



广汽集团
GAC GROUP

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CRAFTED BY THE DRIVEN



2023

Guangzhou Automobile Group Co., Ltd.
**Environmental, Social
and Governance Report**

广汽爱随行



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Message from the Management



Chairman of GAC Group



President of GAC Group

Dear friends,

Amidst a backdrop of hope and challenges, the year 2023 bore witness to profound changes unseen in a century, marked by a tepid recovery of the global economy and manifold impacts on China's economic landscape. Notably, the pace of transformation and adjustment within the automobile industry hastened considerably. In light of these shifts, enterprises must strive for continual enhancement of their strategic focus. Meanwhile, the year 2023 holds significant historical importance for GAC Group. On April 12, General Secretary Xi Jinping visited GAC Group and delivered a crucial speech, providing fundamental guidance and charting the course for the future development of GAC Group. In 2023, GAC Group embarked on the ambitious journey of realizing the "Trillion GAC" blueprint. Progress was evident across the seven key segments: research and development, vehicles, parts and components, energy and ecosystem, internationalization, commerce and mobility, and investment and finance. Substantial strides were made across various domains, including new energy vehicles (NEVs), energy storage, and clean energy. Aligned with the "new four development trends", GAC Group remains steadfast in its commitment to independent innovation, green connectivity, and global focus. This unwavering dedication propels the Group towards elevating industrial energy levels, hastening new quality productive forces, and fostering high-quality development.

Wholeheartedly Delve into "Independent Innovation" to Strengthen the "Potential" of New Quality Productive Forces

The core of achieving new quality productive forces is technological innovation. GAC Group remains at the forefront by actively meeting market demands, continuously making breakthroughs in independent R&D, strategically expanding into new sectors and markets, and fostering new momentum and advantages. During this Reporting Period, the launch of the "NEXT" plan represents our commitment to enhancing achievements in independent brands, energy and ecosystem initiatives, and internationalization efforts.

Crossover integration, a key facet of the "new four development trends", is steadily progressing within GAC Group. We continue to promote the dual-wheel drive approach of "EV + ICV" (electric + intelligent) and "XEV + ICV" (hybrid + intelligent). While maintaining GAC AION's leading position in EVs, we are committed to propelling GAMC's transition to XEVs, including PHEV (plug-in hybrid) and REEV (range-extended electric vehicle), aiming to enable our independent brands to progressively enter the fast lane of high-quality development. In 2023, GAC Group's independent brands reached a historic milestone in sales volume, with approximately 890,000 vehicles sold throughout the year, marking a nearly 40% year-on-year increase. Notably, sales of NEVs from independent brands constituted 58% of the total sales. Consequently, we have surpassed the target outlined in the "14th Five-

Year" Plan, with NEV sales from independent brands accounting for more than 50% of total independent brands' sales two years ahead of schedule.

Moreover, the Group adheres to independent innovation and continues to deploy forward-looking technologies such as new-generation cell technology, hydrogen energy, and flying cars. GAC Group's key technological research now encompasses solid-state batteries, cobalt-free batteries, low-cobalt batteries, and sodium-ion batteries. Notably, significant breakthroughs have been achieved in solid-state batteries, with cell energy density reaching an impressive 400Wh/kg and stringent safety and reliability standards met for extreme environments. Plans are underway to integrate these batteries into vehicles by 2026. Meanwhile, the Group unveiled ERA Intelligent Clean Flagship Hydrogen-powered Concept Car. Built on GAC's latest multi-energy platform architecture, ERA features hydrogen fuel cells and distributed motors on the front and rear axle, boasting remarkable performance with 540 horsepower, an impressive 800-kilometer range, and zero emissions. As the world's sole "Lighthouse" factory for NEV manufacturing, the GAC AION Smart Ecological Factory has significantly bolstered production efficiency and diminished manufacturing costs through innovative practices, intelligentization, and digital production methods. This achievement has solidified GAC Group's position as a pioneering force in intelligent manufacturing and digitalization within the global manufacturing industry.

Deepen the "Root" of Sustainable Development Through Low-Carbon Operations and "Green Interconnection"

For green and low-carbon development, GAC Group actively implements national goals such as "carbon peaking and carbon neutrality" while adhering to guidelines set forth by the Task Force on Climate-Related Financial Disclosures (TCFD) and IFRS S2 Climate-related Disclosures from the International Sustainability Standards Board (ISSB). GAC Group's comprehensive "GLASS (Green Low-carbon for Achieving Sustainable Success) Plan" focuses on energy structural transformation, clean NEV exports, and the promotion of intelligent connected NEVs and hybrid models. By 2030, we aim for NEVs to represent 50% of the Group's total sales volume, with a commitment to achieving carbon neutrality across the whole product lifecycle by 2050 (stretch goal: 2045).

GAC Group is dedicated to deploying the NEV industry chain, leveraging the "2⁶ Energy Action" plan. Through this initiative, we have established a vertically integrated energy industry chain layout of "lithium mine + production of basic lithium battery raw materials + battery production + energy storage and battery charging and swap services + battery leasing + battery recycling and cascade utilization". This comprehensive approach has positioned us as the only automotive enterprise in the industry with a closed energy loop. Simultaneously, GAC Group remains committed to advancing the R&D of intelligent connected NEVs (NEVs). GAC Group's focus is on ensuring that the Group's clean technology not only leads the industry but also stands out prominently through differentiation. This is achieved by the development of hydrogen energy, energy storage technology, and the independently-developed autonomous car AION LXL4 Robotaxi. We have established a core competency spectrum that integrates various elements such as humans, vehicles, road networks, the Internet, cloud computing, and maps. Through these efforts, we aim to co-create a sustainable future for the automotive industry.

With respect to green production, GAC Group has fulfilled its commitment to building the first zero-carbon plant by 2023, as stated in the "GLASS Plan" released in 2021. GAC AION was granted the Carbon Neutrality Certificate by the Guangzhou Emissions Exchange in November 2023 and built GAC Group's first zero-carbon plant.

GAC Group's environmental initiatives extend to biodiversity conservation. GAC Group's environmental project in the Sanjiangyuan National Park, launched in April 2023 in cooperation with the China Green Foundation, exemplifies the Group's

commitment to promoting harmony between humanity and nature in the region. Through this initiative, GAC Group aims to create a public welfare brand of environmental protection, showcasing GAC Group's distinctive values and influence.

Consolidate the "Foundation" of High-Quality Development by Deepening Reforms "With an Eye to the World"

Reform is a key move to succeed in the future and a vital guarantee for technological innovation and high-quality development. Following the implementation of the three-year action plan for state-owned enterprise reform, GAC Group has garnered rich experience, achieved notable milestones, and yielded fruitful results, particularly in mixed-ownership reforms and employee stock ownership plans. GAC Group was recognized as a benchmark enterprise in the "Double-Hundred Action" by State-owned Assets Supervision and Administration Commission of the State Council. Meanwhile, GAC AION was included in the list of "Demonstration Enterprises in the Reform of Scientific and Technological System". The Group actively develops a talent innovation mechanism to stimulate talent and promote continuous innovative achievements. A global R&D platform located in "three countries and five places" has been established. Additionally, a team of innovative talent has been created to gather high-tech talent at home and abroad, including experts receiving special allowances from the State Council and specially engaged experts by the State. The GAC Powertrain Independent R&D Team won the title "National Outstanding Engineer Team".

GAC Group is committed to advancing high-level opening up, propelling China's automobiles onto the global stage. In August 2023, the Group released its "1551" Internationalization Strategy-driven by the "1" goal of "overseas volume of 500,000 vehicles in 2030", GAC Group intends to gain a firm presence in "5" overseas markets, utilizes the "5" brand core values: brand internationalization, product globalization and localization, sales

and service integration, and ecological diversification, and implements the "1" set of mechanisms for global organization and talent protection to build up a community of overseas business development. The Group's automobile exports surged by 130% year on year in 2023, with a market layout covering five plates, namely the Middle East, America, Africa, Southeast Asia, and Eastern Europe, making a presence in 41 countries and regions.

The overseas CKD plant project and parts distribution warehouse project of GAC International were launched successively, and products were released in multiple places. As a result, GAC Group's NEVs are going global more quickly. GAC AION, in June 2023, signed a Memorandum of Cooperation with the first dealer in Thailand, announcing its entry into the Thai market. A delegation from Thailand's Eastern Economic Corridor (EEC) paid a return visit to GAC AION in July. Both sides conducted in-depth discussions on localized production and investment. In August, GAC AION announced that the first batch of 100 AION Y Plus was exported from the Port of Nansha, Guangzhou City, to the Port of Laem Chabang, Thailand. In less than half a year, GAC AION exceeded expectations by achieving its goal of selling 3,000 vehicles in Southeast Asia from scratch.

GAC Group remains dedicated to advancing the gradual implementation of key strategic initiatives, including the "NEXT" Plan, the "e-TIME Action", and the "GLASS Plan". Aligned with GAC Group's "14th Five-Year" Plan objectives, we will continue to strive towards our ultimate goal of "Trillion GAC", transforming into a technology-based enterprise and emerging as a global leader in intelligent NEVs. We aim to become a world-class technology company with excellent products, outstanding brands, leading innovation and modern governance in the intelligent new energy automotive field, and contribute to a better mobile life for humanity, characterized by green, low-carbon, intelligent, and interconnected solutions.

Production volume of vehicles	Sales volume of vehicles	Operating income RMB	NEVs of independent brands account for
2.53 million	2.51 million	502.30 billion	58% of independent brands' sales volume
Ranked	Ranked	Presence in	GAC Group's auto exports: Up by
165th in the Fortune Global 500 List	50th in the Top 500 Chinese Companies	41 countries and regions	130% Year on Year

About GAC

(I) Company Profile

Guangzhou Automobile Group Co., Ltd., founded in June 1997 and headquartered in Zhujiang New Town, Tianhe District, Guangzhou City, is a large joint-stock automobile enterprise listed in both Hongkong and Shanghai Stock exchanges. It ranked 165th in the *Fortune* Global 500 List in 2023. The Group employs approximately 100,000 people and drives the employment of nearly 800,000 people in the upstream and downstream industrial chains.

GAC Group's main business covers seven segments: research and development, vehicles, parts and components, energy and ecosystem, internationalization, commercial and mobility, and investment and finance. Under the Group, there are more than twenty renowned enterprises and R&D facilities such as GAC R&D Center, GAMC, GAC AION, GAC Honda, GAC Toyota, HYCAN Automobile, GAC Hino, GAC BYD, Wuyang-Honda, GAC Component, GAC Toyota Engine, Shanghai Hino Engine, GAC Business, ON TIME, Upower Energy, Digital Science, GAC International, GAC-

SOFINCO, Urtrust Insurance, GAC Finance, GAC Capital, and China Lounge Investments. We are producing and selling auto products under dozens of famous brands such as GAC Trumpchi E9, GAC Trumpchi E8, AION Y Plus, Hyper HT, Accord, Odyssey, Camry, and Highlander.

In 2023, GAC Group planned and promoted production and operations centering on stability and quality while overcoming adverse influences caused by fierce industry competition and swift changes in the international situation. It achieved positive results in promoting high-quality development, with production and sales reaching 2,528,800 vehicles and 2,505,000 vehicles, respectively, representing growth of 1.97% and 2.92% year on year.

GAC Group implements the strategic blueprint, "1578 Development Outlines of Trillion GAC". It aims to achieve production and sales goals of over 4,750,000 vehicles, operating income exceeding RMB 1 trillion, and profits

and taxes of RMB 100 billion by 2030. The Group aims to become a world-class technology company with excellent products, outstanding brands, leading innovation, and modern governance. It will focus on transforming and upgrading manufacture of vehicles, strengthening and extending the chain of parts and components, making commerce and mobility intelligent, empowering energy and ecosystem, and advancing internationalization. The Company will consolidate the seven segments of research and development, vehicles, parts and components, energy and ecosystem, internationalization, commerce and mobility, and investment and finance, and implement eight actions: deepening system and mechanism reform, laying equal stress on technological innovation R&D and investment, fully promoting independent brands, optimizing the structure by strengthening and extending the chain, comprehensively promoting energy and ecosystem, deeply deploying the software business, focusing on making breakthroughs in the overseas market, and proposing new smart transport modes.



