing a global R&D network headquartered in Baoding and covering Europe, Asia and North America.

Great Wall Motor has one of the state-of-the-art comprehensive automobile testing plants in the PRC to date, with a Haval technical center for R&D, trial production, testing, modeling and data processing for carrying out R&D of finished automobiles as well as parts and components, thus enabling the Company to take a qualitative leap in R&D capability. In the next five years, it will commit RMB30 billion to building a global R&D system, which will give it superiority in leading the way in active and passive safety technology, intelligent interconnection and self-piloting driving. Its technical strength was widely recognized by the public as it was jointly rated by five ministries and commissions such as the National Development and Reform Commission and the Ministry of Science and Technology as a “National Certified Enterprise Technology Center”, a “Set-up Unit for Post-doctoral Scientific Research Stations” and a “National Innovative Enterprise”.

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

In recent years, the development potential of Great Wall Motor has been widely recognized. It topped the list of “Zhonglian Top 100 Listed Companies in Terms of Performance” (“中聯上市公司業績百強”) and was rated as one of the “Most Valuable Listed Automobile Companies” (“最具價值汽車類上市公司”) and one of the “Top 10 Listed Automobile Companies in the PRC” (“中國汽車上市公司十佳”). It was also repeatedly listed as one of the “Top 500 Enterprises in the PRC” (“中國企業500強”), the “Top 500 Machinery Enterprises in the PRC” (“中國機械500強”), the “Top 500 Manufacturers in the PRC” (“中國製造500強”), the “Fortune 500 Chinese Companies” (“《財富》中國500強”) and “BrandZ Top 100 Most Valuable Chinese Brands” (“BrandZ 最具價值中國品牌100強”). Furthermore, it was named as a “Recommended Brand for Export” (“推薦出口品牌”) by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products and an “Enterprise for National Finished Automobile Export Base” (“國家汽車整車出口基地企業”) by the Ministry of Commerce and the National Development and Reform Commission. Great Wall Motor is also the first Chinese automobile company among the members of the Hydrogen Council.

Great Wall Motor continues to be a leading player in both overseas and domestic markets. In the domestic market, it has the leading sales volume of SUVs and pick-up trucks for a number of years. In overseas markets, its brand awareness and reputation are raising continuously.

## **(II) Corporate Culture**

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

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

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

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

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

In pursuit of mutual benefit, harmony and win-win, the Company actively expands its presence in domestic and international automobile markets to enhance business performance and attaches great importance to shareholders' investment returns while balancing its sustainable development and dividend distribution. Since its listing, the Company distributes dividends every fiscal year. As of 2017, the Company has distributed approximately RMB15.638 billion of dividends in aggregate. Pursuant to its proposed profit distribution plan for 2018, the Company will distribute a cash dividend of RMB2.9 (tax inclusive) for every 10 shares, representing a total cash dividend of RMB2,646,908,010.00.

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

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

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

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

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

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

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

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

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

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

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

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

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

Great Wall Motor recruits graduates majoring in automobile and mechanics as the backbone of technology research and development. The Company has 18,827 employees with a bachelor's degree or above. It established a postdoctoral research center in May 2006 after obtaining the approval of the Ministry of Personnel of the PRC and the National Post-doctoral Management Committee (全國博士後管委會). The expertise of each graduate is well recognized, employed and put into play by Great Wall Motor which in turn becomes a promising platform for their career development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

## **IV. Protecting the Rights and Interests of Suppliers and Customers**

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

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

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

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

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

In order to improve its competitive edge, the Company has established an industry-leading sales service system to provide excellent customer service. The Company constructs a network ecosystem through pluralistic network forms, and establishes regional presence in an integrated way to achieve regional fine management. The Company focuses on developing service functions and enhancing brand image to provide customers with more convenient and better services.



Focusing on customers, the Company adopts Internet thinking, promotes digital marketing, establishes a new retailing fans platform named Super APP to meet internet users' needs, innovates business operation model, strengthens the communications among customers, distributors and suppliers, realizes "users-centered" AI smart interactive experience and provides ultimate integrated Super ID experience, so as to offer customers with the best seamless "O2O" services in the industry.

