

**Qingling Motors Co., Ltd.**  
**2021 Environmental, Social**  
**and Governance (“ESG”)**  
**Report**

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## ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “**Report**”) provides information of Qingling Motors Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) on its full-scale implementation of environmental, social and sustainable development concepts, and measures and performance in relation thereto in 2021. The Report is to be read in conjunction with the Corporate Governance Report contained in the 2021 Annual Report of the Group so as to have an overall understanding of the environmental, social and governance performance of the Group.

### Scope of the Report

The Report covers the businesses which the Group has control over and has significant influence in their environmental and social aspects, and discloses the main measures and activities conducted by the Group during the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”). The scope of the Report includes the Company and its subsidiaries.

### Basis of Preparation

The Report is prepared by the Group in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Report has complied with the mandatory disclosure requirements and “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide, and has been prepared in accordance with the reporting principles of materiality, quantitative, balance and consistency.

During the preparation of the Report, the Group applied the above reporting principles as follows:

**Materiality:** The Group adopts a materiality assessment approach to identify material issues during the Reporting Period. For details, please refer to the section headed “Materiality Analysis”;

**Quantitative:** The Group discloses the standards, methods, assumptions or calculation tools used in quantitative indicators where feasible;

**Balance:** The Report should provide an unbiased picture of the Group’s performance during the Reporting Period. It should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader; and

**Consistency:** The preparation method of the Report is basically consistent with that of the previous year, and explanations are made on the changes in the disclosure calculation method or key performance indicators.

### Language of the Report

The Report is published in two versions, Traditional Chinese and English. If there is any inconsistency between the Traditional Chinese version and English version, the Traditional Chinese version shall prevail.

## **Stakeholder Engagement**

Thanks to the participation and support contributed by the internal stakeholders in preparation of this Report, the Group is able to have a clearer understanding of its progress in environmental and social aspects. Information on environment, society and corporate governance of the Group is also available on the official website of the Group (<http://www.qingling.com.cn>) or the website of the HKEX (<http://www.hkex.com.hk>). You may access relevant documents by clicking “Investor Relations” on the home page of the Company's website or browsing through the HKEXnews's website. \_

## **Feedbacks**

The Group looks forward to receiving any valuable comments from the readers and please send the comments to us by the following means:

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# 1. Overview of the Group

## 1.1. Group profile

The Group is principally engaged in the production of Isuzu light, medium and heavy-duty commercial trucks with international advanced technology and quality standards, six series of diesel and petrol engines with power ranging from 100 hp to 520 hp and traditional fuel and new energy commercial trucks under the brand of Qingling, etc.

The Group was established by Qingling Motors (Group) Company Limited and Japan Isuzu in 1985. The Company was the first Sino-foreign joint venture in Chongqing since the city's reform and opening-up. The Company issued H shares in HKEx in 1994 and issued convertible bonds abroad in 1997.

The Group has products for middle and high-end mainstream customers of both domestic and foreign market. Domestic market: firstly, customers of key industries such as oil, post, communication, finance, electricity, tobacco and so on; secondly, customers of modified vehicles with high value added; thirdly, other customers such as municipal-service, sanitation, fire-fighting, cold storage, airport services and so on. Foreign market: key customers are famous multinational corporations from Japan, Europe, and America.

Productivity per worker, per capita sales, and per capita profit of the Group is greater than other national automobile enterprises. The Group won the National Quality-Benefit Enterprise and the special award for National Advanced Quality-Benefit Enterprise for three consecutive years from 1999 to 2001. The Group won the first Chongqing Mayor Quality Management Award in 2009 and the Jiulongpo District Head Quality Management Award of Chongqing in 2018. It has been awarded as one of the Top 50 Industrial Enterprises of Chongqing for 16 years including 8 years at top of the list.

## 1.2. Communications with stakeholders

The Group adopts a diversified communication mechanism to conduct adequate communication with all the stakeholders involved, including the government, shareholders, clients, employees, partners, the community and the society, in order to proactively respond to their expectations of the Group.

**Table 1 Communication mechanism and expectations of the stakeholders**

Stakeholder	Communication mechanism	Expectations of the stakeholders
Government	<ul style="list-style-type: none"><li>• Daily management</li><li>• Meetings</li><li>• Monitoring and inspections</li><li>• Monthly report to the SASAC (workreport)</li></ul>	<ul style="list-style-type: none"><li>• Compliance with laws</li><li>• Paying taxes according to the law</li><li>• Support local development</li></ul>
Shareholders	<ul style="list-style-type: none"><li>• Shareholders' meeting</li><li>• Information disclosure</li><li>• Activities promoting investor relations</li></ul>	<ul style="list-style-type: none"><li>• Continued development and return to shareholders</li><li>• Information disclosure and investor relations</li><li>• Corporate governance and risk control</li></ul>
Clients	<ul style="list-style-type: none"><li>• Call center</li><li>• After-sales services</li><li>• Repair station</li></ul>	<ul style="list-style-type: none"><li>• High-quality products</li><li>• High-quality services before and after sales</li><li>• Protecting the rights and interests of the</li></ul>

Stakeholder	Communication mechanism	Expectations of the stakeholders
		clients
Employees	<ul style="list-style-type: none"> <li>• Staff trainings</li> <li>• Staff activities and staff care</li> <li>• Monthly digest</li> <li>• Conversation with the disciplinary inspection commission</li> <li>• Corruption reporting procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Guarantee of salaries</li> <li>• Favorable working environment and development platform</li> <li>• Equal opportunities for promotion and development</li> <li>• Smooth communication channels</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• Project negotiations</li> <li>• Assessment and inquiry</li> <li>• Communications in the course of cooperation</li> <li>• Supplier assessment and evaluations</li> <li>• Open bidding and tendering</li> <li>• Information-based construction</li> <li>• Tip-off procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Keeping promises</li> <li>• Equal, open and fair procurement</li> <li>• Transparent procurement agreement</li> <li>• Development with mutual benefits</li> </ul>
Community and society	<ul style="list-style-type: none"> <li>• Charitable domination</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting urban development</li> <li>• Raising public awareness</li> <li>• Promoting social harmony</li> </ul>

### 1.3. Materiality analysis

The Group carried out materiality analysis with the stakeholders to seek for their opinions. As the businesses, scales and stakeholders of the Group during the Reporting Period are very similar with those in the previous years, there is no significant change in material topics and topic boundaries of the Group from the previous years. Material topics of the Group include “production safety”, “occupational health”, “product quality”, “after-sales services”, “investor relations”, “safeguarding the rights and interests of the customers”, “protecting the rights and interests of employees” and “promotion channel”, targeted at which the Group will respond to the expectations of the stakeholders in this Report.

#### **1.4. Statement of the board of director**

The Group recognizes the importance of good corporate governance and has been committed to integrating the concept of sustainable development with the Group's overall strategy and business plan. During the Reporting Period, the Group established an ESG management structure system. The Board, as the top decision-making body of the Group's ESG work, assumes responsibility for the Group's ESG strategy and reporting; Its primary responsibilities include: overseeing and approving the Group's management strategy and management approach, including the process and results of identifying, evaluating, prioritising and managing material ESG-related issues (including risks to the Group's business); assessing and determining ESG-related risks, and ensuring that the Group has established an appropriate and effective ESG risk management and internal control system; approving the Group's ESG-related goals and reviewing the progress of achieving such goals; and reviewing material ESG management issues, including but not limited to considering the annual ESG report. The ESG working group is a working group under the Board to assist the Board in managing the Group's ESG-related matters from top to bottom. Members of the ESG working group mainly include the heads of functional departments of the Company and its subsidiaries, and their main responsibilities include: formulating the Group's ESG management strategies and relevant systems and processes; identifying, evaluating, prioritising and managing material ESG-related issues; analysing the potential risks and opportunities of material ESG issues on the Group's business development and the related impact, and establishing an appropriate and effective ESG risk management and internal control system; setting ESG-related goals, evaluating and reviewing the progress of achieving the goals; and coordinating the implementation and execution of all ESG-related work by the functional departments of the Group. In the future, the Group will continue to improve the ESG management system, consciously integrate the concept of sustainable development into ESG management and information disclosure work, and continuously improve the ability and level of risk prevention and control of the Group.