(II) Values System

Corporate Vision

- ▶ **GAC is committed to building a world-class company that wins customers' trust, ensures staff's well-being, meets social expectations, and keeps creating value for a better mobile life for human beings.**

GAC Group consistently prioritizes customer-oriented approaches and wins trust by catering to the needs of customers with superior products and excellent services. GAC Group cares about the staff by fostering an atmosphere of equality and mutual respect, providing them with opportunities and platforms for self-fulfillment to strengthen their sense of gain and happiness. We actively undertake social responsibilities to ensure the harmonious development of the Group, community, and nature, spreading positive energy and meeting social expectations. GAC Group's goal is to become a world-class company featuring excellent products, outstanding brands, leading innovation, and modern governance. We continuously innovate to create value and enhance people's experience of a better and richer mobile life.

Responsibility Slogan

- ▶ **"Love follows GAC"**

Tackle challenges together and actively perform social responsibility with original aspiration;

Love unbounded and care about society and continue to promote the well-being of people;

Persist in moving forward to lead a happy life with smooth mobility.

Cultural Slogan

- ▶ **Creativity Defines Our Future**

With great passion and courage for innovation, we are in pursuit of continuous improvement;

With the lofty ideal and long-term planning, we aim to build a bright future for the common good.

Operation Principles

- ▶ **Respect Humanity and Advocate Communication**

We respect individual differences and respect different voices. We advocate perspective-taking and treat everyone equally. We value mutual communication and improve its mechanism to ensure timely and effective feedback.

- ▶ **Sincere Cooperation and Open Sharing**

We conduct internal and external cooperation on the basis of integrity and commitment. We value inclusiveness and openness, share resources and benefits to achieve a win-win situation and complement each other's advantages.

- ▶ **Being Innovation Driven, Pragmatic, and Efficient**

Innovation is the driving force of development--we dare to challenge and explore. Practice makes perfect--we keep learning to maintain flexibility and improve efficiency.

Corporate Philosophy

- ▶ **Humanity**

We put staff, customers, shareholders, cooperation partners and the public first. We care for staff development, devote to meeting customers' needs, bring reasonable returns to shareholders, share profits with cooperation partners, and benefit the public.

- ▶ **Credibility**

With integrity, we gain recognition from customers and all walks of life. With trust, we strengthen seamless cooperation among the staff, the Company and partners for common progress and development.

- ▶ **Creativity**

Taking innovation as the primary driving force for development, we are committed to continuous improvement and breakthrough. Encouraging creativity, we are devoted to creating products for customers, building platforms for the staff, earning wealth for shareholders and bringing value to society.

Brand Value System

Brand Vision	Being true to the original mind and pursuing excellence		
Cultural Slogan	Crafted by the Driven		
Brand Core	Detailing·Greatness	Elaboration is a positive attitude of always trying to be better	Harmony: We are tolerant
		Exquisiteness is our constant pursuit for perfect quality	Breadth: Our employees have a global vision
		Wonderfulness is our commitment to a better life	Contribution: We are clear about our social position and responsibility
Brand Proposition	We create value for our customers, employees, partners and investors, the industry and the general public ingeniously and wholeheartedly.		
Brand Positioning	Mobility value creator		
Brand Value	Acute, Practical, Self-independent, Open		

(III) Investment Framework

Research and development



Vehicles



Parts and components



Commerce and mobility



Energy and ecosystem



Internationalization



Investment and finance



Others



(IV) Honors and Social Responsibilities



- Certificate of "Excellence in ESG Practice in China"
--The China Enterprise Reform and Development Society (CERDS)
and the Central Enterprise ESG Alliance
- Gold Cup in the 2022 "Guangdong Kapok Cup for Poverty Relief"
--Guangdong Provincial Leading Group for Poverty Alleviation and
Development
- The Medal of Devotion of the Red Cross Society of China
--The Red Cross Society of China
- Nomination Award of the 5th China Quality Award
--State Administration for Market Regulation
- 2023 "ESG Competitive Company of the Year"
--Southern Weekly
- 2023 Annual High-quality Development Summit--Award of
Contribution to Technological Innovation
--Guangzhou Daily
- Empower the Future--2023 Guangdong, Hong Kong and Macao
Greater Bay Area Corporate ESG Development Summit--ESG
Benchmarking Company of the Year
--Guangzhou Daily
- Excellence Award of the 24th China Patent Award for the patent for
the invention "Shift Control System for Automatic Transmission"
--China National Intellectual Property Administration
- First Prize of the Award for Machinery Industry Science and Technology for the
Key Technology and Application of Series-Parallel Hybrid Power Transmission
System for Passenger Cars
--The China Machinery Industry Federation and the Chinese Mechanical
Engineering Society
- First Prize of the Metallurgical Science and Technology Award of the China
Iron and Steel Association and the Chinese Society for Metals (CSM) for the
Development and Application of Carbon Neutrality High Performance Steel for
Automotive Body-in-White Applications
--The China Iron and Steel Association and the Chinese Society for Metals (CSM)
- Second Prize of the Award for Machinery Industry Science and Technology for the
Technology and Product Development of High-Efficiency, Clean and Low-Noise
Gasoline Engine Platform for Hybrid Applications
--The China Machinery Industry Federation and the Chinese Mechanical
Engineering Society
- Second Prize of China SAE S&T Award for the Key Technology and Application of
Collision Safety Design for NEVs
--The China Society of Automotive Engineers
- The 10th Guangdong Patent Excellence Award for the design patent "Whole
Vehicle" (Second-generation GS8 Twin Engines)
--People's Government of Guangdong Province
- Gold Award of the Fifth Guangdong-Hong Kong-Macao Greater Bay Area High-
value Patent Portfolio Layout Competition for the patent for the invention "Methods,
Devices, and Computers for Vehicle Warning" and the Relevant Patent Group
--Guangdong Administration for Market Regulation
- WIOP-CNIPA Award For Chinese Outstanding Patented Invention & Industrial
Design (Twenty-fourth) for the design patent of AION Y
--China National Intellectual Property Administration

GAC Powertrain Independent R&D Team

- National Outstanding Engineer Team Award
--Central Committee of the Communist Party of China and the State Council of the People's Republic of China
- International CMF Design Award - Gold Award for Hyper SSR
--International CMF Design Award Committee
- International CMF Design Award for Hyper GT
--International CMF Design Award Association
- Best Pattern Award of International CMF Design Award for M8 Master
--International CMF Design Award Association
- Pilot Unit of the All-China Federation of Trade Unions in Improving Employees' Life Quality
--The All-China Federation of Trade Unions

- The title, National Worker Pioneer, granted to the GAC Design team
--The All-China Federation of Trade Unions
- 2023 Guangzhou Clean Production Enterprises (Simplified Procedures)
--The Guangzhou Municipal Industry and Information Technology Bureau and the Guangzhou Municipal Ecological Environment Bureau
- China Best Employer Award 2023 and Guangzhou Employer of the Year
--Zhaopin.com
- 2023 Central and South China Transformation and Innovation Award
--Liepin.com
- First Prize of the Finals of Party Building Empowerment of the 11th "Pioneer Cup" Work Innovation Competition of Organs Directly Affiliated to the Municipal Committees of the Chinese Communist Party in Guangdong Province
--The Working Committee of the Organs Directly Affiliated to the Guangdong Provincial Committee of the Chinese Communist Party



- 2023 Automotive Disciplined Innovation Award for GAC Trumpchi E8
--The International Academic Quality Standards Agency (IAQSA)
- The title, 2023 "Low Carbon Car Top Runner", granted to GAC Trumpchi E9
--Automotive Industry Energy Saving and Green Development Evaluation Centre
- The title, "Five-star Healthy Vehicle", granted to GAC Trumpchi E9
--China Automotive Engineering Research Institute Co., Ltd. (CAERI), the China Indoor Air Purification Brand Cluster, and GuangDong Indoor Environmental Health Association (GIEHA)
- The title, Guangdong Famous High-tech Product, granted to GAC Trumpchi Second-generation M8 MPV
--Guangdong High-tech Enterprise Association
- The title, Guangdong Famous High-tech Product, granted to GAC Trumpchi New-generation B/C Platform Luxury 7-seater SUV
--Guangdong High-tech Enterprise Association

- First Place among independent brands in the 2023 J.D. Power Customer Service Index (CSI) Study
--J.D. Power
- The title, "World Top 10 Hybrid Power Systems", granted to GAC Trumpchi i-GTEC
--The CarBingo Academy (CBA)
- The Best MPV of the Fourth China Automotive Grand Ceremony for GAC Trumpchi E9
--China Media Group (CMG)
- The title, "World Top 10 Hybrid Power Systems", granted to GAC Trumpchi GMC2.0 Mega Wave Hybrid System
--The CarBingo Academy (CBA)





- Gold Medal of the Guangzhou Craftsman High-quality Service Competition --The Guangzhou Federation of Trade Unions
- The Global Lighthouse Network --The World Economic Forum (WEF) and McKinsey&Company
- 2022 Guangdong Science and Technology Progress Award --People's Government of Guangdong Province
- Advanced Collective for Energy Conservation in Guangdong Province --People's Government of Guangdong Province
- Special Jury Award of the China Automotive Grand Ceremony --China Media Group (CMG)
- Top 10 Meritorious Enterprises in Manufacturing in Panyu District --Enterprise Federation of Panyu District, Guangzhou

- Influential Brand of the Year of the Second Guangzhou International Brand Festival --Guangzhou International Brand Festival Committee
- 2023 China Automotive Quality Award (Excellent After-sales Service Award + AION V Plus Compact SUV) --www.aqsiqauto.com <https://www.aqsiqauto.com/?eqid=a5814e3f0002a00200000006646f1d57>
- 2023 Employer of the Year--Zhaopin.com



- No. 1 in Sales Satisfaction Index (SSI) Study--J.D. Power
- No. 1 in China Customer Satisfaction Index (CSI)--J.D. Power
- Highest-ranked mass market brand of Initial Quality Study (IQS) --J.D. Power
- Public-welfare Pioneer of the Decade of Action for Road Safety --China Auto Information Technology (Tianjin) Co., Ltd.
- 2023 Outstanding Contribution Award --The Society of Entrepreneurs and Ecology (SEE) in Beijing

- China's Top 100 Employers of the Year--Zhaopin.com
- 100 Employer Excellence of China/Excellence in Learning & Development --51job.com
- First Prize of the 2023 National Mechanical, Metallurgical and Building Material Workers' Technical Innovation Achievement --China Machinery, Metallurgy and Building Materials Workers Technical Association



- Camry, Frontlander, Wildlander, and Highlander won first place in their respective segment markets in the 2023 China Automobile Customer Satisfaction Index (CACSI)--The China Association for Quality
- Ranked first in the 2023 China Automobile After-sales Customer Satisfaction (CAACS) (Joint-venture Brands)--China Automotive Maintenance and Repair Trade Association (CAMRA)
- First Prize of the National Competition of the China Machine Building Quality Management Association --The China Machine Building Quality Management Association
- Top Graduate Employers China--51job.com and Yingjiesheng.com

- China Employer of the Year Awards and Guangzhou Employer of the Year --Zhaopin.com, the Institute of Social Science Survey, Peking University (iSSS), the China Association of Labor Economics (CALE), the National School of Development (NSD) of Peking University, and Harvard Business Review (HBR)
- Nansha District Pilot Star --The People's Government of Guangzhou Municipality
- The China Philanthropy List · Model Enterprises in Charity of the Year --China Philanthropy Times
- Public-welfare Pioneer Award, ESG Pioneer Award, and Top 10 Brands in ESG--China AUTOMOTIVE Technology and Research Center Co. Ltd. (CATARC) and China National Machinery Industry Corporation (Sinomach)



- Guangdong Intelligent and Interconnected Engineering and Tech Center for Intelligent and Connected Automobile Ecology --The Department of Science and Technology of Guangdong Province
- "Five-star Healthy Vehicle"--V09 model--CAERI

- MPV Model Award of China Business Journal --China Business Journal



- Tractor of the Year--China Automotive News
- First Fuel-saving Heavy-duty Truck--Organizing Committee of "Which Is the First" Commercial Vehicle Selection
- Heavy-duty Truck Quality Benchmark--Talkcv.com.cn



- National Demonstration Honest Enterprise in Product and Service Quality --China Association for Quality Inspection (CAQI)
- "Zero-waste Factory" in Zengcheng District --The "Waste-free City" Construction Work Group Office of Zengcheng District
- 2023 May Day Labor Medal of Guangdong Province -- the Guangdong Federation of Trade Unions