The Company has optimized the "Customer Satisfaction Index System" based on five aspects, i.e. staff quality, good faith operation, service quality, sincere care and brand image, promoted satisfaction survey continuously, introduced relevant policy to stimulate self-improvement of all its network distributors, optimized and innovated service experience constantly and created surprises and affection for customers, so as to improve brand service quality and efficiency and nurture loyal customers.

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

Any dissatisfaction of customers, no matter how insignificant, is always a major problem for us. The Company adheres to the service philosophy of sincerity and professionalism, reinforces frontline staff's technical skills and service capability through a series of capability-granted activities such as launching special sales training camp and conducting scenario simulation training, carries out specific rectification on service sectors with insufficiencies and promotes service upgrade consistently, so as to strengthen customers' perception and experience further and improve customers' satisfaction effectively.

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

On September 26, "The Second China Quality Forum & 2018 Satisfaction Survey Results of Car Users" organized by China Association of Automobile Quality was held in Beijing. The survey results of 2018 China Automobile Customer Satisfaction Index (CACSI) was published during the conference. Based on years of accumulation in quality and service, Great Wall Motor won a grand slam in three categories including pre-sales, after-sales and product with its brand models of Haval and WEY ranking first in numerous market segments.

The Company continues to promote General Enquiry (萬事通) and Sunshine Platform (陽光曬平台) to break through obstacles to communicating with suppliers, builds a smooth channel for collecting feedback from distributors, continues to conduct satisfaction survey of distributors, creates an equal, fair, open and transparent cooperation environment for suppliers, strengthens the communications with suppliers and solves various practical questions though meeting mechanism with different levels and different scope. As such, the Company forges a win-win relationship with suppliers and distributors based on good-faith cooperation and mutual benefits.

## V. PRODUCT SAFETY

Great Wall Motor consistently adheres to the car-making philosophy of “To make the best-quality cars and to be world-class”. Any enterprises should foster scientific and healthy development models, their operation and development should ultimately boost social progress, improve the environment and enhance people’s sense of happiness. Great Wall Motor sticks to the development mission of “surprising customers, improving the well-being of staff, creating value for customers and contributing to the society”, striving to make high-quality and high-performance products that can represent Chinese automobile industry and earn worldwide recognition.

### (I) Emission control

#### 1. *Integrate advantageous resources, vigorously develop new energy car models and realize zero emission*

New energy car models will be the major player in the future automobile market, Great Wall Motor has paid special attention to the research and development of new energy technology for a long time. In order to promote the development of new energy car models, Great Wall Motor has established laboratories, battery trial workshops, trial centers and analysis centers for cell, mechanism analysis, PACK and BMS, laying a solid technology foundation for the Company’s new energy car models.

After years of development, Great Wall Motor has achieved remarkable results in the new energy areas so far. New energy car models such as C30EV and ORA have been launched successively. Meanwhile, depending on advanced technology such as intelligent internet, big data and AI, etc., Great Wall Motor has established diversified travel platform named ORA travel, adhered to the philosophy of “Green & Sharing”, integrated “rental by time duration + online booked cars + long and short-term lease” and gradually progressed nationwide layout, so as to reduce emission and assist green environmental protection.

#### 2. *Continue to upgrade and reinforce emission control requirements*

The Company’s basic management model on emission is to confirm national and industrial laws and standards on emission and look through and gain a deep understanding of them first, then the Company will formulate more strict internal standards and control norms within the Company based on laws and standards with combining future development trend. Based on China 6 Emission Standard, the Company has formulated more strict Norms for Emission Test Process Control to standardize the emission test process from preparation and confirmation of sample vehicles, testing to consistency control, thus establishing a scientific and rigorous mode of control.

### **3. *Set up emission quality standards and strictly control emission index***

The Company consistently insists on taking emission as key control index and adopts passing conditions for project nodes, namely quality gate, to carry out control activities. During the research and development stages of each car model, professional testing department will conduct testing focusing on these models' emission level and has the authority to veto their entry to following stages based on whether the testing results meet the standards. The models will not be able to enter the next development stage if the emission level fails to meet the standards, each relevant professional team should take the emission issue as a priority, allocate advantageous resources, solve the problem completely and ensure to achieve emission goal.