## 2. Environmental Governance

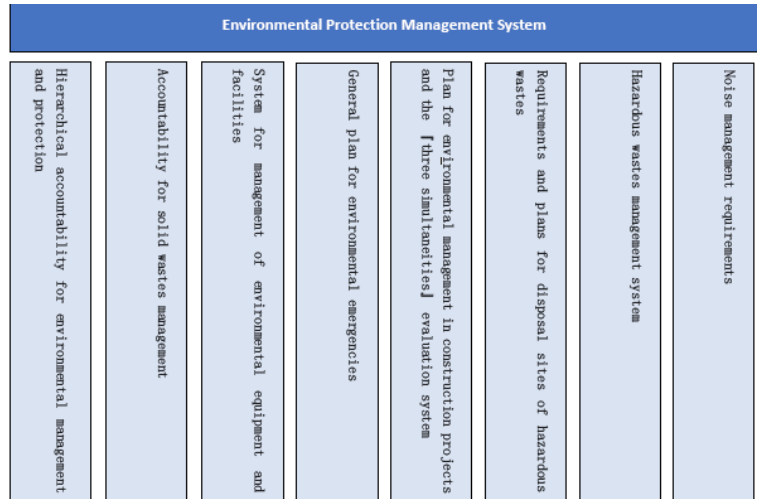
The Group attaches equal importance to economic benefits and corporate social responsibilities. The safety and environmental protection department, the executive organ of environmental management of the Group, is mainly in charge of the establishment of various environmental protection and management systems, implementation of specifications and standards and formulation of environmental protection work plans as well as being responsible for supervising and pushing ahead the implementation of environmental protection assignments of each department. In order to reinforce environmental protection, the Group has been contributing large sums of special funds to upgrade and ameliorate environmental protection facilities and dispose hazardous

wastes and common solid wastes according to laws, thus ensuring compliance discharge with practical actions. During the Reporting Period, the Group completed the assessment of carbon emission indicators, the purchase of carbon emission rights, the payment of environmental protection tax and other relevant works in compliance with laws and regulations, and did not violate the laws and regulations that have a significant impact on the Group relating to the emission of waste gas and greenhouse gas, the pollution discharge to water and soil as well as the generation of hazardous and non- hazardous waste.

### 2.1. Emissions

The Group values the environmental impacts of its production and has classified and improved the environmental management system so as to comply with requirements of the Law of the People’s Republic of China on Environmental Protection, the Law of the People’s Republic of China on Environmental Impact Assessment and other relevant national and regional laws and regulations. The Group will invite the environmental supervisory authorities to conduct regular monitoring over the emissions subject to the restrictions of laws and engage independent third-party institutions to carry out environmental evaluation and record and prepare environmental monitoring reports accordingly. A countermeasure will be taken immediately after any problem is identified so as to achieve compliance emission. All construction projects of the Group have been implemented in strict accordance with the principle of simultaneous construction of the environmental facilities and the main construction facilities and in compliance with the environmental protection system of the “three simultaneities”, i.e., simultaneous design, construction and putting to operation of the environmental facilities and the main construction facilities, thereby following through and implementing the environmental work in accordance with laws and regulations.

**Diagram 1 Environmental Protection Management System**





### 2.1.1. Emission of waste gases

Exhausts of the Group mainly comprise the emissions of the boilers and coating waste gases. The Group observes strictly the Law of the People's Republic of China on Atmospheric Pollution Prevention and Control, the Integrated Emission Standard of Air Pollutants of Chongqing updated by the Chongqing Municipal Environmental Protection Bureau (currently known as Chongqing Ecology and Environment Bureau) and the Chongqing Municipal Quality and Technology Supervision Bureau in 2016 as well as other relevant national and regional laws and regulations and has been supporting the “Blue Sky Initiative” implementation plan in Chongqing. In response to the increasingly high environmental standards, the Group completed clean energy (“using natural gas instead of coal”) project for the coal-fired boilers in 2014 and replaced the coal-fired boilers with the newly constructed natural gas-fueled boilers, resulting in substantial reduction of the emission of air pollutants such as exhaust fume, NO<sub>x</sub>, SO<sub>2</sub>, etc., and the decrease of SO<sub>2</sub> emission by 98%<sup>1</sup>.

The Group is equipped with vehicle body painting, axle coating, frame painting, gearbox paint repair, welding fumes dust removal, boiler low-nitrogen combustion and other treatment equipment to reduce the concentration and emission of exhaust gas, ensuring the emission to meet the Emission Standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB50/577-2015) promulgated in 2015 and Emission Standard of Air Pollutants for Industrial Furnaces and Kilns (DB50/659-2016) promulgated in 2016 in Chongqing and other standard limits. The Group has installed a purging system to collect and dispose of the smoke and exhausts generated by the laser cutting machines of Chongqing Qingling Mould Co., Ltd (a subsidiary of the Group, principally engaging in the production and manufacture of moulds of automobile components) for compliance emission. In terms of treatment of exhausts and fumes, the Group improves the environment of the welding workshop, strengthens removal and treatment of welding fume and dust in the car-frame workshop and maintains continuous and stable compliance emission of welding fume. In addition, the Group has set annual air emission targets<sup>2</sup> in accordance with the emission standards set out in the national pollutant discharge license. Since 2018, the Group has newly installed the volatile organic compounds (VOCs) treatment equipment of the coating and manufacturing department, the VOCs treatment equipment of the axle assembly workshop, the VOCs treatment equipment of the frame workshop, and the VOCs treatment equipment of the gearbox manufacturing department to ensure that the annual VOCs emission does not exceed the limit. During the Reporting Period, the Group replaced the burners of gas-fired boilers and carried out low-nitrogen transformation of gas-fired boilers, which further reduced the annual emissions of NO<sub>x</sub> while meeting the new emission standards and prepared for setting new emission targets in the next year. After being tested by a qualified third party, the Group’s four gas-fired boilers have fully complied with the Emission Standard of Air Pollutants for Boilers (DB50/658-2016) which stipulates the emission requirements of the No. 1 revision list of local standard in Chongqing.

During the Reporting Period, the Group generated dust and fume, NO<sub>x</sub> and volatile organic compounds (“VOCs”) of 8.60 tonnes, 1.75 tonnes and 22.06 tonnes, respectively<sup>3</sup> during the Reporting Period.

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<sup>1</sup> Calculated based on 65,000 units of finished cars.

<sup>2</sup> The Group obtained the National Pollutant Discharge Permit in 2019 (valid for 3 years). The license sets out the total permitted air emission of the Group, of which the annual emission of volatile organic compounds (VOCs) does not exceed 472.435 tonnes and the annual emission of nitrogen oxides (NO<sub>x</sub>) does not exceed 1.94 tonnes.

<sup>3</sup> The Group’s pollutant emissions strictly abided by the requirements as stipulated on the Chongqing Pollutants Discharge Permit. The Group will further allot more resources for the establishment of on-line devices for the monitoring of pollutant emissions.