- Guangdong Famous High-tech Product --The Guangdong High-tech Enterprise Association
- Green-rated Enterprise in Guangzhou Municipal Environmental Credit Evaluation--The Guangzhou Municipal Ecological Environment Bureau



- Ranked sixth in the "2023 Top 100 Enterprises in China's Automotive Supply Chain" --China Auto News
- Ranked 55th in the "2023 Top 100 Enterprises in the Global Automotive Supply Chain" --China Auto News

- Ranked 39th in the 2023 Top 100 Machinery Companies in China --The China Machinery Enterprise Management Association



- Labor Harmony Enterprise (AAAA) in Guangzhou--The Guangzhou Municipal Human Resources and Social Security Bureau, the Guangzhou Federation of Trade Unions, Guangzhou Enterprise Federation/Guangzhou Enterprise Directors Association, and the Guangzhou Federation of Industry and Commerce (GFIC)
- Third Prize of the "Guangzhou Safety Officer Skills Competition"--The Guangzhou Federation of Trade Unions and the Guangzhou Municipal Emergency Management Bureau
- Granted a utility model patent for "A Filtration Device for IRON Powder for Grinding Machines"--The China National Intellectual Property Administration

- Best Organization Award of the "First Skills Competition for Industrial Robot System Operation and Maintenance Staff in the Machinery Industry of the China Skills Competition" --The China Machinery Industry Federation
- "Excellent Group Award of the "First Skills Competition for Industrial Robot System Operation and Maintenance Staff in the Machinery Industry of the China Skills Competition" --The China Machinery Industry Federation



- Second Prize of the Second "Dingxin Cup" Digital Transformation Application Competition
--The Cloud Computing and Big Data Research Institute of the China Academy of Information and Communications Technology



- "Technological Innovation" Award of China's Insurance Industry List
--National Business Daily
- 2023 Cases of Green Financial Reform and Innovation in Guangdong Province
--The Guangdong Finance Association and the Guangzhou Green Finance Association
- "A-rated" Tax Credit Rating
--Jiangsu Provincial Tax Service, State Taxation Administration



- Ranked 19th in the Top 100 in Automobile Dealer Groups China
--Kaida Zhuoyue



- "National Worker Pioneer"
--The All-China Federation of Trade Unions
- "Guangdong Provincial Workers' Pioneer"
--the Guangdong Federation of Trade Unions



- Second Prize in Innovation Results of 2023 (First) "Signature Projects of State-owned Enterprise Brands"
--China Branding Institute



- Excellent Auto Finance Service Provider 2023
--21st Century Business Herald and China Auto Finance

Chronicle of GAC Group in 2023

April 12
★ General Secretary Xi Jinping visited GAC Group.

January 29
GAC Group held the Meeting of Spring Festival Mass Greetings and Mobilization Meeting for Implementing the Spirit of Meetings on High-quality Development of Guangdong Province and Guangzhou City.

March 19
The GAC Technology Museum was opened.

March 27
GAC Group was regarded as a Benchmark Enterprise in the 2022 Evaluation of the Local "Two Hundred Enterprises".

March 27
Upower Energy Technology (Guangzhou) Co., Ltd. was established.

April 18
The "NEXT" plan was released at Auto Shanghai.

May 11
The overseas CKD plant project and parts distribution warehouse project of GAC International were launched successively, and products were released in multiple places.

May 17
The Group published its first social value report.

May 20
The launch press conference of Guangzhou E-POWER FC (now renamed Guangdong GZ-Power Football Club) was held at Guangzhou Tianhe Sports Center.

May 21
GAC Trumpchi E9 was launched at the Great Hall of the People in Beijing.

June 6
GAC Honda produced its 10 millionth vehicle.

June 21
ON TIME completed the B-round financing of RMB 842 million, and submitted the prospectus to the Stock Exchange of Hong Kong Limited on August 18.

June 26
The 2023 GAC Tech Day was held.

June 28/December 2
GAC AION entered the Thai and Cambodian markets successively.

July 3
Hyper GT of GAC AION, as China's 20 millionth NEV, rolled off the production line and was launched to the market.

July 19

GAC Group's AION Y won the WIOP-CNIPA Award For Chinese Outstanding Patented Invention & Industrial Design.

July 27

GAC autonomous driving technology won the Argoverse 2 Motion Forecasting Challenge.

August 2

GAC Group was ranked 165th in the 2023 Fortune Global 500 List.

August 10

The ICV Xiamen of GAC R&D Center was opened.

August 29

The Group published the "1551" Internationalization Strategy.

September 21

The Guangdong Provincial Key Laboratory of Automotive Electronic and Electrical Architecture Enterprises was established at GAC R&D Center.

October 28

GAC Trumpchi New Energy ES9 was launched to the market.

November 1

- GAC AION developed the first zero-carbon factory of GAC Group.
- The Nationally Recognized Enterprise Technology Center of GAC Group was rated as "Excellent" again.

November 11

The Super Experience Center of the GAC Technology Museum was opened.

November 15

GAC AION Hyper HT was launched to the market.

November 17

- GAC Trumpchi ES8 was launched to the market.
- GAC Toyota Engine debuted at the Guangzhou International Automobile Exhibition (Auto Guangzhou).

December 5

The Insulated Gate Bipolar Transistor (IGBT) project (Phase I) of Guangzhou Qinglan Semiconductor Co., Ltd., invested in by GAC Component, commenced production.

December 6

GAC Hino unveiled Guangzhou's inaugural "G logo" commercial vehicle equipped with a hydrogen fuel cell system.

December 12

Construction of the IMPOW Battery Intelligent Ecological Plant was successfully concluded.

December 14

The GAC AION's Intelligent Ecological Plant was recognized in the "Global Lighthouse Network" by the World Economic Forum (WEF), establishing itself as the sole NEVs "Lighthouse Factory".

Topic: High-quality Development of the New Energy Industry Chain

The NEVs industry has become increasingly competitive with the advancement of the "new four development trends"- autonomous driving, connectivity, electrification, and shared mobility-in the NEVs sector. Against this backdrop, there is a growing consensus in the industry on the need to enhance overall independent control over the automotive industry chain. GAC Group has continued to establish, manage, and strengthen the automotive industry chain. The Group has made targeted arrangements across the industry chain to optimize the industrial structure, strengthen the cluster effect, and bolster weak spots.

In 2023, GAC Group redoubled its input in the new energy and energy ecosystem sectors. It established a vertically integrated new energy industry chain layout of "lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and cascade utilization". This move aimed to further lower the costs of the industry chain and realize the overall independent control of the industry chain. GAC Group has also advanced its energy storage business, enhancing the core competitiveness of its industry chain.

On March 27, 2023, Upower Energy Technology (Guangzhou) Co., Ltd. ("Upower Energy"), a subsidiary of GAC Group, was established to coordinate GAC Group's energy segment. This subsidiary also aims to advance the development and design of an independent energy storage system, thus facilitating GAC Group's entry into the energy storage sector. Focusing on "electricity + batteries", an energy replenishment network has been formed to integrate photovoltaic power, energy storage, charging and swap, and battery recycling ecology. As it cultivates new growth drivers for a RMB 100 billion-worth industry to bring the "Trillion GAC" strategic blueprint to fruition, the Company is fostering deeper integration of NEVs with smart energy and smart cities. The ultimate goal is to drive the green and low-carbon development of the Company and society to the utmost.



Upower Energy Technology (Guangzhou) Co., Ltd.

Resource Development - Investment in the Exploitation of Domestic Premium Lithium Mineral Resources

In 2023, adhering to the "1578 Development Outlines of Trillion GAC", GAC Group accelerated the promotion and enhancement of its industrial layout to build supply chain and industry chain ecosystems on all fronts. The Group expedited its transformation toward "new four development trends" to implement a series of key projects ranging from mineral resources to charging stations. It also continued to expand our energy replenishment network to create a new ecosystem of energy technology. The Group placed particular emphasis on the development of three ecosystem carriers: "Energy Technology Ecosystem Carrier", "Industry Chain Ecosystem Carrier", and "Industrial Cluster Ecosystem Carrier".



GAC Group Enters into Long-term and Stable Strategic Partnerships with the People's Government of Bayingolin Mongolian Autonomous Prefecture and Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.

In response to the "Belt and Road" Initiative and the call for industrial assistance for Xinjiang, GAC Group, by the principle of win-win cooperation, has forged long-term and stable strategic partnerships with the People's Government of Bayingolin Mongolian Autonomous Prefecture and Xinjiang Nonferrous Metals Industry (Group) Co., Ltd. This move aims to foster deeper cooperation in the exploitation of lithium mineral resources, battery development and manufacturing, wind and solar power generation, energy storage, and NEVs production, pushing forward the vertical expansion of the new energy industry chain.

Development and Production - Independent Development of High-performance Power Batteries and Energy Storage Batteries and Arrangement for the Battery Smart Ecological Factory

GAC Group includes solid-state batteries, cobalt-free batteries, low-cobalt batteries, and sodium-ion batteries in its key technology research efforts. Among them, solid-state batteries have witnessed significant breakthroughs, with cell energy density reaching 400 Wh/Kg. This meets the requirements for safety and reliability in extreme conditions. These solid-state batteries are expected to be incorporated into vehicles by 2026.



GAC AION's IMPOW Battery Smart Ecological Factory Starts Production Officially

On December 12, 2023, the smart ecological factory of IMPOW Battery, a subsidiary of GAC AION with an investment of RMB 10.9 billion, was completed and became operational. Simultaneously, the P58 Microcrystalline Super Battery, as a groundbreaking innovation of version 2.0 of the magazine battery, was unveiled. It boasts superior safety, performance, and service life, remaining non-flammable even when its cell is punctured. The completion of IMPOW Battery's smart ecological factory signified that GAC AION had fully accessed the energy ecosystem industry chain that covers upstream raw materials, R&D, manufacturing, and battery recycling and cascade utilization. This achievement represents the cornerstone of our energy ecosystem and positions GAC AION as one of the few global manufacturers capable of fully independent research and production of batteries.



Ceremony for the Completion of Smart Ecological Factory of IMPOW Battery



IMPOW Battery Factory

Charging and Swap Energy Replenishment and Battery Leasing - Acceleration of the Establishment of the Charging and Swap Network

GAC Group is actively making arrangements for its energy storage system to offer energy storage solutions to NEVs. To establish an "electricity + batteries" smart energy ecosystem, the group has formed an integrated energy ecosystem layout that spans the entire chain, ranging from mineral resources to charging stations. This effort has resulted in the establishment of 930 charging stations, 6,855 charging terminals, and 62 battery swap stations, spanning 159 cities.



Upower Energy Practices "2° Energy Actions" to Establish a Comprehensive Smart Energy Service Ecosystem

In 2023, Upower Energy adopted the "1 + 10 + X" development strategy to establish a convenient charging network that offers premium and brand supercharging and rapid charging services within and between cities. The company has built more than 655 charging stations. Leveraging the opportunities brought by the launch of the battery-swappable models of Hyper GT and HT, Upower Energy developed a battery leasing product and management system and built 62 swap stations. The ultimate goal was to set the standard for battery swap services and boost the sales of new vehicles.



Hyper Supercharging and Swap Center

Battery Recycling and Cascade Utilization - Establishment of a Three-tier Cascade Utilization System for Cells, Modules, and Packs

GAC Group is dedicated to the full lifecycle management of batteries. The Group has developed a battery recycling system to facilitate the recycling and reuse of retired batteries. The Group is also making efforts to explore the application of batteries unsuitable for automotive use in low-load energy storage scenarios such as home energy storage and backup power supply for base stations.



GAC Group Executes a Strategic Cooperation Agreement with GEM

In November 2023, GAC Group signed a framework agreement on strategic cooperation with GEM Co., Ltd. By integrating their respective advantageous resources, both parties would join forces to establish a new energy full-lifecycle value chain across the globe. This value chain would enable full lifecycle management of the green recycling, resource-based treatment, and re-manufacturing of scrapped NEVs, retired power batteries, and their waste materials. The shared objective is to explore a model for the green development of the global new energy industry throughout its lifecycle, promote the implementation of a global battery passport, and achieve battery traceability.