## **(II) VOC and odour control**

### **1. *Standardized VOC quality control system***

The Company has professional VOC-testing staff, who are specializing in VOC detection and have professional VOC detection equipment, devices and laboratories to ensure the detection methods are scientific and effective. During the consistency control process, quality inspection divisions of each department will conduct VOC testing and random examination on products regularly to guarantee the VOC of mass- production products will also meet the environmental protection requirements.

### **2. *Improve VOC and odour control level via technology innovation***

Offering safer and more comfortable products to customers via technology innovation is a significant strategy the Company consistently adheres to. The Company is very generous in investing in technology. Through professional engineers' unremitting efforts, the Company has numerous new application patents such as vehicle-mounted fragrance and vehicle, artificial leather with fragrance and leather cover which can prevent the odour from causing uncomfortable experience to customers via the release of fragrance.

## **(III) Controlling measures for recycling and reuse**

### **1. *Design proposals are integrated into the concept of recycling and reuse, with stringent checks on verification process***

Recycling and reuse must be integrated into design proposals. As part of the design work, design proposals are organized and assessed by our product engineers during the entire design process in order to generate results. The Company always advocates a complete design proposal, as a design proposal by product engineers is required to include various design elements, of which recycling and reuse are a particularly essential part. Incorporating the recycling and reuse concept into the design process enables us to devise a systematic plan for recycling and reusing products at an early stage to make sure the recycling and reuse targets can be attained.

In the design verification stage, the Company has a department specially assigned to calculate and check the recycling and reuse rate. For substandard products, product verification engineers and product design engineers will work together to study and develop an improvement proposal until the product recycling and reuse rate reaches the established standards.

## **2. *Suppliers participate in product design to make full use of supplier resources***

The Company rationally selects suppliers based on the recycling requirements for finished vehicles. Whether a supplier meets the recycling and reuse requirements is a key precondition for us to cooperate with it. Moreover, the Company vigorously carry out projects in parallel by immediately inviting suppliers to fully participate in the pre-design stage and by allowing Company's product design engineers and suppliers' technicians to jointly carry out product design and development so as to make full use of excellent supplier resources to make more environmental-friendly products together.

## **3. *Carry out recycling activities in strict compliance with laws and regulations***

The Requirements Governing Hazardous Substances from Automobiles and Their Recycling Rate (《汽車有害物質和可回收利用率管理要求》) formulated by the Ministry of Industry and Information Technology and the Road Vehicles – Recyclability and Recoverability – Calculation Method (GB/T 19515) (《GB/T 19515道路車輛可再利用率 and 可回收利用率計算方法》) are the basic guidelines for the Company to carry out recycling work. The Company has a dedicated department to carry out unified management and control of recycling and reuse, and continuously looks for more scientific and efficient working modes in accordance with regulatory and standard requirements and in line with the Company's specific situations to promote product recycling and reuse.

## **(IV) Control measures for active and passive safety**

### **1. *Offer abundant product safety devices based on customer needs***

Abundant safety devices can help customers drive vehicles in a safe and reliable way. Great Wall Motor adheres to the brand concept that "safety is a prerequisite for luxury" by continuously enhancing and offering abundant product safety devices. For example, the VV5 final version comes with a new generation of Collie smart safety system, equipped with 41 smart safety devices to assure safe driving for customers. Among these devices, the active emergency braking (AEB) system can detect any vehicles in front by means of the front precision radar, thus completely avoiding collision or mitigating the extent of collision. The full-speed adaptive cruise control (ACC) system can comprehensively control the speed and distance between the speed of 0 to 150km/h to assure safety during driving.

### **2. *Break through difficulties by means of technological innovation***

Through ongoing research on vehicle safety, we were the first in the industry to propose a unique "3DP" safety design technology for collision of finished vehicles (comprehensive safety design for passengers, pedestrians and vehicles). We have established a safety technology development system for independent vehicles and a development process for collision performance, making a breakthrough in the protection of passengers, pedestrians and vehicles. Moreover, we were the first in the PRC to set up a vehicle crash safety performance development process that integrates vehicle structural crashworthiness development, pedestrian protection performance development and a restraint system to make sure collision safety performance and vehicle development can be achieved simultaneously. We will continue to conduct in-depth research on automobile safety issues and to improve the safety performance of our automobile products by means of technological innovation.