**Case 1: Upgrade and transformation and environmental emission control of the paint spray booth of the gearbox assembly line**

In order to reduce the organic waste gas generated during the manufacturing process of gearboxes, the Group implemented the project to upgrade and transform the paint spray booth of the gearbox assembly line, and conducted two treatments for the organic waste gas generated in painting and paint repair. The transformation from the original unorganized emissions to the current organized emissions not only eliminated the environmental hazards caused by the paint spraying waste gas and paint repair waste gas, but also helped to ensure the occupational health of the paint spraying and paint repair operators, and created greater environmental protection and occupational health benefits for the Group.



Paint spray booth and exhaust piping after rectification



Paint spray waste gas treatment facilities

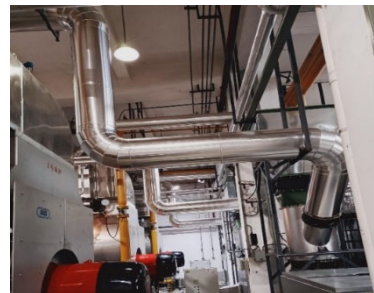
**Case 2: Low-nitrogen transformation of gas boilers**

Since the original four gas-fired boilers of the Group could not meet the requirements of the Emission Standard of Air Pollutants for Boilers (DB50/685-2016) which stipulates the emission requirements of the No. 1 revision list of local standard in Chongqing on the emission concentration of nitrogen oxides for boiler exhaust gas (i.e. starting from 1 January 2022, the emission concentration of nitrogen oxides for boiler waste gas in use is  $< 50 \text{ mg/m}^3$ ) promulgated on 23 October 2020, the Group carried out low-nitrogen transformation on the original four gas-fired boilers by replacing the low-nitrogen burners of the original boilers, the external flue gas recycling (FGR) for boiler was increased, and the emission concentration of nitrogen oxides for flue gas of the tail gas of each boiler was  $\leq 30 \text{ mg/m}^3$ , which was far lower than the Emission Standard of Air Pollutants for Boilers (DB50/685-2016) which stipulates the emission requirements of the No. 1 revision list of local standard in Chongqing.

Meanwhile, the newly-added equipment of the Group not only meets the relevant national and industry technical standards, but also does not affect the original construction, facilities, environment, safety, fire control, etc., and also meets the relevant regulations and requirements in terms of safety and environmental protection, which fully reflects the Group's responsibility to the society.



Before rectification



After rectification

### **2.1.2. Greenhouse gases**

The Group's greenhouse gases emissions mainly include Scope 1: Direct greenhouse gases emissions and Scope 2: Energy indirect greenhouse gases emissions. Direct emissions are mainly attributed to fuel emissions from boilers, heat treatment, trial runs and transport vehicles. Indirect energy emissions are mainly attributed to the purchased electricity. The Group cooperated with competent authorities to complete a carbon emission report, carbon emission verification, etc. in accordance with the Interim Measures for Management of Carbon Emissions Permit Trading of Chongqing. Due to the fact that greenhouse gas emissions come mainly from energy consumption, the Group has proposed to carry out energy conservation transformation projects and implemented energy conservation policy to reduce the use of energy, so as to mitigate the emission of greenhouse gases. For the Group's measures on technical improvement for energy conservation, please see the section "[2.2.1. Energy conservation](#)".

During the Reporting Period, the Group generated 13,794.45 tonnes of CO<sub>2</sub>e (Scope 1) and 22, 987. 33 tonnes of CO<sub>2</sub>e (Scope 2) of greenhouse gases.

### **2.1.3. Waste water discharge**

Waste water of the Group mainly includes production waste water and domestic waste water. In accordance with the Law of the People's Republic of China on Prevention and Control of Water Pollution, Water Quality Standards for Sewage to be Discharged into Municipal Sewers and other national and local sewage discharge standards, the Group has formulated internal regulations and systems, including the Environmental Protection Regulation, the Environmental Protection Equipment Management Regulation and the environmental protection management responsibility system at all levels, to ensure that the Group's sewage discharge is in line with laws and regulations.

The Group has 3 waste water treatment stations in the plant area, one of which is used to treat domestic waste water, the other two are used to treat coating waste water. Treated waste water which has reached discharge standards will be discharged into natural water bodies. The Group also has a biochemical pool for domestic sewage to treat domestic sewage and discharge it into the municipal sewers. The Group has completed the upgrading and transformation of the coating waste water treatment station, optimized the waste water treatment process, and installed an on-line monitoring device to monitor the waste water produced in the production process in real time, so as to ensure the stable up-to-standard discharge. In 2019, Chongqing Qingling Mould Co., Ltd added one-stop treatment devices integrating water pumps and air exhauster to the existing biochemical pools for domestic sewage to develop a more complete domestic sewage treatment system, so as to ensure that all domestic sewage meets first-level discharge standards set out in the Comprehensive Wastewater Discharge Standard.

During the Reporting Period, the Group produced and discharged 57,200 tonnes of waste water. The concentration of wastewater indicators such as chemical oxygen demand (COD) and total suspended solids (TSS) in the waste water discharged by the Group were below the limits as set out in Chongqing Pollutants Discharge Permit, and there were no violations of relevant laws and regulations.

### **2.1.4. Solid waste**

Solid wastes of the Group mainly include non-hazardous wastes and hazardous wastes from the production process, and domestic wastes from living and working in the factory. In accordance with the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Environmental Protection Rules of Chongqing and other national and local laws and regulations, the Group has formulated internal policies such as the Regulations on Management of Hazardous Wastes Storage Site and the Hazardous Wastes Management System, stored hazardous wastes in a special storage site, and engaged a qualified professional company to treat the hazardous wastes.

The Group aims to strengthen waste recycling and ensure compliant disposal. Recyclable solid wastes are subject to recycling by qualified companies. Other unrecyclable used timber and domestic wastes are subject to collection and treatment by the municipal environmental sanitation department as entrusted by the Logistics Department. During the Reporting Period, the non-hazardous wastes produced by the Group included 3,106.00 tonnes of domestic wastes and 355.00 tonnes of used timber, and 864.30 tonnes of hazardous wastes. In 2018, the Company improved the compliance treatment of masking paper of coated cargo box covers and other hazardous wastes so as to implement the eco-friendly treatment of hazardous wastes and solid wastes strictly in accordance with laws.

## **2.2. Use of resources**

The Group is committed to energy conservation, emission reduction and comprehensive utilization of resources. Adhering to the harmonious development of production and operation and ecological environment, the scientific development concept of environmental protection and comprehensive utilization of resources is embodied through emission reduction, energy conservation and resource protection. Energy conservation, emission reduction and comprehensive utilization of resources are implemented in production and operation activities.

### **2.2.1. Energy conservation**

The Group's energy use is mainly from fuel and purchased electricity, including natural gas used by boilers and the heat treatment process, gasoline and diesel used by test runs, and electricity used in production and working. In accordance with Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, the Group has set up a Utilities Management Department and a special energy management position, and formulated internal policies including the Measures for Management of Energy Conservation and the Equipment Utilities Management and Assessment System for uniform management of energy conservation of the Group and further strengthening the control of greenhouse gas emissions.

The Group has established a number of energy management systems and formulated related documents, including the Energy Statistics Reporting System, Measurement Management Measures, Measures for Assessment of Electricity Consumption for Manufacturing Department and Workshops of the Company, Interim Measures for Management of the Usage of Lighting on Top of Plant and the Detailed Rules on Assessment. The Group regularly supervises and inspects the energy conservation of each department and subsidiary, and has formulated energy conservation measures.