GAC Group Enters into a Strategic Cooperation Agreement with GEM Regarding the Full-lifecycle Value Chain of New Energy

Vehicle-Grid Integration and Interaction - Exploration of Multi-Scenario Applications

As an automotive leader, GAC Group has adeptly seized the pulse of sustainable and intelligent development. By integrating Upower Energy's energy management technology and GAC R&D Center's Intelligent Connected Vehicle ("ICV") technology, the Group has revealed an innovative solution for green and intelligent vehicle-home integration. This feat showcases our deep understanding of the "smart and zero-carbon" design philosophy and represents a disruptive revolution of traditional energy management models and a bold exploration and practice of intelligent lifestyles. GAC Group wants to offer users a new lifestyle featuring effortless and intelligent transitions between various scenarios.



GAC Group Officially Unveils the "Green and Intelligent Vehicle-Home" Integrated Solution

By integrating Upower Energy's energy management technology and GAC R&D Center's ICV technology, GAC Group has officially launched the "green and intelligent vehicle-home" integrated solution. In terms of energy management, Upower Energy has connected terminals such as vehicles, homes, photovoltaic power, energy storage, charging, and grids in alignment with the "smart and zero-carbon" design philosophy. This enables intelligent and orderly charging and bidirectional charging and supports applications in scenarios such as peak shaving, virtual power plants, and aggregated transactions, thus achieving effortless and intelligent transitions between various scenarios. Photovoltaic generation systems power household appliances in sunny periods, with excess power stored in energy storage systems and vehicles. During peak demand in the evenings, household electricity demand can be met through energy storage systems or NEVs. During off-peak times at night, grids replenish energy storage systems and NEVs. In the event of unexpected power outages, automatic switching between grid-connected and off-grid modes ensures an uninterrupted power supply, backed by energy storage systems and NEVs.

GAC Group has also linked framework agreements on strategic cooperation with six enterprises, including Yuexiu Group, Pearl River Enterprises, Midea Group, China Southern Power Grid Technology, Poly Developments and Holdings Group, and Vanke Southern Region BG. Together, the Group will leverage our respective core competitive edge and technological strengths to cooperate strategically in new energy storage ecosystems, charging and swapping infrastructure, intelligent energy, virtual power plants, battery recycling, and battery cascade utilization. The Group's goal is to drive integration, innovation, and green transformation across sectors such as vehicles, energy, real estate, and smart homes, shaping a new green lifestyle. This strategic collaboration is expected to expand nationwide in the future.



GAC Green and Intelligent Vehicle-home Integrated Solution



Upower Energy and China Southern Power Grid Peak Regulation, Frequency Modulation (Guangdong) Energy Storage Technology Co., Ltd. Establish a Strategic Partnership

In November 2023, GAC Group's Upower Energy and China Southern Power Grid Peak Regulation, Frequency Modulation (Guangdong) Energy Storage Technology Co., Ltd. entered into a strategic cooperation agreement. Based on the characteristics and strengths of their respective industry chain, they proactively integrated advantageous resources through mutual empowerment in "grids" and "ICV technology". Their collaboration focused on proactive exploration in fields such as battery banks, swap stations, virtual power plants, and battery recycling and reuse, and on deepened cooperation in multi-scenario applications. Together, they aimed to elevate technological capabilities, foster innovation, rapidly expand business operations, improve operational quality, and enhance service accessibility.



Upower Energy and China Southern Power Grid Enter into a Strategic Cooperation Agreement

Intelligent, Connected and Lean Framework to Solidify the Foundation

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For stable operations, GAC sticks to compliant and sound governance. It is committed to creating a fair, just, and transparent commercial environment with partners from all industries and laying a solid foundation for its high-quality and sustainable development by continuously upgrading the management structure, refining policies, optimizing procedures, and intensifying training.



SDG 8 - Decent Work and Economic Growth



SDG 16 - Peace, Justice and Strong Institutions



SDG 17 - Partnerships for the Goals

(I) Enterprise Management

1. Strengthening Political Ideological Guidance

Enhancing Primary-level Party Building

Primary-level Party building is the foundation for ensuring thorough implementation of GAC's policies and plans. GAC has always attached importance to primary-level Party building. During the Reporting Period, in terms of improving Party building quality, GAC reviewed and appraised the duty performance regarding primary-level Party building, considered appraisal results in management personnel's tenure system and contractual assessments and, for five consecutive years, ranked first in the "Party Secretary Stressing Primary-level Party Building" duty performance review and appraisal. In terms of deepening investigations and research, the leadership of GAC led themed investigations and research and the development of the list of identified problems and solutions, and promoted the conversion of investigation and research results. In terms of remediation of problems, GAC made special efforts in the financial sector, remedied all problems of the Group and GAC affiliates and kept improving its primary-level governance capacity through symposiums, on-site supervision, themed interviews, and co-working meetings on special governance.



GAC Initiated "Secretary Projects" to Focus on the Problems with Primary-Level Party Building and Production and Operation to Lay a Solid Foundation for the Long-Lasting Development of Enterprises

Centering on "Guided by Xi Jinping Thought, Emphasizing Party Spirit, Highlighting Practice and Making New Breakthroughs", GAC made steady progress in "secretary projects" in 2023 with 456 "secretary projects" initiated. These projects covered all levels and departments and focused on the key problems with primary-level Party building and production and operation. During the Reporting Period, 1,342 problems with primary-level Party building and production and operation relating to management procedure optimization, cost control and market expansion, were effectively solved. This not only improved enterprises' operation efficiency and market competitiveness but also laid a firm foundation for the long-lasting development of enterprises. Successful experience of "secretary projects" has fully demonstrated the political strength and organizational competence of enterprises' Party Committees, effectively supported enterprises' sustainable and healthy development and improved the Group's overall economic benefits.



Press release of excellent results of "secretary projects" of primary-level Party building of GAC in 2023

Party Building Education

GAC requires Party members to make constant progress in learning, and keeps recruiting new Party members and offering education and training to Party members. In 2023, it held the duty performance capacity improvement class for Party secretaries, as well as cadres of disciplinary inspection and supervision. Meanwhile, GAC has made digital reform of the GAC Mobile Class to empower the digital talent cultivation ecology.

GAC also takes the initiative to carry out theme education. The Party Committee of GAC has taken theme education as its primary political task since April 2023. Centering on the general requirement of “Guided by Xi Jinping Thought, Emphasizing Party Spirit, Highlighting Practice and Making New Breakthroughs”, GAC made quick mobilization and deployment, emphasized organizational leadership, highlighted main tasks, and advanced works on all fronts, making new achievements in boosting the Party’s political building and theoretical armament and resolving the knotty problems encountered in high-quality development.

To beef up development at full stretch, GAC advocates the awareness of “National Priorities” among Party members, and requires them to establish a firm and correct view of power, political achievements and undertakings.

Disciplinary Compliance

The Party Committee of GAC advances the theme education on “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” on all fronts, integrates it into the education and rectification of cadres of disciplinary inspection and supervision, as well as production and operation, to advance all of them, further implements the Eight-point Regulation of the CPC Central Committee and its implementing rules, corrects the “Four Malfeasances” (favoring form over substance, bureaucratism, hedonism, and extravagance), and rectifies the prominent problems in primary-level governance. In 2023, GAC performed 14 rounds of inspection, supervision, remediation and governance, including theme education, review and remediation, to guarantee adequate remediation. In addition, the Party Committee of the Group organizes the “Month of Disciplinary Education” constructively, and cultivates the culture of integrity in the new era proactively. Through immersive and interactive classes based on typical cases, anti-corruption requirements have been further underlined.

2. Corporate Governance

In strict accordance with the local laws of the places of incorporation, as well as the requirements for corporate governance in the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and the *Main Board Listing Rules and Appendix C1 Corporate Governance Code* to it of HKEX, and the regulatory requirements for state-owned assets, GAC and its major affiliates clarify the division of rights and responsibilities among the shareholders’ meeting, the Party Committee, the Board of Directors, the Board of Supervisors, and the management team, thereby establishing a scientific and efficient governance structure with clear rights and responsibilities.

The Company values the independence of directors and has established relevant provisions in its *Articles of Association* and *Regulations on Independent Directors* to guarantee the special powers of independent directors and their right to express independent opinions on matters involving the rights and interests of minority shareholders at the institutional level so that directors can fully utilize their professional capabilities to thoroughly safeguard the rights and interests of shareholders and all stakeholders.

In 2023, all independent directors fully fulfilled their responsibilities in strict compliance with relevant laws and regulations, took an active part in the decisions and decision-making of the Board of Directors of the Group and its various committees, and provided professional suggestions on the standardized operation of the Group. While reviewing related party transactions, independent directors earnestly assessed the fairness and impartiality of the transactions and expressed their independent opinions, ensuring that their acts were not influenced by controlling shareholders or other entities or individuals with interest in the Group. Fully guarded independence and professionalism of independent directors effectively support the improvement of the Group’s governance framework and objective decision-making of the Group.

Independent Directors Express Their Professional Views and Make Balance among Various Committees

	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
Chairman	Independent Directors	Independent Directors	Independent Directors	Directors
Directors	0	1	1	4
Independent Directors	3	2	2	2
Proportion of independent directors to the total number of members in the committee	100%	66.7%	66.7%	33.3%

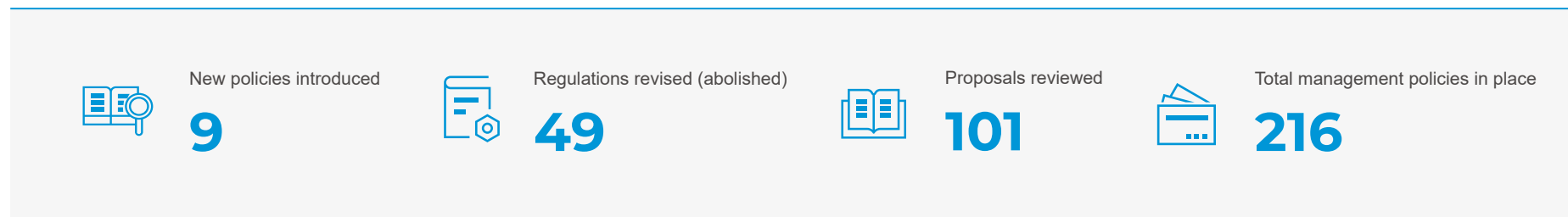
Directors of GAC are elected or replaced by the shareholders' meeting. The 6th Board of Directors of GAC is composed of 11 directors, including 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wang Keqin and Song Tiebo, accounting for more than one third of the total number of Board members. Independent directors have diverse professional backgrounds in automobile, legal compliance, audit and finance, strategic management and other fields. They also come from various walks of life, with several independent directors having worked as senior managers in well-known enterprises in different countries and regions. During the Reporting Period, the Company elected one female director, allowing the formation of a diversified Board with regard to age, professional knowledge, work experience, geographical region, and gender. As part of the next step, GAC will further foster the diversity of the Board of Directors from various aspects based on the Company's needs for development.

Diverse Backgrounds of the Board of Directors

Strategy/business focus	Finance/risk management	Automobile-related	Corporate governance/legal compliance
Zeng Qinghong		√	
Feng Xingya		√	√
Zhao Fuquan		√	
Xiao Shengfang	√		√
Wang Keqin	√		
Song Tiebo			√

Strategy/business focus	Finance/risk management	Automobile-related	Corporate governance/legal compliance
Chen Xiaomu		√	√
Ding Hongxiang		√	
Guan Dayuan	√		
Deng Lei		√	
Wang Yiwei	√		

Throughout the year 2023, GAC convened 25 meetings of the Board of Directors, reviewing 101 proposals, and 15 special committee meetings, reviewing 33 proposals, ensuring transparent and efficient decision-making. During the Reporting Period, the Group reviewed and refined its internal management policies on a regular basis, introducing 9 new policies and revising or abolishing 49 regulations, reinforcing the Group's governance efficiency and standardized operation.



2. Comply with Compliance in Business Operations

GAC adheres to compliant operation, respects local laws and regulations in business operation, and advocates a business environment of fair competition jointly maintained by market participants. The Group integrates laws and regulations into all processes in daily operation, and constantly improves its internal compliance management system and the compliance management architectures of its headquarters and affiliates. It is dedicated to building a compliance management system with comprehensive coverage, well-defined rights and responsibilities and efficient operations.

Strengthening Anti-monopoly Compliance Management

The Group has formulated the *Anti-Monopoly Compliance Guidelines for Concentrations of Undertakings* and the *Compliance Guidelines for Overseas Investments and Operations* and revised and refined management policies, such as the *Measures for the Compliance Management of Guangzhou Automobile Group Co., Ltd.*, providing scenario-based guidelines for anti-monopoly management. By updating and iterating laws and regulations, publicizing cases, and implementing training and publicity on a regular basis, the Group helps all employees to understand the requirements for anti-monopoly compliance and the scenarios of application, fostering the creation of a fair and compliant business environment.