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

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

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

Facilities for controlling sewage, exhaust gas, hazardous waste and noise pollution are designed, constructed and put into operation in tandem with the main structure to ensure that all pollutants meet the emission standards stipulated in environmental laws and regulations. Exhaust gas mainly consists of exhaust gas emitted by painting workshops and the main pollutants are benzene, toluene and xylene. Exhaust gas produced by the coating procedure of painting workshops will be treated by RTO, and spray and other exhaust gas of painting workshops will be treated by zeolite rotor facilities and discharged after meeting the required standards (for instance, in 2017, the exhaust gas produced by the coating procedure of Tianjin painting workshop No.1 contained 0.038mg/m<sup>3</sup> of benzene and a total of 0.115mg/m<sup>3</sup> of toluene and xylene, while the exhaust gas produced by Baoding automobile painting workshop contained 0.0486mg/m<sup>3</sup> of benzene and a total of 1.113mg/m<sup>3</sup> of toluene and xylene, far lower than the national benzene emission standard of 1mg/m<sup>3</sup> and toluene and xylene emission standard of 20mg/m<sup>3</sup>; in 2018, the exhaust gas produced by the coating procedure of Tianjin painting workshop No.1 contained 0.101mg/m<sup>3</sup> of benzene and a total of 0.401mg/m<sup>3</sup> of toluene and xylene, while the exhaust gas produced by the spraying procedure of Baoding automobile painting workshop contained 0.0721mg/m<sup>3</sup> of benzene and a total of 0.672mg/m<sup>3</sup> of toluene and xylene, far lower than the national benzene emission standard of 1mg/m<sup>3</sup> and cumulative toluene and xylene emission standard of 20mg/m<sup>3</sup>). The main pollutant of sewage discharge is COD. Each plant site has a sewage outfall and after being treated at the sewage treatment plant, sewage will be discharged into the municipal sewage network after meeting the requirements of national laws and regulations (for instance, the COD emission level of the automobile business department was 205mg/L, and that of Tianjin automobile plant was 155mg/L, far lower than the national COD emission standard of 500mg/L). The plant sites are not in the proximity of noise-sensitive regions in which cultural and educational facilities are located. The maximum level of noise emitted (measured on a nearby main road) was 59.1dB, lower than the national standard.

In 2018, a total of 17,310.00 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.016 ton per vehicle. Such waste was transferred in accordance with the Notice on the Application of Dynamic Solid Waste Information Management Platform (《固體廢物動態信息管理平台應用有關工作的通知》), the Notice on the Relevant Procedures of Launching Tianjin’s Hazardous Waste Online Transfer Supervision Platform for the Transfer of Hazardous Wastes in the City of Tianjin (《關於啟動天津市危險廢物在線轉移監管平台辦理危險廢物市內轉移相關手續的通知》) and the procedures for obtaining approval of transfer established by the competent authorities in Tianjin and Baoding. Hazardous waste of the Group was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. (天津合佳威立雅環境服務有限公司), Tianjin Binhai Hejia Veolia Environmental Services Co., Ltd. (天津濱海合佳威立雅環境服務有限公司), Cangzhou Jihuan Veolia Environmental Services Co., Ltd. (滄州冀環威立雅環境服務有限公司), Qinhuangdao Xushankou Hazardous Waste Treatment Co., Ltd. (秦皇島市徐山



口危險廢物處理有限公司) and other companies for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. In 2018, a total of 16,100.00 tons of general solid waste was produced, representing a unit production of 0.015 ton per vehicle, which was disposed of by the qualified waste recycling service providers engaged by the Company.

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

Since 2012, the Company has monitored greenhouse gas emission in accordance with the ISO 14064 standard and the Calculation Methods and Reporting Guidelines for Greenhouse Gas Emission of Machinery Manufacturers in Hebei Province (Trial)” (《河北省機械製造企業溫室氣體排放核算方法與報告指南(試行)》). In 2018, the greenhouse gas emission of the Company totaled 1.3538 million tons, including the main engine plants and parts plants of Great Wall Motor Company Limited, of which greenhouse gas emission of the main engine plants was 0.57 ton per vehicle.