During the Reporting Period, the Group closely followed the requirements of the 14th Five-year Plan, adopted energy-saving measures to improve comprehensive energy efficiency, and set the target of saving not less than 490 tons of standard coal by the end of the 14th Five-year Plan. To achieve this goal, the Group has implemented the following steps: ① decomposed the energy conservation target into various workshops and manufacturing departments, and conducted analysis and assessment on a monthly basis; ② the Energy Management Department supervised and inspected the energy use by various workshops and manufacturing departments on a weekly basis, reported abnormal energy use, and evaluated the economic responsibility system of units with poor rectification to avoid energy waste; ③ regularly analyzed the energy consumption of the Company, timely discovered abnormal energy consumption, formulated the reasonable energy utilization measures, and urged the implementation of relevant work; ④ widely carried out energy-saving publicity activities in various ways to improve employees' awareness of energy conservation; ⑤ promoted the use of energy-saving technologies to reduce energy consumption.

The Group's technical improvement for energy conservation is in the charge of each department which formulates an implementation plan for each energy conservation technology to enable its smooth implementation. After the implementation of the technical measures for energy conservation, the energy consumption will be tested and compared with that before the implementation of such measures to evaluate the energy conservation effects and economic benefits. The Group conducts a comprehensive inspection of energy conservation projects to confirm the energy conservation effects each year.

**Case: Lighting lamp upgrade**

The Group replaced the original high-energy consumption lighting lamps in the workshop with energy-saving LED lamps. In 2021, the Group completed the safety rectification of the lighting facilities on the roof of the parking garage A of the product car of the Sales Department, and replaced a total of more than 168 lamps, saving approximately 9,000 kWh of electricity for the whole year.

During the Reporting Period, the Group consumed 39,633.34 MWh of purchased electricity, 50,771.02 cubic meters of pipeline natural gas, 1,034.01 litres of gasoline, and 12,975.02 litres of diesel.

**2.2.2. Water conservation**

In accordance with the requirements of the Water Law of the People's Republic of China and other relevant laws and regulations, the Group sets targets in controlling the cost of water, electricity and gas for each manufacturing unit based on production targets at the beginning of each year and conducts annual appraisal. It has formulated special regulations on "leakage" and submits monthly the Water Consumption in Industrial Enterprise to competent authorities. Water consumption of the Group was included in the regular examination process of energy conservation management; any problems found were subjected to treatment. The Group proactively reduced water consumption in each step of production and made efforts to "save every drop of water" in order to reduce water consumption.

During the Reporting Period, the annual water efficiency target set by the Group was 13.96 tonnes/per vehicle produced. To achieve this goal, the Group has implemented the following steps: ① decomposed the water efficiency target to various workshops and manufacturing departments, and conducted analysis and assessment on a monthly basis; ② the Energy Management Department supervised and inspected the water consumption of various workshops and manufacturing departments on a weekly basis and reported abnormal conditions. In order to avoid waste of water, the Company conducted economic responsibility assessment on the units with poor rectification; ③ regularly analyzed water consumption, identified abnormalities in a timely manner, formulated reasonable water use measures, and urged the implementation of relevant work; ④ widely carried out water-saving publicity activities in various ways to improve employees' awareness of water conservation. ⑤ promoted the use of water-saving technology to reduce water consumption; ⑥ continued to carry out underground water supply pipe network inspection and leakage treatment, and had completed more than 20 water leakage treatment of underground pipe network in 2021.

The Group mainly uses water from municipal water supply pipeline and faces no difficulties in obtaining water. During the Reporting Period, the Group purchased 603,221.50 tonnes of water, representing a decrease of approximately 13% from the corresponding period of last year.

**Case: Leakage inspection and treatment for tap water pipelines**

As water supply pipes of the Group are mainly laid underground, leakage takes place from time to time due to corrosion and ageing of pipes after years of operation. In 2019, the Group installed gauges and valves at different sections of the pipeline for leakage inspection and treatment stepwise so as to carry out work on leaking spot identification and rectification, having achieved satisfactory results. Water consumption of one vehicle decreased to 13.43 tonnes/per vehicle produced in 2021 from 14.29 tonnes/per vehicle produced in 2020, representing a decrease of 2.7%.

### 2.2.3. Packaging materials conservation

The Group's packing materials mainly included wooden cases, cartons and iron cases used for components for sale. The Group formulated the Management Regulation on Logistics Containers and Packing and set the packing quota of each product to reduce the consumption of packaging materials. During the Reporting Period, the Group used a total of 1,184.04 cubic meters of packaging materials for wooden products, 105,062.90 square meters of packaging materials for paper products and 41 iron boxes.

### 2.3. Noise reduction

The main noise sources of the Group are from the machinery in the air compressor room and the power testing room. In accordance with the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise, the Group formulated the Noise Management Regulation to strictly control noise pollution and reduce noise pollution.



The Group mainly conducts noise management on equipment in two ways. Firstly, it introduces sophisticated equipment with low noises to reduce the noise from production. Secondly, it reduces noises through various sound insulation measures. The Group adopted effective noise management measures. For example, the Group installed sound insulation materials on the ceiling and walls of the air compressor room and the power testing room, and the Group also used sound proof windows and doors and installed noise absorption rooms out of the machinery. In addition, the Group required that the machinery operation at all departments should be arranged from 6 am to 10 pm and production is prohibited during the rest of time so as to prevent the production from disturbing people with noises.

During the Reporting Period, the Group received no complaints on noise pollution.

**Figure 2 Physical Sound Insulation Measure—Noise Absorption Room**



### 3. People Orientation

The Group views human resources as the most valuable assets and strives to safeguard the legal rights and interests of staff and providing each staff with a safe and comfortable working environment. The Group actively offers promotion opportunities, diversified training courses and different staff activities to enhance the cohesiveness of the staff, thus aiding the growth of both the staff and the Company.

#### 3.1. Human capital

In accordance with the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Provisions on Prohibition of Child Labor, Social Insurance Law of the People's Republic of China and other relevant laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification and anti-discrimination and others related to workers, the Group formulated the Position System Management Regulation and Remuneration System Management Regulation and other management regulations on human resources. The Group opposes various forms of discrimination and strives to create a high-efficient, inclusive, diversified and equal working environment.

The Group strictly reviews the identification certification and educational certification in staff recruitment. Newly-recruited staff are required to sign the Labor Contract and fill in their birthdate to prevent the employment of child labor. It also clarifies terms on termination of the contract by the Group with employees in the Labor Contract, including the clause on the violation of national laws and regulations or rules and systems of the Group by the staff. The Group implements the corresponding working system and working hours based on its actual needs in strict accordance with state regulations. Staff are entitled to statutory holidays and annual leaves, including sick leaves, private affairs leaves, martial leaves, funeral leaves and family-visiting leaves, according to the law. Where staff are required to work on holidays, the Group will pay overtime salary or compensatory leaves according to state regulations and prevent forced labor. In addition, the Group also clarify in the Labor Contract that staff can rescind the labor contract immediately if the Group forces staff to work through illegal means. During the Reporting Period, the Group received no cases on child labor or forced labor.

Position system, job level system, promotion channels, development paths and other position management policies were clarified in the Position System Management Regulation formulated by the Group. Staff are promoted or demoted regularly after reviewing their remuneration, ability, responsibilities and performance through the standard review system. The Group also formulated the Remuneration System Management Regulation and established a remuneration portfolio with fixed salary, float salary, special salary and others to improve the remuneration system under the basic concept of position-based salary and remuneration incentive.

All full-time employees are entitled to work-related injury insurance, unemployment insurance, medical insurance, pension insurance, maternity insurance, housing fund and enterprise annuities as required by the state regulations. The Group also provides staff with subsidized canteen, staff dormitory and other welfare in factories.