Deepening Compliant Operation Management through Mixed-ownership Reform

The Group strictly abides by the *Company Law of the People's Republic of China*, the *Measures of Guangzhou SASAC for Supervising Enterprises' Compliance Management*, and the *Operational Guidelines on Mixed Ownership Reform for Enterprises under the Supervision of the Guangzhou SASAC* and other laws, regulations, and policies on enterprises' compliant operation.

Carrying out Regular Compliance Education, Publicity and Implementation

The Group is dedicated to identifying and complying with laws, regulations, and policies closely linked to compliance management and carries out research, training, and education on them. In 2023, the Group highlighted the *Company Law of the People's Republic of China (2023 Revision)* and the *Operational Guidelines on Mixed Ownership Reform for Enterprises under the Supervision of the Guangzhou SASAC* and organized a thorough study of them to make clear revisions. It also identified and publicized new compliance policies on a regular basis to maintain its sustainable robust and compliant operation.



GAC Refined the Compliance Management System and Promoted the Implementation of Compliance Guidelines to Build GAC into a Compliant Brand

In 2023, GAC was committed to refining the compliance management system and further looking into key compliance sectors. On the one hand, GAC continuously promoted compliance guidelines to ensure their effectively-extensive publicity and implementation, and highlighted effective internal-external linkage and proper risk mitigation. On the other hand, through in-depth communication with other enterprises with regard to corporate compliance, GAC shared compliance management experience and intensified compliance management, and took the initiative to cultivate compliance culture, improved the training mechanism, and further looked into digital transformation paths by drawing lessons from the practices of world-class enterprises, in a bid to develop itself into a compliant brand with GAC characteristics.



A Group Photo with Huawei at a Compliance Communication Event

3. Intensify Risk Management

GAC's risk management structure is composed of the Board of Directors, the Audit Committee and the Audit Department. The Board is responsible for the Group's risk management. In 2023, the Company had 11 directors, including 2 independent directors specializing in risk management, and the Audit Committee had 3 independent directors. At the beginning of each year, the Audit Committee reviews the Group's internal audit, internal control and risk management summaries and plans to ensure that risk management is dependent of business operation. The Audit Department is responsible for the specific issues as to internal audit and internal control, and the Risk Management Department is responsible for routine risk management.

Based on the digital intelligent audit and risk management model of "general analysis, regular early warning, doubts identification and precise positioning", GAC has established an audit and risk management platform to improve the quality and efficiency of its internal audit and risk management in all directions, thus safeguarding its stable operation and high-quality development. To ensure effective internal control systems of the Group and affiliates during the Reporting Period, GAC conducted relevant reviews and training at least once every year for all directors of the Board.

Polish up the Institutional System

To intensify risk management, GAC revised and introduced the *Risk Management Manual of GAC Group (Revision)* and the *Administrative Measures for Reporting Major Operational Risk Events of GAC Group (Revision)* in September 2023 to establish and refine the risk management system, enhance its capacity for major risk prevention and mitigation, standardize the reporting of material business risk events, avoid systemic risks, and support its sustainable and healthy development.

In 2023, GAC carried out internal audits and risk management with regard to the following four aspects to continuously fulfill its responsibility for maintaining and increasing the value of state-owned assets and consolidate the foundation of risk prevention and control in key areas:

GAC's Risk Management Structure

Work focus	Main content
Focusing on key areas and promoting cost reduction and efficiency improvement	GAC advanced 30 audit items and made 243 audit suggestions, greatly facilitating the remediation of all business processes and reducing production and operational risks.
Monitoring and sending early warnings of risks and reinforcing risk management capacity	GAC organized five special risk inspections and mitigation and shared 15 risk analysis model strategies, gradually reinforcing its risk assessment capacity.
Sharing digital intelligent models to drive innovative development	GAC promoted the data exchange between different platforms, shared system analysis models, and explored and carried out special digital audits and investigations, speeding up its internal audit and risk management efforts, and realizing digital transformation.
Highlighting the remediation of audit findings and announcing typical problems	GAC carefully remedied business problems identified in audits and mitigated business risks. During the Reporting Period, it announced one typical problem identified in audits, tracked the remediation of problems identified in inspections and audits, and ensured that all problems were remedied as scheduled.

Implement Digital Risk Management

Since 2020, GAC has been driving the transformation and upgrading of internal audit and risk management toward "people-orientated, legally compliant and technology-based" management, centering on digital reform. Through thorough digital audits and information system audits, the Group has successfully formed an agile audit model and significantly improved the efficiency of its risk identification, strongly supporting the Group's stable operations. In 2023, focusing on the overall development, GAC conducted audit programs lawfully and independently, including the economic responsibility audit, special audit, and internal control audit, as propelled by digital transformation.



GAC Propelled Internal Audit and Risk Management Upgrading through Digital Transformation and Achieved Stable Operation and Data Security and Compliance

In 2023, GAC initiated the "Holographic Analysis of Automotive Ecological Chain and Audit Compliance Model Based on Multi-source Data Fusion" project through the digital audit platform. The project enables the application of portrait, verification, analysis and early-warning audit compliance models to multi-channel and multi-type big data, and won the title of "Excellent Case of Audit Model among Piloting Digital Transformation Cases of Internal Audit in 2023" granted by the China Academy of Information and Communications Technology.

The Group also carried out an in-depth study of the experience in digital audit transformation, and initiated the scientific research "A Case Study of Big Data and AI Technology Facilitating Digital Transformation of Internal Audit", which has successfully passed the conclusion review of Guangdong Audit Office and is highly referential for the practices of digital transformation of internal audit by state-owned enterprises.



Excellent Case of Audit Model



Conclusion Certificate for Scientific Research Issued by the Guangdong Audit Office

Foster Risk Culture

GAC offers regular risk management and internal control training to employees in various forms. For employees in key posts, the Group offers sales audit training, international investment risk management training, and other theme risk management training, fully enhancing employees' awareness of risk culture. In addition, GAC monitors material business risks on a regular basis and sends special risk warnings to the affiliates. The Group organizes and implements regular risk prevention and control, such as quarterly monitoring and special/joint inspection, to strengthen employees' awareness of risk prevention and control, thereby avoiding systematic and material business risks.



GAC Organized International Investment Risk Management Training to Enhance the Awareness and Capacity of Risk Management in International Operations

In October 2023, GAC organized a theme training on international investment risk management, attracting nearly 200 participants. The training introduced the core risks and cases in European and South Asian countries and regions and explained the tax incentives for NEVs and operating experience in Thailand. Through training, the Group gained a clearer understanding of the external environment and policy requirements in the process of promoting "internationalization", which is conducive to the prevention of overseas business risks arising from improper operations.



A Site Photo of the International Investment Risk Management Training

4. Emphasize Business Ethics

GAC Group complies with national anti-commercial bribery laws and policies, as well as relevant international practices and initiatives such as the United Nations Convention against Corruption and the Recommendation on Preventing Extortion and Bribery in International Commercial Transactions, and is committed to establishing and refining an honest business system that combats corruption, upholds integrity, and unblocks internal and external reporting channels to develop a business environment that is more transparent, efficient, objective, and fairer. The Group has formulated regulations and policies such as the *Code of Conduct on Integrity for Employees of the Headquarters* and the *Measures for Disciplinary Inspection and Supervision* to specify the requirements for employees' conduct on integrity. The Group also requires employees to strictly abide by professional ethics, strictly prohibits the use of power or position influence to commit irregularities for favoritism, or seek personal gains in disguise, and continues to foster a culture of integrity where employees "dare not, cannot, do not want to become corrupt".

Management Structure

For effective business ethics management, GAC sets up a business ethics management structure composed of the Board of Directors, the Audit Committee, the Disciplinary Committee, and the Party Culture and Integrity Development and Anti-corruption Coordinating Group. The Board of Directors is responsible for the overall business ethics management, and the independent Disciplinary Committee is responsible for regular tour inspections of the Group's business ethics management progress and handling of reported events. The Party Culture and Integrity Development and Anti-corruption Coordinating Group holds regular joint meetings on supervision to analyze and study the situation and progress of anti-corruption work of the Group, study and improve the mechanisms for joint supervision, and resolve major problems and material events during the supervision and inspection as well as case investigation and handling through coordination. This forms a whole-process supervision closed loop that covers ex-ante system and regulations, in-event follow-up and monitoring, and ex-post supervision and accountability, ensuring the Group's operation integrity and efficiency.

Business Ethics Audit

GAC adheres to the general strategy of making an all-out effort to enforce strict Party discipline and boost Party culture and integrity development. When performing its duties, the Audit Department strictly abides by the Eight-point Regulation of the CPC Central Committee and its implementing rules, advances the audits of "three public" expenses, material procurement, major engineering projects and other key areas, and facilitates the effective implementation of Party discipline and national laws. In terms of stressing deterrent effects, formulating policies, and enhancing ethical self-consciousness, the Audit Department gives full play to its supervisory role to ensure strict compliance with Party discipline and national laws in audits.

Economic responsibility audit (business ethics audit) is a key part of the Group's annual audit plan. It covers the audits of the Group's anti-corruption and anti-fraud policies. Economic responsibility audit is performed in the headquarters of GAC and its major affiliates. During the audit process, the Audit Department focuses on the legal compliance and integrity of the Group's leaders and cadres in their performance of economic responsibilities, including but not limited to whether they have violated the provisions on duty performance remuneration and business expenditure and whether they have committed illegal or discipline-violating behaviors such as abuse of power, seeking private gain through power and taking bribes. Once they are found to have violated integrity provisions, the Audit Department immediately reports to the disciplinary inspection and supervision department and punishes them in strict accordance with relevant regulations, taking serious investigation and punitive measures for rule-violating conduct amid a rule-enforcement campaign.

Education on the Culture of Integrity

Taking a zero-tolerance attitude toward corruption and fraud, GAC imposes harsh punishment on corrupt behaviors. Always upholding strict disciplinary inspection regulations and high-standard ethics, the Group is committed to preventing new corruptive behaviors, actively reducing identified corruptive conduct, and ensuring high integrity and transparent operation of the Group and cooperation environment.

Reinforcing internal integrity management: GAC carries out integrity education and values publicity and implementation, code of conduct, and laws and regulations among directors, management personnel, and all employees. The Group emphasizes the cultivation of a culture of integrity by conducting periodic special training and project research in the Group's headquarters and affiliates to urge leaders and cadres at all levels to act with integrity. The Group also constantly upgrades and transforms the Group's digital platform for disciplinary inspection¹ and supervision, and analyzes, researches, and judges the status of the Group's political ecosystem using big data and issuing early warnings, thereby further improving the Group's anti-corruption efficiency.

Facilitating the integrity management of related parties: GAC attaches the *Integrity Regulations* and the *Guidelines for Complaints and Reporting* to the contracts with its cooperation partners. These rules clearly state to partners that they shall not provide gifts, valuables, rebates or benefits of other forms in any way to the employees of the Group, and that partners have the right to present prosecutions and accusations to the Disciplinary Committee of the Group if they discover any clues to violations of laws or regulations.

¹ Online platform of disciplinary inspection and supervision: A multi-dimensional intelligent anti-corruption platform developed by GAC in 2015.

Business Ethics Management Performance in 2023

A total of

43,929 employees

(including full-time and part-time employees) received anti-corruption training

Coverage

45.37 %

Directors who had received anti-corruption training accounted for

100 %

A total of

658 top managers of affiliates

received anti-corruption training

The length of time of anti-corruption training totaled

272,806 hours

The number of corruption lawsuits was

0

Employees who had signed the integrity agreement accounted for

100 %

Cooperation partners who signed the *Integrity Regulations* and the *Guidelines for Complaints and Reporting* accounted for

100 %



GAC Organized Training for Cadres of Disciplinary Inspection and Supervision to Enhance Their Duty Performance Capacity and Build a Loyal and Invincible Force

To further build up the duty performance capacity of the leaders and cadres of disciplinary inspection and supervision and build a politically competent, highly skilled, loyal, clean and responsible force for disciplinary inspection and supervision, GAC, from April 24 to 27 and July 17 to 18, 2023, held the duty performance capacity improvement class for cadres of disciplinary inspection and supervision and training session for business elites of disciplinary inspection and supervision in 2023 in Tsinghua University and GAC Training Center, respectively, which were attended by 113 people including disciplinary committee secretaries, members, office directors, and full-time business elites of disciplinary inspection and supervision of the Group and direct affiliates.