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

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



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

The Company holds the principle of “green production and sustainable development”, follows the strategic deployment of state construction of ecological civilization and aims to promote the sustainable development of the whole industry chain and the full-life cycle of products, striving to build a green manufacturing system of high-efficiency, cleanness, low-carbon and recycle. Since 2012, the Company has established a professional energy management team to improve its expertise in energy conservation constantly, promote the Company to organize various energy management activities and implement energy management under the energy management system. By setting the double-control targets for overall energy consumption and intensity, the Company enhances the energy-saving awareness of all employees and gradually reduces its energy consumption. The Company strictly abides by the national energy policies, implements industry structural adjustment, and actively replaces outdated equipment with high energy consumption while introducing new clean-energy and energy-efficient equipment to cut down on emission and energy consumption, so as to contribute to building a green China.

The Company consistently adheres to the principle of sustainability and energy conservation during products design and manufacturing processes, focusing on developing energy conservation technology and products such as high-efficiency engine, advanced automatic transmission and hybrid power system, introducing advanced energy conservation conception and high-efficiency manufacture equipment and striving to build energy conservation plant. In 2018, the Company’s total energy consumption of finished vehicles and accessory parts was only 2,233,597MWh, with unit consumption being 2.19MWh per vehicle. During the products manufacturing process, the Company allocated vast resources in technological energy conservation, structural energy conservation and managerial energy conservation, striving to build green plant. In respect of technological energy conservation, the painting workshop improved its production processes in automobile coating and expected to save energy of 93 tce per year; in respect of structural energy conservation, the Company vigorously promoted the application of clean energy, in 2018, the Company newly established photovoltaic power system of 54.06MW, self-generated 62.87 million kwh of power and meanwhile applied wind power generation projects with trial projects’ installed capacity of 4MW, expected to generate 9.4 million kwh of power per year; in respect of managerial energy conservation, the Company actively promoted all staff’s awareness of conserving energy and reducing consumption, implemented comprehensive energy conservation measures, launched energy information system construction to realize refined management on energy and eliminated on-site energy waste; the Company continued the implementation of green LED lighting, recycling of waste heat and residual pressure, upgrade of high-efficiency power machines and standardization of energy utilization. The Company saved approximately 10,000 tce of power in 2018.

As to water resources utilization, in 2018, the Company’s total water consumption for finished vehicles and accessory parts was only 4.3497 million tons, with the unit water consumption being 4.27 tons per vehicle. According to the water quality demands of different levels for various techniques, the Company has built reclaimed water, concentrated water recycling and spilling for water supply projects and realized graded and recycled use of water resources. In 2018, the Company reused 1.13 million tons of water with some units basically realizing zero discharge of reclaimed water.

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

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

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

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

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

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

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

1. Industry research: The Company shows strong support for the scientific research of automobile major in national key universities. It has established teaching and research laboratories in colleges and universities including Hebei Agricultural University, and has provided automobiles for teaching purpose to key universities such as Tsinghua University, Jilin University and Yanshan University.
2. Education: The Company provided an off-campus practice base and science and technology competition fund for Yanshan University. The Company helps build hope primary schools in poverty-stricken areas, provides financial support for poor students, and donates teaching tools to high schools, middle schools, primary schools and kindergartens.
3. Environmental protection: In addition to energy conservation and emission reduction in the process of product design and production, the Company organized employees to carry out volunteer activities and always advocates low-carbon commuting, with a view to contributing to the cause of environmental protection in hometown.

4. Charity: The senior executives of the Company regularly visit Jinqiu Home for the Elderly and Baoding First Welfare Institution to present gifts on behalf of the Company in a bid to show love and care for the elderly without family and bring hope and strength to disabled children.

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

In recent years, the Company has contributed RMB51,077,500 in total to public welfare undertakings. Its efforts and enthusiasm in public welfare have been widely recognized by the society. The Company was awarded a number of honorary titles, including the Advanced Unit in Education Donation in Hebei Province (“河北省捐資助學先進單位”), the Civilized Unit of Hebei Province (“河北省文明單位”) and the Caring Enterprise” (“愛心企業”).

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

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

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

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

## VIII. CORPORATE INTEGRITY BUILDING

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

**Great Wall Motor Company Limited**  
22 March 2019