During the Reporting Period, the Group received no complaints about infringements to the rights and interests of staff, and did not breach the laws and regulations that have a significant impact on the Group relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination and other related salary and welfares.

### 3.2. Health and safety

In strict accordance with the Labor Law of the People's Republic of China, Work Safety Law of the People's Republic of China, Prevention and Control Law of Occupational Diseases of the People's Republic of China, Provisions on Supervision and Administration of Work Safety in Chongqing, Provisions on Work Safety in Chongqing and other relevant national and local laws and regulations, the Group formulated the Safety and Environmental Management Accountability System, Safety Management System on Equipment Inspection, Repairing and Maintenance and other relevant management systems and made efforts to provide employees with a healthy, safe and comfortable working environment.

The Group formulated the Safety and Environmental Management Accountability System and established the Work Safety Committee to oversee work safety of the Group. The committee is made up of the chairman of the Group, the general manager, the managers of the production and management and safety and environmental protection departments. Moreover, the Group further clarified the safety and environmental protection responsibilities of different types of personnel at all levels, so that "the specific manager, worker or organizer shoulder their respective responsibilities". The Work Safety Committee is responsible for arranging and promoting work safety, establishing complete production systems and plans and urging the implementation in all departments to ensure the proper completion in relevant departments. During the Reporting Period, the Group revised and improved a total of 32 safety and environmental protection systems, including 14 company-level ones and 18 workshop or department-level ones; among them, 24 new safety and environmental protection systems were added, achieving safety management and control of important links.

The Group attached high importance to staff safety and health. To further evaluate the risks on working environment, the Group held a total of 32 regular meetings and special meetings on safety and environmental protection during the Reporting Period to review the current deficiencies and take corresponding measures. Following the concept of "People Orientation" on safety management, the Group provided occupational health examinations for 1,016 employees during the Reporting Period, achieving a 100% inspection rate. At the same time, the Group invested approximately RMB20 million especially on safety and environmental protection during the Reporting Period and focused on strengthening on-site safety protection, rectifying hidden dangers in safety and environmental protection as well as improving the operation environment. In addition, to enhance the safety and environmental protection awareness and skills of the staff, the Group carried out trainings on safety and environmental protection education during the Reporting Period, with a total of approximately 17,000 participants, which further improved employees' safety and environmental protection manners and created an excellent cultural atmosphere on work safety. In addition, the Group also actively handles hidden dangers according to the Safety Management System on Equipment Inspection, Repairing and Maintenance. During the Reporting Period, it handled a total of more than 2,000 hidden dangers, and made prompt rectifications with rectification completion rate of 100% according to the "Determinations in Five Aspects" principles of safe production (i.e. determination of person in charge of rectification, determination of the rectification measures, determination of completion date of rectification, determination of the person for rectification completion, and determination of the person for the examination of rectification for hidden dangers identified), with a rate of completion of rectification of 100%.

**Figure 3 Items on Occupational Safety-  
Warning Signs**



**Figure 4 Items on Occupational Safety-  
Bulletins**



The Group also requires that management shall hold work safety management certificates and occupational health management certificates and ensure that they have certain knowledge on occupational safety to prevent accidents. The Group provides staff with labor protection articles and teaches them how to use them in accordance with the Management Regulation on Labor Protection Articles. It also requires that all labor protection articles and facilities should meet national standards and labor protection articles shall be regularly replaced.

The Group spares no efforts in safety education. During the Reporting Period, the Group formulated the 100-day action scheme and launched the 100-day action to safeguard the centennial celebration and 89 banners and electronic publicity slogans were hoisted, 7 public signs of various types were displayed, and 12 special publicity boards were produced. The Group also conveyed, publicized and implemented the spirit and requirements of the documents from higher authorities in a timely manner to enhance the safety awareness of the employees.

The Group attaches great importance to fire safety related matters and has carried out fire extinguishing and emergency evacuation drills during the Reporting Period. The drill plan was divided into three stages: In the first stage, the security department prepared the drill plan according to the situation of the gas station, established the command department and various implementation teams, and determined the participants and their responsibilities; In the second stage, the Company organized the drill promotion meeting, informed the drill time, content and requirements, and further clarified the respective responsibilities of various departments in the drill; In the third stage, the drill plan was officially implemented. The drill enhanced the ability of various departments to respond to and deal with emergencies in a rapid and orderly manner. At the same time, it also tested the ability of the Company's full-time personnel and equipment in dealing with emergencies, and provided a strong guarantee for the Company's safe, healthy and orderly development.

Figure 5 Plan Preparation and Drill Check-in

**公司加油站灭火和应急疏散演练方案**

**一、演练目的**

根据《中华人民共和国消防法》、《机关、团体、企业、事业单位消防安全管理规定》、《社会单位灭火和应急疏散预案编制及实施导则 GB/T38315》等法规，通过演练进一步增强消防重点部位的消防安全管理，检验分公司各职能部门在突发事件中的组织、应急、疏散、扑救的协作能力。

**二、演练时间、地点及参加部门**

演练时间：2021年11月25日14时00分  
 演练地点：公司加油站

参加部门：保卫处、安全环保部、材料采购部、卫生间、零部件洗部（交安办）、后厨部。

**三、演练内容**

（一）演练内容为发生火灾后的报警程序、疏散、警戒、扑救初起火灾演练。

（二）起火点为模拟内转车因加油不慎导致燃油大量溢出，遇静电引发加油机起火。

（三）演练所需器材：4公斤干粉灭火器2具、35公斤推车式干粉灭火器1台、消防水带2盘、水枪2支、灭火毯2

演练时间	2021年11月25日14时	演练地点	公司加油站
总指挥	孙加东	主持人	孙加东
演练内容	1.模拟加油机起火报警及报警程序； 2.火灾逃生； 3.扑救初起火灾。		
参演单位	分公司各部门		
公司领导	孙加东		
保卫处	李三全 孙加东 孙加东		
安全环保部	张强 孙加东 孙加东 王军 孙加东		
材料采购部	孙加东 孙加东 孙加东 孙加东		
零部件洗部（交安办）	孙加东 孙加东 孙加东		
卫生间	孙加东 孙加东		
后厨部	孙加东 孙加东		

Figure 6 Fire Extinguishers are Used to Extinguish the Initial Fire



Figure 7 Treatment of the Injured



Figure 8 Summary and Comment



**Case: Micro fire station**

The Group has a micro fire station, providing necessary fire-fighting equipment and articles. The Group also regularly conducts fire drills to respond to fire accidents.



During the Reporting Period, the Group recorded no fire, and did not breach relevant laws and regulations that have a significant impact on the Group relating to provision of safe working environment and protection of employees from occupational dangers.

### 3.3. Development and training

The Group has formulated Implementation Rules for Training, Examination and Promotion of Operation/Supporting Sequences, carried out rank promotion work for the operation/supporting sequences during the Reporting Period, and provided training and assessment for staff at different positions, continuously enhancing their knowledge and position skills.

The Group also vigorously offers various trainings, such as job trainings for new staff and those changing positions, special trainings and trainings relating to new technologies for technical staff, trainings relating to professional ability enhancement and professional knowledge for functional staff and job skills trainings for operation staff (including being dispatched to vocational schools for practical training) and others. During the Reporting Period, the Group provided training for special operation personnel, with 62 newly trained personnel and 288 retraining personnel, ensuring that 100% of special operation personnel are certified. In addition, the Group continued to carry out personnel training and education at all levels, provided re-training for all employees on the revised and improved systems, and conducted three-level education and training for 220 new employees.