Annual Business Training on Disciplinary Inspection



113 people attended the training for cadres of disciplinary inspection and supervision.

Whistle-blower Protection and Report Handling

GAC attaches great importance to the protection of whistle-blowers' rights and interests. It specifies the measures for strictly keeping confidential the personal information of whistle-blowers and the content reported by them in the *Guidelines on Complaints and Reporting of the GAC Group* and the *Measures of the Disciplinary Inspection and Supervision Department for Complaints and Reporting of GAC Group*. To continuously improve the protection mechanism, the Group has been upgrading the digital platform for disciplinary inspection and supervision, and optimizing the sub-module of "Online report". As a result, the content reported by a whistle-blower to the system can be reviewed only by the staff member who accepts the report, thus ensuring thorough protection of the privacy of whistle-blowers.

In the report acceptance procedure, reports will be directly assigned to the designated person for handling after being reviewed and approved by the person in charge of the Disciplinary Committee. In the verification process, the handler shall directly and solely report to the person in charge of the Disciplinary Committee, thus protecting the safety and privacy of whistle-blowers to the greatest extent. In 2022, the Group further revised the *Measures of the Disciplinary Inspection and Supervision Department for Complaints and Reporting of GAC Group* based on its keen understanding of its social responsibilities and strict observation of government guidelines. The revision aims to clarify the duties and requirements of the disciplinary inspection and supervision department in accepting complaints, standardize the acceptance, handling and settlement procedures of complaints and reports, and set the time limit for reporting settlement, so as to make complaint and report handling more standardized,

legally-compliant, and normalized.

In 2023, the Group accepted and handled the complaints and reports it received more efficiently in strict accordance with the revised measures. Regarding real-name reporting, in particular, the Group has adopted a whole set of standard work procedures, including notification of acceptance, initial communication and secondary feedback, in order to ensure that the rights and interests of every whistle-blower are fully respected and timely responded to, and that all complaints and reports can be properly handled within the specified time limit.

GAC has released the *Reporting and Complaint Guide* on its official website for the supervision of its Party organizations and Party members at all levels by all stakeholders, who may report to the Disciplinary Committee of the Group at any time once they identify clues to violations of laws or rules.

- ▶ Reporting hotline: +862083151410
- ▶ Reporting email: jubao@gac.com.cn
- ▶ Reporting website: <https://3161.gac.com.cn>
- ▶ Reports mailed to: Disciplinary Inspection and Supervision Office of GAC Center, No. 23, Xingguo Road, Zhujang New Town, Tianhe District, Guangzhou, China (Postcode: 510623)

5. Safeguard the Interests of Investors

GAC Group safeguards the interests of shareholders and investors by formulating internal management policies, such as the *Administrative Rules for Investor Relations*, and carrying out questionnaire surveys and communication meetings. In 2023, the group has received more than 1,500 person-times of research visits, convened 1 annual shareholders' meeting, 3 extraordinary shareholders' meetings, 4 result releases and 3 open-day events for investors, and attended 127 teleconference surveys, visit surveys, and investment exchange summits/roadshows.

Additionally, based on the upward trend of the Company's minority shareholders and investors, GAC Group leverages channels such as the SSE e-interactive platform, hotline, IR email address, and the Company's official website to maintain smooth communication with minority shareholders and retail investors. In 2023, the Group replied to 128 questions from investors via the SSE e-interactive platform and 107 questions from investors via the service hotline.

The Group highly values information disclosure and the management of investor relations, holds regular result briefings, publishes annual result reports, and releases other announcements as necessary. In terms of information disclosure, GAC strictly adhered to the information disclosure rules of the A-share and H-share markets, and upheld the principles of "truthfulness, accuracy, completeness, timeliness, and fairness" to ensure the legality, consistency, and synchronization of information disclosure in both markets. In 2023, GAC disclosed 203 announcements in the A-share market, including 5 interim reports, and 176 announcements in the H-share market, including 5 interim reports.

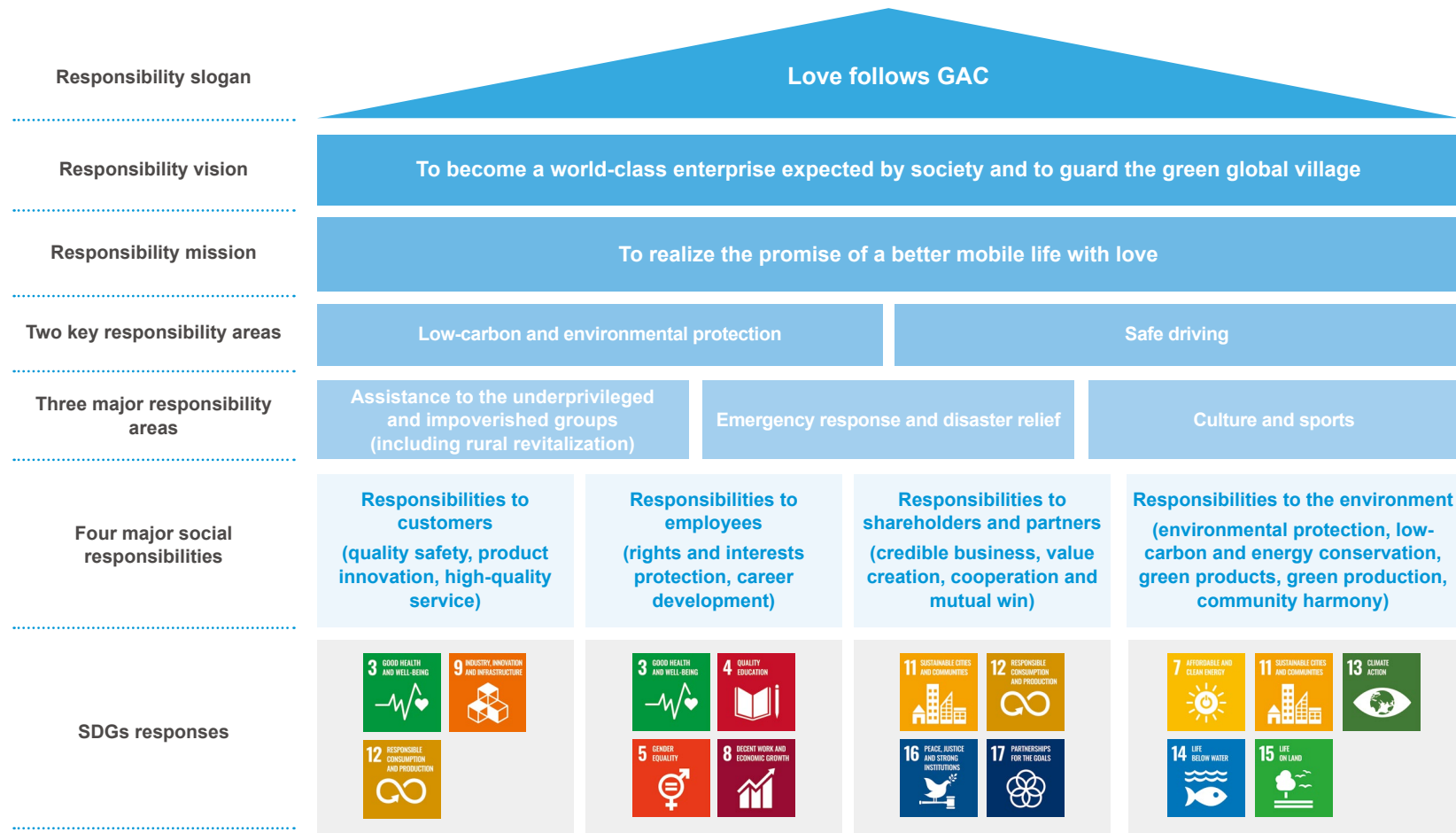
In 2023, GAC convened

- 1 shareholders' meeting
- 3 extraordinary shareholders' meeting
- 4 result releases
- 3 investor open-day events

(II) Responsibility Management

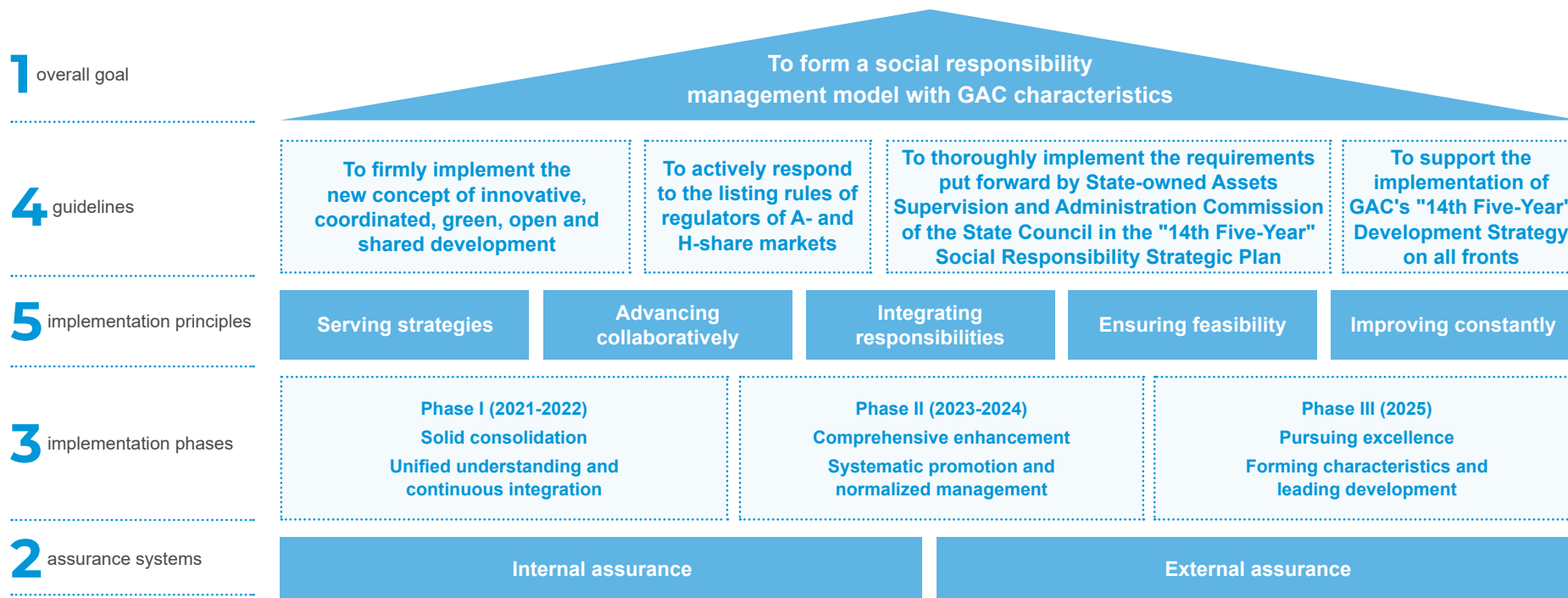
1. GAC's Social Responsibility Philosophy System

Centering on the responsibility slogan "Love follows GAC", the Group carries out ESG works with the responsibility vision "to become a world-class enterprise expected by the society and to guard the green global village", and has streamlined and developed the "1234" GAC social responsibility philosophy system to lay a sound foundation for sustainable, comprehensive, and high-quality development.



2. "14th Five-Year" Social Responsibility (ESG) Development Plan

As an A+H listed company, GAC Group proactively responds to national macro strategies, takes the needs of the Company's stakeholders as the core, and analyzes the external situation of the Group's social responsibility. The Company officially released the "14th Five-Year" Social Responsibility (ESG) Development Plan in 2022 to promote the improvement of the top-level design of the Group's social responsibility work. It provides comprehensive guidance for the future development of Social Responsibility (ESG) of GAC Group and guides orderly advances in corresponding works during the Reporting Period.



Set 1 Overall Goal

By the end of the "14th Five-Year" Plan period (2025), the Group will achieve full integration, efficient management, systematic practice, and three-dimensional communication of social responsibility concepts, and form a social responsibility management model with GAC's characteristics.

Integrate 4 Guidelines and 5 Implementation Principles

The Group will establish policies and plans such as the "State-owned Assets Supervision and Administration Commission of the State Council's '14th Five-Year' Social Responsibility Strategic Plan" and "A+H Dual-market Listing Supervision Guidelines" as 4 guidelines, and formulate 5 implementation principles, such as the principle of serving strategy and the principle of responsibility integration, to guide the Group's social responsibility work in a comprehensive manner.

Form a Responsibility Philosophy System throughout the 3 Implementation Phases

A responsibility philosophy system with the responsibility slogan "Love follows GAC", the responsibility vision "to become a world-class enterprise expected by the society and to guard the green global village", and the responsibility mission "to realize the promise of a better mobile life with love", will be formed running through the three implementation phases of the "Plan".

Three-Step Implementation Path for GAC Group's "14th Five-Year" Social Responsibility (ESG) Development Plan

Implementation phase	Characteristics	Iconic results	Progress
Phase I (2021-2022)	Solid foundation: Unified understanding and continuous integration	<ul style="list-style-type: none"> Form an ESG philosophy system Unify all employees' sense of responsibility Establish an ESG system Carry out a series of "Responsible GAC" themed activities 	Completed
Phase II (2023-2024)	Comprehensive enhancement: Systematic promotion and normalized management	<ul style="list-style-type: none"> Integrate ESG philosophy into daily operations management 	In progress
		<ul style="list-style-type: none"> Establish a digital information platform for ESG 	Built and put into use, continuous optimization
		<ul style="list-style-type: none"> Form a number of unique and long-term sustainable social responsibility brand projects 	Completed
		<ul style="list-style-type: none"> Create an integrated unified philosophy system of responsible, innovative and technological GAC 	In progress
Phase III (2025)	Pursuing excellence: Forming characteristics and leading development	<ul style="list-style-type: none"> Form an industry-leading ESG promotion model with GAC characteristics Extensively link stakeholders to promote responsibility assumption Deeply integrate functions and operations with ESG Establish the Group's external ESG image 	To be completed in 2025

Maintaining the "internal + external" 2 major assurance systems: GAC establishes internal support by improving the ESG work management system, strengthening ESG talent team construction, and setting up special funds and mechanisms for the fulfillment of responsibilities, and establishes external support by maintaining stakeholder communication and developing ESG external cooperation networks, to ensure the orderly and efficient implementation of ESG work in all aspects.

3. Statement of the Board of Directors

The Board of Directors of GAC has had a profound understanding of the significance of sustainable development to the long-term development of the Group. It reviews and recognizes the Group's annual ESG targets and plans, reviews the Group's ESG progress and performance in carbon neutrality and climate change response on a regular basis, and keeps supervising the Group's ESG development direction and work implementation.

The Board of Directors assumes responsibility for the Group's ESG matters, always identifies important ESG risks and opportunities related to the Group's business, and reviews the Group's ESG performance and progress. Meanwhile, the Board regularly receives briefings from the ESG Steering Group or other relevant management. It reviews and approves the Company's *Environmental, Social and Governance Report* and other ESG management policies.

For compliance with listing rules, GAC has set key ESG targets covering greenhouse gas emissions, pollutant emissions, and resource consumption, among others. The Board of Directors reviews and discusses these targets and regularly reviews the progress of achieving the targets to ensure steady progress of the Group in sustainable development.

4. Responsibility Management Structure

GAC has improved the ESG management structure by clarifying the division of responsibilities at each management level, and promotes the orderly development of ESG work.

GAC has also established a clear ESG reporting mechanism: Every year, the management level makes a report on ESG supervision to the Strategy Committee, and the Strategy Committee submits a proposal to the Board of Directors for approval after listening to the management level's ESG report. For the management structure in relation to climate change, please refer to the "Response to Climate Change" section of this report.

ESG Management Structure

Structure	Personnel composition	Work duties
ESG Steering Group	<ul style="list-style-type: none"> Group leader: Chairman of the Group Deputy group leader: President of the Group Members: Members of the Group's operational leadership 	<ul style="list-style-type: none"> Make decisions on major ESG strategic directions (including key risks and opportunities); Review the operation of the ESG management structure; Provide organizational, personnel, and financial assurance for the operation of the ESG system; Listen to the reports of the ESG Working Group (including target implementation, report disclosure, and risk control); Report to the Strategy Committee or the Board of Directors on ESG management and assist the Board in issuing the "ESG Statement".
ESG Working Group	<ul style="list-style-type: none"> Group leader: Vice President in charge of the Group's Brand PR Department Deputy group leader: Director of the Group's Brand PR Department, Director of the Board Office, Director of Operation Management Department Members: Heads of all functional departments of the Group and its affiliates 	<ul style="list-style-type: none"> Develop the ESG work plan; Identify and manage compliance with the latest ESG requirements; Set ESG targets and supervise achievement of these targets; Disclose ESG information and respond to investors and rating agencies; Promote public charity, rural revitalization, and related work; Communicate with ESG stakeholders (governments, investors, suppliers, customers, etc.).
ESG Execution	<ul style="list-style-type: none"> Leaders in charge of affiliates Responsible department and contact person for ESG designated by each affiliate 	<ul style="list-style-type: none"> Implement risk management: Implement the Group's work objectives and plan for each ESG issue, as well as the risk control requirements; Set objectives and follow up: The affiliate sets a work plan and objectives for each ESG issue based on their actual circumstances; Collect information: Collect and submit materials and data on a regular basis.

5. Ability to Perform Responsibly

In 2023, GAC took the "14th Five-Year" Social Responsibility (ESG) Development Plan as a guide to fulfill its responsibilities as a state-owned enterprise and keep carrying out social responsibility management. The year 2023 marks the first year of normalized operation of GAC's digital ESG management system. By enhancing ESG data management and analysis, the Group made more scientific and accurate decisions and contributed to sustainable social and environmental development. Furthermore, the Group led the development of the *Guidance on ESG Information Disclosure for China Automotive Industry*. This report is the first Environmental, Social and Governance Report prepared by the Group in accordance with the Guidelines.

Implement the List of Issues at the Execution Level

In 2023, GAC continued enhancing its ESG responsibility performance capacity and swiftly undertook its social responsibility as a state-owned enterprise. It regularly collated and updated the list of ESG management issues, implemented the issue management responsibilities of each executive level, and embedded social responsibility issues into the day-to-day workflow of all departments and affiliates of the Group.

Develop the *Guidance on ESG Information Disclosure for China Automotive Industry*

Working with the China Association of Automobile Manufacturers and several other units, GAC led the drafting of the *Guidance on ESG Information Disclosure for China Automotive Industry*, in a bid to provide automobile manufacturers with basic principles, steps, methods, main contents and reference indicators for ESG information disclosure and help enterprises improve information transparency and gain trust and support from investors, the public and other stakeholders. GAC's Environmental, Social and Governance Report for this year will be disclosed in full compliance with the *Guidance on ESG Information Disclosure for China Automotive Industry*.

Carry out Regular ESG Training

GAC requires management at all levels to continuously deepen their understanding of and proactively practice social responsibility and ESG policies. Before the start of the preparation of an annual Environmental, Social and Governance Report, the Group holds an ESG training session and invites senior leaders of the Group, heads of departments, and corresponding leaders of affiliates to jointly discuss the latest trend of ESG policies and the ways to improve the Group's competitiveness in the capital market through an ESG strategy. The Group held the kick-off meeting for the preparation of the 2023 Annual Environmental, Social, and Governance Report at GAC Center on December 28, 2023, further fulfilling its resolute commitment to performing its social responsibility and promoting sustainable development.

Hold an Environmental, Social and Governance Report Briefing

GAC held the first offline social responsibility/ESG/social value briefing in 2023 and the start campaign of Sanjiangyuan Environmental Protection Project, becoming the first domestic mainstream automobile group to release social responsibility, ESG, and social value reports simultaneously and the first to release the social value report. In the social responsibility, social value and ESG reports for 2022 methodically compiled and released by the Group in 2023, the Group disclosed up to 174 indicators and proactively responded to the issues concerned by stakeholders, improving work efficiency and continuing to improve reporting quality.



GAC's Offline Social Responsibility/ESG/Social Value Briefing and the Start Campaign of the Sanjiangyuan Environmental Protection Project

By virtue of its perseverance and hard work in practicing social responsibility for years, GAC Group has been highly recognized by all walks of society and authoritative media.

Among 855 samples of market value and ESG report timeliness and quality selected from 6,400 companies listed in the A- and H-share markets, GAC stood out and was successfully named on the list of "Top 100 ESG Pioneer Listed Chinese Companies" released by CCTV. It ranked 28th among all listed companies and 2nd among all listed automobile companies named on the list.



GAC was Named among the "Top 100 ESG Pioneer Listed Chinese Companies"

Included in the Fortune China 2023 ESG Influence List



GAC was included in the Fortune China 2023 ESG Influence List

Ranked 10th and 1st among automobile companies on the list of "Top 50 ESG Pioneer Listed Chinese Companies in the Greater Bay Area"

Ranked 7th and 1st among automobile companies on the list of "Top 30 ESG Pioneer Listed Chinese Companies of Technological Innovation"

Ranked 1st on the list of "Top 30 State-owned Enterprises of ESG Development Index in the Greater Bay Area"



GAC was selected as an excellent case in the Blue Book: Research Report on Corporate Social Value of State-owned Enterprise in the Greater Bay Area 2023

GAC's "Act upon Orders to Strengthen the Pandemic Prevention" was selected as an excellent case in the Blue Book: Research Report on Corporate Social Value of State-owned Enterprise in the Greater Bay Area 2023

GAC's "Persistence in Green Production to Support Ecological Civilization Construction" was selected as an excellent case in the 2023 Guangdong-Hong Kong-Macao Greater Bay Area State-Owned Enterprise Social Value Blue Book 2023. GAC's "Persistence in Innovation-driven Development for Comprehensive Transformation into A Technology-based Enterprise", "Assuming the Responsibility of State-owned Enterprise to Support Rural Revitalization" and other two practices were selected as excellent cases in the Blue Book: Research Report on Corporate Social Value of State-owned Enterprise of Guangzhou 2023.

Selected as an excellent case of CSR practice in China's automotive industry in 2023, and awarded for "Harmonious Co-Construction", "Green Development" and "Intelligent and Innovative Technology" performance.



GAC Was Selected as an Excellent Case of CSR Practice in China's Automotive Industry in 2023

The "GAC Group: Coordinate Green Open Sharing" film won the Biodiversity Conservation Film Award of Odyssey's "Sustainable Corporate Culture Film Awards"



GAC's Film Won Odyssey's "Sustainable Corporate Culture Film Awards"

Awarded the "ESG Model Enterprise Award" for listed companies in 2023

Awarded the "China Excellent ESG Practice Award" for 2023








GAC was Awarded the "China Excellent ESG Practice Award" for 2023





GAC Was Selected as an "Enterprise with ESG Competitiveness" in 2023

Selected as an "Enterprise with ESG Competitiveness" in 2023

6. Communication with Stakeholders

GAC Group attaches great importance to maintaining effective communication with stakeholders, forming a regular communication mechanism with internal and external stakeholders such as government or regulatory bodies, investors, employees and consumers, continuously identifying stakeholders' concerns and expectations, and taking timely measures to respond to stakeholders' demands.