#### Case: Employee Skills Competition

The Group attaches great importance to the cultivation of employees' craftsmanship spirit and employees' skills. In mid-to-late September, the trade union held the employee skills competition under the theme of "Make dream come true by skills, compete for craftsman of the times". During the period, the theoretical and practical skills of various types of work were assessed, with nearly 150 employees from 20 units and departments participating. The skills competition further stimulated the enthusiasm of employees to learn technology, create excellency, and achieved the goal of promoting learning through competition, promoting practice through competition, and promoting application through competition, laying a solid foundation for the cultivation of technical and skilled talents for the enterprise.



Opening of Skills Competition



Fitter Skills Competition

### 3.4. Staff care

The Group consistently safeguards the legal rights and interests of staff and provides them with a desirable and comfortable working environment. It improves relevant systems on staff health and safety and offers skilled staff with platforms to display their strength. The Group also arranges various activities through the department of Party and masses work to enrich their spare life and balance their work and life.

During the Reporting Period, the department of Party and masses work of the Group organized various activities with the participation of young staff, including “Serving cool refreshments to staff in summer” activities, writing competition, etc. Staff learnt from entertainment and gained a lot.

In addition, the Group cares about urgent needs of staff and pays more attention to communication with staff. We regularly hold staff representative meetings through the labor union to listen to staff’s advices and help them solve difficulties.

## 4. Operation practice

### 4.1. Product quality

The Group strictly conforms to the Product Quality Law of the People’s Republic of China and other relevant national laws and regulations. In accordance with ISO 9001 Quality Management Standards and IATF 16949 Quality Management System Certification for Global Automobile Industry, the Group has built a sound automobile quality management system, specified the benchmark of the Group, and conducted regular audits of relevant system to improve efficiency of operation. For example, the Physical Quality Compliance Program has been formulated to strengthen the monitoring of the production process according to the characteristics of individual products to ensure the continuous improvement of the performance, safety and quality of products.

To ensure product quality, the Group strengthens source management in the procurement of automotive parts and components, and has formulated strict evaluation criteria for parts suppliers to ensure the quality of parts and components and prohibit shoddy products. The Group implements strict standardization management in the production process, focuses more on process quality management, and prohibits defective products and unqualified products on the assembly line to ensure qualification rate on the assembly line. Before warehousing any products, the Group implements strict product quality inspection system to prohibit the release of unqualified products.

To ensure the quality of its products is in compliance with laws and regulations, the Group upgrades and controls the quality of its products in strict accordance with state regulations. To satisfy state standards and fulfil its social responsibilities, the Group has completed environment-friendly emission upgrading for all of its automobile series half to one year ahead, which has even surpassed national standards for the current period. In addition, the Group has carried out consistency test for finished automobile according to the requirements on production consistency, to ensure the emission of its automobile products to meet laws and regulations. Moreover, with its self-raised funds, the Group has built an emission testing laboratory for new manufactured automobiles according to the requirements of GB3847, and performed random inspection and control on the emission as frequently as required by national standards. As for s complying with other regulations such as GB7258, JT/1178 and so on, the Group carries out quality check and control according to the new requirements of those regulations.

The Group strictly observes the Regulation on the Administration of Recall of Defective Auto Products and other domestic and foreign laws and regulations concerning the recall of automobiles, and has formulated the Measures for Recall of Defective Automobiles, which sets out clear guidelines on recalling relevant products. We have also drawn up a detailed quality control process and conduct regular inspections and road test inspections for vehicles from time to time. If necessary, we will entrust a testing center to inspect the products and keep the defective products in the Group for timely rectification and processing in accordance with the Controlling Procedures for Unqualified Products. In addition, the Group has also drafted the Product Identification and Traceability Control Procedures, with which the products that have been delivered to customers can be traced back to the entire process of manufacturing of the products and to the source of production through the identification and records of all stages of the production line. During the Reporting Period, the Group had no products sold or shipped subject to recall for safety and health reasons.

**Case: Test and inspection center**

According to national regulations, domestically-produced vehicles and engines are subject to regular emission testing and all the test results shall meet standards. The Group has built a compliant emission laboratory in strict accordance with the requirements of the National Laboratory, and compared the laboratory test results with those of the national light vehicle emission laboratory. The findings reflected that the Group's laboratory test level can be comparable to that of the National Laboratory. The Group also has a number of test and inspection centers for automotive performance. We will conduct detailed tests on engine performance, inertia braking performance, fatigue durability and high and low temperature durability of different vehicle components. The

Group performs the above tests through various advanced scientific instruments to ensure that the quality of the vehicles sold is in line with the national standards.



The Group strictly complies with the Advertising Law of the People's Republic of China and other laws and regulations, and has prepared the Measures for Management of Advertising to manage and standardize the Group's advertising and publicity work uniformly, express advertising messages in a true, legal and healthy manner, and put an end to false and misleading statements in product publicity. The Group has also formulated the Measures for Management of Brand to uniformly manage the Group's company name, logo, trademark, service mark and network domain name, etc., and has detailed regulations on brand authorization, trademark management and brand protection.

During the Reporting Period, the Group did not receive any complaints about the improper advertising messages or labeling usage of the products.

#### **4.2. Property rights protection**

The Group has always complied with the provisions of the Intellectual Property Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Detailed Rules on Implementation of the Trademark Law, the Patent Law of the People's Republic of China and the Detailed Rules on Implementation of the Patent Law as well as the concrete provisions of Chongqing city in carrying out the design and filing of trademarks and patents, and has actively taken measures to protect the trademark and patent rights of other stakeholders. It also developed the Measures for Management of Patent to perform overall planning and unified management for the Group's patents.

In respect of protection of consumers' rights and interests, the Group strictly follows the Law of the People's Republic of China Protection of the Rights and Interests of Consumers in the production and sales of automobile products and auto parts, provides consumers with product specifications as detailed as possible and displays advertisements that reflect the real characteristics of products.



### 4.3. Customer service

The Group has set up a 24-hour nationwide service hotline to receive and handle customer inquiries, complaints and other services. To ensure the quality of services, the Group has also established a Customer Satisfaction Survey Process and conducted customer satisfaction surveys in terms of quality, service quality, product appearance and value by telephone, questionnaire or verbally. And the survey results will be analyzed to improve the quality of products and services.

The Group also attaches great importance to the privacy of customers. Any information on customers is classified as trade secrets. And accordingly, the Measures for Management of Customer Files has been prepared to protect and manage the privacy of customers and prevent the leakage of information.

During the Reporting Period, the Group received a total of 9 complaints about products and services. In order to ensure that complaints and suggestions were properly resolved, the Group actively cooperated and dispatched personnel to the site or remotely to coordinate and solve the problems. As of the end of the Reporting Period, all complaints have been resolved.

#### Case: After-sales service –online and offline Interaction

The Group has formulated an after-sales service plan that integrates online and offline operations. Through "theoretical teaching + practical training", the Group provided regular centralized training and irregular professional technical guidance and service concept training for after-sales maintenance personnel to meet the diversified needs of customers. In addition, Qingling China VI light duty trucks are fully "connected". Relying on the "Qingling Motors" App, the service station can keep track of the status of vehicles in real time and realize predictive services; The "online" users can also enjoyed services such as maintenance reservation and one-click repair application, which improves the convenience of services.



#### **4.4. Supply chain management**

The Group has formulated Management Regulation on Purchasing New Materials, Management Regulations on Purchase and Assessment of Trial Producing and Testing for New Components, and Supplier Assessment and Selection Process and Transparent Procurement Agreement and implemented the concept of sustainable development in the process of selecting suppliers. Suppliers are required to fulfill their social responsibilities in a number of aspects in accordance with the requirements of environmental and social risks management, thus to resolutely eliminate improper interest transfer in the procurement process and conduct on-the-spot investigations and assessments from time to time, and prepare investigation reports based on the performance of suppliers. In particular, in respect of environmental management, no suppliers who have potential environmental problems will be selected for the purpose of saving costs. If some suppliers are found to have violated relevant laws and regulations on pollution control, the cooperation relationship will be immediately terminated and alternative reliable suppliers will be sought instead. In addition, among suppliers that meet the Group's selection requirements, the Group gives priority to suppliers whose products and services meet the environmental requirements and are more environmentally friendly.

During the Reporting Period, the Group cooperated with 213 suppliers in Chongqing and 291 suppliers in other cities. All suppliers are in compliance with the above management practices.

#### **4.5. Anti-corruption**

The Group strictly implements the CPC Honesty and Self-discipline Standards, the CPC Disciplinary Punishment Ordinance, the Certain Regulations on Honest Working for SOEs Leaders and other documents and complies with the Company Law of the People's Republic of China, Law of the People's Republic of China on Tenders and Bids, Anti-Unfair Competition Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China and Interim Provisions on Banning Commercial Bribery, such that it implements management measures such as bidding and tendering for projects construction, large equipment, bulk raw materials, components and services, which has effectively prevented illegal criminal activities such as bribery, extortion, fraud and money laundering.

To further enhance the anti-corruption work, the Group sets out internal policies accordingly, such as the Measures for Management of Tenders, Interim Provisions on Management of Benefit Package and Business Expense, Regulations about Reaffirming Honest Working Disciplines for Leaders and other regulations. It also establishes the negative list of CPC carders, distributes and organizes everyone to learn, and will continue to strengthen anti-corruption training for directors and staff in the future. As the agencies responsible for supervision, discipline enforcement and accountability, the disciplinary committee and the ombudsman's office of the Group have continuously strengthened the deterrent against corruption through serious investigations and handling of cases, and continuous improvement in the construction of working style; checked the omissions and changed the way of supervision and comprehensively and firmly perform of the system in which no one can be corrupted through special inspections focusing on key processes in key areas and daily supervision and inspections, etc.; cultivated the awareness of not thinking of being corrupted through strengthening warning education, and eradicating pre-developed and small-scale corruptions by giving conversations related to warning in a timely manner, etc., through which, they have built a mechanism of not daring to be corrupted, incapable of being corrupted and not thinking of being corrupted. The employees have been maintaining integrity at all times and established a line of defense against corruption. In addition, the Group has formulated the Internal Audit Regulation and Measures for Implementation of Internal Audit, and the Audit Department audit and supervise the Group's headquarters, departments, subsidiaries and relevant personnel independently and objectively at regular intervals. Anyone who violates national laws and regulations or regulations of the Group will be punished according to relevant regulations, and they will be transferred to judicial authorities if they are suspected of crime.

In order to regulate the work of the disciplinary and supervisory authorities in handling accusing and charges, the Group has formulated the Rules for Handling Accusing and Charges by Disciplinary and Supervisory Authorities in accordance with the Constitution of the People's Republic of China, the Law of the People's Republic of China on Supervision and other laws, built a whistle-blowing platform covering the disciplinary and supervisory system, utilised Internet technology and information technology to facilitate the channels for accusing and charges, and regulated the handling of accusing and charges.

In addition to strict regulations for the employees, the Group will also sign the Transparent Procurement Agreement with suppliers, which specifies that both parties shall comply with national laws and provisions regarding honest working, and conduct fair, just and open procurement and prohibit any violation of law or discipline.

During the Reporting Period, the Group did not receive any complaints and cases concerning corruption, bribery, extortion, fraud and money laundering of the Group and its employees.

#### **4.6. Community investment**

The Group has formulated the Measures for Management of Charity and Public Benefit Campaigns which sets out detailed provisions on the capital source, capital management, types of main events, summary and propaganda, and assessment of charity and public benefit campaigns. During the Reporting Period, the Group was committed to giving back to the community and fulfilling its corporate social responsibility by participating in various forms of social welfare activities such as education subsidies, construction of Hope Primary School, caring for left-behind children in rural areas and disaster relief.

**Case: Love Donation - A Charity Activity for Children in Need in Rural Areas**

The Group attaches great importance to charity work. During the Reporting Period, the Group joined hands with Red Cross Society of China Chongqing Branch and other organisations to hold the "Walk together with Love in Chongqing (渝愛同行)" - 2021 Gift Pack Offer Event for Care for Children in Need at Huatian Township Central Primary School in Youyang County, giving away school kits and daily necessities to 100 children in need and disabled children in Huatian Township, Youyang County. The aim was to care for the learning, life and physical and mental health of left-behind children in difficulty, orphans, children who were disabled, sick and weak, and to help them build up their self-confidence, inspire their ambition and realise their dreams.



**Case: Disaster Relief - Immediate Aid of Zhengzhou Hit by Extraordinary Rainstorm**

On 21 July 2021, the after-sales service team of Qingling Isuzu (Zhengzhou) and the after-sales service team of Henan Yu Zhiling Automobile Sales Co., Ltd. (河南豫之鈴汽車銷售有限公司) actively and efficiently assisted in various areas of Zhengzhou amid the disaster of torrential rains, helping with various public services and rescue vehicles to make them resume to normal driving and giving corresponding service policies. In addition, the Qingling manufacturer offered full support to the relief effort and introduced a special support policy for the affected area in Henan. The after-sales team of the Group demonstrated an efficient and orderly service spirit in this disaster relief effort and actively fulfilled its corporate social responsibilities.



## 5. Performance Data

The data calculation methods used for this Report are stated where appropriate. Unless otherwise specified, the data in this chapter includes the production-related data of the Group.

### Use of Resources

Use of Resources	Unit	2021
Energy, water and material consumption		
Indirect energy		
Purchased electricity	mWh	39,633.34
	mWh/per vehicle produced	0.91
Direct energy		
Pipeline natural gas	mWh	50,771.02
	mWh/per vehicle produced	1.17
Gasoline	mWh	1,034.01
	mWh/per vehicle produced	0.02
Diesel	mWh	12,975.02
	mWh/per vehicle produced	0.30
Raw material		
Steel products	Tonnes	28,895.50
	tonnes/per vehicle produced	0.67
Water resource		
Purchased freshwater	Tonnes	603,221.50
	tonnes/per vehicle produced	13.90

Use of Resources	Unit	2021
Packing materials consumption <sup>4</sup>		
Wooden products	m <sup>3</sup>	1,184.04
	m <sup>3</sup> /per vehicle produced	0.03
Paper products	m <sup>2</sup>	105,062.90
	m <sup>2</sup> /per vehicle produced	2.42
Iron cases	Pieces	41
	Piece/per vehicle produced	9.45×10 <sup>-4</sup>

#### Emissions and disposed wastes

Emissions and disposed wastes	Unit	2021
Production of wastes		
Domestic wastes	Tonnes	3,1060.00
	tonnes/per vehicle produced	0.07
Wood	Tonnes	355.00
	tonnes/per vehicle produced	0.01
Hazardous wastes	Tonnes	864.30
	tonnes/per vehicle produced	0.02
Emission of air pollutants <sup>5</sup>		
Nitrogen oxides (NO <sub>x</sub> )	Tonnes	1.75
	tonnes/per vehicle produced	4.03×10 <sup>-5</sup>
Sulfur dioxide (SO <sub>2</sub> ) <sup>6</sup>	Tonnes	0
	tonnes/per vehicle produced	0
Particles (PM)	Tonnes	8.60

<sup>4</sup> For statistical purposes, the Group currently calculates the total usage of packaging materials for wooden products, packaging materials for paper products and iron cases in cubic meters, square meters and pieces respectively, and will consider to unify statistics and disclosure on a weight basis in the future.

<sup>5</sup> The Group's air pollutant emissions are calculated based on the Group's test data and the amount of taxable pollutants discharged.

<sup>6</sup> The Group's emission outlets (including boilers and heat treatment furnaces) all burn natural gas (with low sulfur content). During the Reporting Period, the Group entrusted qualified units to carry out testing on each outlet in strict compliance with the requirements of the national pollutant emission permit, and the sulfur dioxide concentration was below the detection limit (3mg/m<sup>3</sup>).

Emissions and disposed wastes	Unit	2021
	tonnes/per vehicle produced	1.98×10 <sup>-4</sup>
Volatile organic compounds (“VOCs”)	Tonnes	22.06
	tonnes/per vehicle produced	5.08×10 <sup>-4</sup>
GHG emissions <sup>7</sup>		
Total GHG emissions (Scope 1 and Scope 2)	Tonnes CO <sub>2</sub> e	36,781.78
	tonnes/per vehicle produced	0.85
Scope 1 Direct Emissions (Use of stationary sources and vehicles)	Tonnes CO <sub>2</sub> e	13,794.45
	tonnes/per vehicle produced	0.32
Scope 2 Indirect Emissions (Purchased electricity)	Tonnes CO <sub>2</sub> e	22,987.33
	tonnes/per vehicle produced	0.53
Waste water emissions		
Waste water	Tonnes	57,200
	tonnes/per vehicle produced	1.32

<sup>7</sup> As the Group has not yet received notification from the competent regulatory authorities to carry out the carbon emission accounting work for the year 2021, the GHG emission information for the Reporting Period was calculated by the Group itself with reference to the relevant statistical methods. Scope 1 direct emissions were calculated with reference to the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People's Republic of China; Scope 2 indirect emissions were calculated with reference to the Guidelines for Accounting Methods and Reporting of GHG Emissions of Enterprises for Power Generation Facilities issued by the Ministry of Ecology and Environment of the People's Republic of China (the calculation factors adopted the national grid average emission factor in 2021). If the carbon emission accounting work for the Reporting Period is carried out subsequently, the Group will update the relevant information.

## Employees

Employment	Unit	2021
Number of employees	Persons	2,934
Number of employees by gender		
Male	Persons	2,263
Female	Persons	671
Number of employees by employment type		
Full-time	Persons	2,934
Part-time	Persons	0
Number of employees by age group		
Below 30 years old	Persons	686
30 to 50 years old	Persons	1,596
Over 50 years old	Persons	652
Number of employees by geographical region		
Chongqing	Persons	2,348
Other cities in the country	Persons	586
Employee turnover rate by gender		
Male	Percentages	3.8%
Female	Percentages	2.1%
Employee turnover rate by age group		
Below 30 years old	Percentages	12.5%
30 to 50 years old	Percentages	0.9%
Over 50 years old	Percentages	0
Employee turnover rate by geographical region		
Chongqing	Percentages	2.3%
Other cities in the country	Percentages	8.0%



## Health and Safety

Health and safety of employees	Unit	2021
Number of work-related fatalities	Persons	0 (0 for the past three years)
Lost days due to work-related injury	Persons	0

## Training<sup>8</sup>

Personnel training	Unit	2021
Number of employees who received training	Persons	1,800
Percentage of employees trained by gender		
Male	Percentages	90.56%
Female	Percentages	9.44%
Percentage of employees trained by employment type		
New employees	Percentages	6.1%
Transferred employees	Percentages	6.1%
Middle-level employees	Percentages	7.6%
Others	Percentages	80.2%
Average training hours completed per employee by gender		
Male	Hours	2.33
Female	Hours	1.21
Average training hours completed per employee by employment type		
New employees	Hours	10.64
Transferred employees	Hours	5.00
Middle-level employees	Hours	6.00
Others	Hours	1.37

<sup>8</sup> The percentage of staff trained in each category is calculated according to this formula: percentage of staff trained in a particular category = number of staff trained in a particular category / total number of staff trained \* 100%. The average number of hours of training completed per staff member in each category is calculated according to this formula: average number of hours trained in a particular category = total number of hours trained in a particular category / number of staff in a particular category.

## 6. HKEx ESG Reporting Guide Index

General Disclosures and KPIs	Description	Relevant Chapter(s) or Explanation of the Report
Environmental		
Aspect 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 waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	2.1
KPI A1.1	The types of emissions and respective emissions data	2.1.1 & 2.1.3 & 5
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	2.1.2 & 5
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	2.1.4 & 5
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	2.1.4 & 5
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	2.1.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	2.1.4
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	2.2
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)	2.2.1 & 5
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	2.2.1 & 5
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	2.2.1
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	2.2.2
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	2.2.3 & 5

General Disclosures and KPIs	Description	Relevant Chapter(s) or Explanation of the Report
Aspect A3: Environment and ssNatural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	2.1 - 2.3
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	2.1 - 2.3
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	As climate change is not a material issue during the Reporting Period, the Group has no relevant policy and has not carried out relevant actions
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	
<b>Social</b>		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	3.1 & 3.4
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region	5
KPI B1.2	Employee turnover rate by gender, age group and geographical region	5
Aspect 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	3.2
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	5
KPI B2.2	Lost days due to work injury	5
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	3.2
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	3.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	5
KPI B3.2	The average training hours completed per employee by gender and employee category	5

General Disclosures and KPIs	Description	Relevant Chapter(s) or Explanation of the Report
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	3.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	3.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered	3.1
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	4.4
KPI B5.1	Number of suppliers by geographical region	4.4
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	4.4
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	4.4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	4.4
Aspect 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	4.1 – 4.3
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	4.1
KPI B6.2	Number of products and service related complaints received and how they are dealt with	4.3
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	4.2
KPI B6.4	Description of quality assurance process and recall procedures	4.1
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	4.3
Aspect 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	4.5
KPI 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	4.5

General Disclosures and KPIs	Description	Relevant Chapter(s) or Explanation of the Report
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	4.5
KPI B7.3	Description of anti-corruption training provided to directors and staff	4, 5
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	4.6
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	4.6
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	4.6

## 7. Feedback Form

Thank you for reading the Qingling Motors Co., Ltd 2021 ESG Report. In order to provide more valuable information to the stakeholders and improve its ability and level of fulfilling social responsibilities, we would welcome any advice or suggestions you might have about this report.

You can send this form to any of the following:

E-mail address: [hk1122@qingling.com.cn](mailto:hk1122@qingling.com.cn)

Mailing address: No.1 Xiexingcun, Zhongliangshan Jiulongpo District, Chongqing, China

1. How would you rate your overall opinion of the Qingling Motors ESG Report?

Very High    High    Neutral    Low    Very Low

2. How would you rate your opinion of the economic, social and environmental responsibilities of Qingling Motors?

Economic responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Social responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Environmental responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low

3. Please rate the effectiveness of this Report in reflecting the economic, social and environmental impact on Qingling Motors brought about through its social responsibility practices?

Excellent    Good    Fair    Poor    Terrible

4. How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Accuracy	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Completeness	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low

5. Do you find this Report in easy-to-read contents and formatting?

Yes    Neutral    No

6. Feel free to share any comments or suggestions you may have on Qingling Motors and this report:

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Thank you very much for your gracious gesture and valuable time!