Stakeholders	Main focus		Communication methods		Response measures taken in 2023
 Government or regulators	Compliant operation	Creating jobs	Accepting supervision	Work reporting	<ul style="list-style-type: none"> • Paid corporate income tax of RMB 8,477,230,000. • Provided over 10,000 jobs. • Disclosed 203 announcements in the A-share market and 176 announcements in the H-share market. • Commenced 456 "secretary projects" for grass-roots Party organization construction. • Upgraded the Group's electronic platform for discipline inspection and supervision.
	Safety and environmental protection	Responsibility of state-owned enterprises	Strategic cooperation	Statistical statements	
	Economic development	Offering advice and suggestions	Information submission		
	Paying tax in accordance with law				
 Investors/ shareholders	Corporate governance	Dividend distribution	Shareholders' meeting	Field study	<ul style="list-style-type: none"> • Organized one annual general shareholders' meeting and three extraordinary general shareholders' meetings. • Received 1,500 investor survey visits. • Organized 127 offline exchanges such as investment exchange summits/ roadshows. • Responded to over 107 investor inquiries via the hotline.
	ESG performance	Information transparency	Investor open day	Roadshow activities	
	Performance growth		Information disclosure	Inquiries via email and telephone	
 Employees	Legitimate rights and interests	Occupational health	Collective consultation	Open and democratic management of factory affairs	<ul style="list-style-type: none"> • Selected one National Worker Pioneer and one Guangdong May Day Labor Award Certificate recipient • Held two receptions for group leaders' visits • Expended RMB 59,808,900 on training • Invested RMB 2.003 billion in workplace safety
	Compensation and benefits	Employee care	Excellent individual selection	Establishment of the "three communication" system	
	Career development		Rationalization suggestion	Creation of a harmonious atmosphere	
 Consumers	Product responsibility	Customer privacy	Satisfaction survey	Compliant mechanism	<ul style="list-style-type: none"> • Set up a variety of customer complaint channels such as store complaints, a 24/7 complaint hotline, WeChat official account, and Company App • The number of after-sales customer service (in the form of phone calls, etc.) communications was 10,418,886, with a complaint resolution rate of 99.42%
	Safe travel	Customer service	Agreements and contracts	Response & handling	
	Intelligent travel				
 Suppliers and cooperation partners	Integrity and good faith		Agreements and contracts	Product service	<ul style="list-style-type: none"> • Actively expanded cooperation with enterprises in relevant industries to promote mutually prosperous development • Called on suppliers to use products or services that meet environmental and safety management qualification requirements • Signed the terms and conditions related to procurement integrity with suppliers, with a 100% signing rate
	Equal cooperation		Strategic cooperation	Regular communication	
	Mutual benefits with win-win results				

Stakeholders	Main focus		Communication methods		Response measures taken in 2023
 <p>Charitable organizations Social organizations Residents in communities where the Group operate</p>	Environmental protection Safe driving Poverty alleviation Emergency relief	Public welfare undertakings Green production Green operations	Charitable activities Social welfare Joint community building	Financial and material assistance Safety and environmental protection education training	<ul style="list-style-type: none"> Total value of public investment: RMB 92,734,000 Supported the establishment of "GAC Classes" with a total donation figure of RMB 695,000 Supported flood disaster relief in North China and other areas with a donation of RMB 10 million, and provided related emergency relief services Supported the post-earthquake reconstruction in Gansu with a donation of RMB 5 million and provided related emergency relief services Provided 2,766 times of volunteer services with 13,762 participants in 2023 Held traffic safety publicity public service activities covering more than 360 million students, parents, and other participants
 <p>Media</p>	Information disclosure ESG performance	Operational performance Development planning	Event organization Inspection reception Information disclosure		<ul style="list-style-type: none"> Circulated 1,800 media articles, 4,198 interpretations, and a communication value of approximately RMB 224 million of the Group's headquarters throughout the year Over 68 financial media releases covering the Company's operation throughout the year, with a total of 237 articles Initiated 4 live broadcasts through media platforms, releasing 177 videos with total views of over 21.63 million Organized 20 communication activities such as GAC Tech Day, GAC Tech Exhibition, GAC Tech Unboxing
 <p>Colleges and universities/scientific research institutes</p>	Scientific research and innovation Talent cultivation		University-enterprise cooperation Academic research	Technical cooperation Financial support for students in poverty	<ul style="list-style-type: none"> Signed strategic cooperation agreements with the Hong Kong University of Science and Technology (Guangzhou), School of Artificial Intelligence of Xiamen University, and other colleges and universities to establish a strategic sharing mechanism and create a platform for communication and exchanges GAC Group signed strategic cooperation agreements with 5 universities, including South China University of Technology, Hunan University, Xidian University, Chang'an University, and Shaanxi Normal University, to promote the research and development of key technologies and talent cultivation for intelligent vehicles
 <p>Trade associations/chambers of commerce</p>	Product responsibility Industry development		Industry standard formulation Industry communication		<ul style="list-style-type: none"> Organized, planned, and implemented press conferences for AUTO Shanghai and AUTO Guangzhou, launching the "NEXT" plan Organized and planned activities such as the launch of the 20 millionth Chinese NEVs and the Conversations Between China and Italy Sponsored events such as the Fortune Global Tech Forum, Fortune Global 500 Summit, CNBC East Tech West, Asia Youth Leaders Forum, and the Carbon Peak Forum Successfully held a series of GAC Tech Day activities Continued to emphasize "monthly release" and created a series of GAC Tech Unboxing videos Organized and planned the Sanjiangyuan Environmental Protection Project Led the development of the <i>Guidance on ESG Information Disclosure for China Automotive Industry</i>

7. Analysis of Materiality Issues

GAC Group regularly conducts various forms of surveys for stakeholders through active communication and proactive research, in a bid to comprehensively understand and collect their opinions and demands on the high-quality sustainable development of GAC Group, thereby continuously improving the sustainable development capabilities of GAC Group.

Step 1: Identification of potentially important issues

Take into account five major aspects -- national policies, corporate development, disclosure standards, capital markets, and peer leading -- to identify and sort out important issues of the year from multiple dimensions and form the collection of important issues.

Policy trend analysis	Corporate development planning	Disclosure standards analysis	Capital market analysis	Peer leading and benchmarking analysis
Closely follow the national macro policies and regulatory requirements, thoroughly study national, provincial, and municipal policies and regulations, and analyze the sustainable development trend of the automobile industry in combination with the industrial policies and regulations of the automobile, transportation and new energy industries.	Identify key issues of great significance to the Company's strategic objectives in accordance with the strategic development planning and annual business plan of GAC Group.	Refer to the GRI standards, the United Nations' Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD)'s <i>Guide to Indicators, Targets and Transformation Programmes</i> , the <i>Guidelines on Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)</i> , the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong, Listed Company Self-Discipline Regulatory Guidelines No. 14 of Shanghai Stock Exchange - Sustainable Development Report (Trial) and other standards to identify and analyze the latest information disclosure standards for sustainability.	Refer to the MSCI-ESG ratings, Dow Jones Sustainability Indexes (DJSI), and the sustainable development management standards of the Sustainability Accounting Standard Board (SASB) for the automobile industry, to summarize the core issues of external institutions.	Refer to the outstanding sustainability practices of the Group's peers domestic and abroad to identify and determine the key issues concerned in the automobile industry and how to respond to stakeholders' concerns.

Step 2: Survey of stakeholders

Based on the results of the above analysis, GAC Group identified 4 governance issues, 8 environmental issues and 11 social issues, totaling 23 issues with substantial impact on GAC Group. Taking into account the development trend of NEVs and the focus of the capital market, the material issue of "green technology and products" was added in 2023. Through an online questionnaire, the Group invited internal and external stakeholders to assess the importance of the issues and to comment on the Group's current CSR strategy, performance, reporting, and disclosure quality.

In 2023, the Group's stakeholder survey covered a total of 6,190 stakeholders, including the management (vice president and above), employees, colleges and universities or scientific research institutes, suppliers and cooperation partners, investors or shareholders, trade associations or chambers of commerce, governments or supervision institutions, charitable institutions or social organizations, media, consumers, residents in communities where the Group operate, and operational staff (such as drivers of the ON TIME platform).

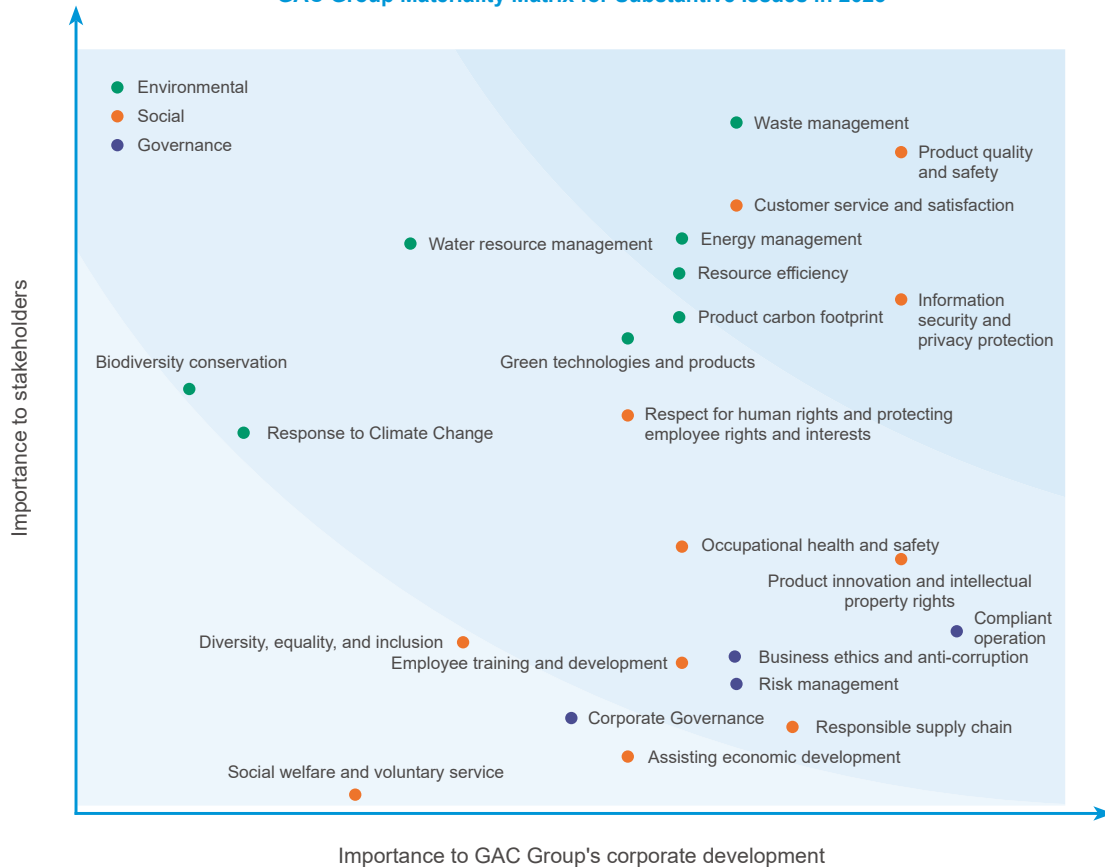
Step 3: Analysis and review of important issues

According to the results of the questionnaire, the Group conducted a statistical analysis of the scores of issues, assigned a weight to each issue based on the risk degree of the issue, and formed the materiality matrix in two dimensions: "Importance to stakeholders" and "importance to corporate development".

Step 4: Response to and disclosure of important issues

For important issues, GAC Group has developed and implemented action plans and made key responses and disclosures in the Report.

GAC Group Materiality Matrix for Substantive Issues in 2023



Issue classification	Category	Issue
Highly important issue	Social	Product quality and safety
	Environmental	Waste management
	Social	Information security and privacy protection
	Social	Customer service and satisfaction
	Environmental	Energy management
	Environmental	Resource efficiency
Moderately important issue	Environmental	Product carbon footprint
	Environmental	Green technologies and products
	Social	Product innovation and intellectual property rights
	Environmental	Water resource management
	Governance	Compliant operation
	Social	Respect for human rights and protecting employee rights and interests
	Social	Occupational health and safety
	Social	Responsible supply chain
	Governance	Business ethics and anti-corruption
	Governance	Risk management
General important issue	Social	Employee training and development
	Environmental	Response to Climate Change
	Environmental	Biodiversity conservation
	Social	Assisting economic development
	Social	Diversity, equality, and inclusion
	Governance	Corporate Governance
Social	Social welfare and voluntary service	

Intelligent, Connected and Mobile Life

◆ Advancing High-quality Development	38
◆ Crafting Quality Products	43
◆ Highlighting R&D and Innovation	50

02

GAC Group holds fast to craftsmanship, steadily improves product and service quality based on user needs, and vigorously conducts independent innovation in new energy and connectivity to contribute to users' mobile life, industrial progress, and high-quality social development.



SDG 3 - Good Health and Well-being



SDG 8 - Decent Work and Economic Growth



SDG 9 - Industry, Innovation and Infrastructure



SDG 11 - Sustainable Cities and Communities



SDG 12 - Responsible Consumption and Production

Goals and Progress

Goal Setting	Progress Review	Improvement plan for next phase
<p>By 2030, the production and sales volume will achieve 4.75 million and operating income will reach RMB 1 trillion. Meanwhile, the Group will become a world-class technology company in smart NEVs.</p>	<p>By seeking progress amidst stability, facing difficulties, and adopting comprehensive measures to respond to multiple problems and challenges with extraordinary actions, the Group made every effort to fight for the market share, compete for orders, dig for potential, and expand incremental volume. In doing so, the Group continues striving to achieve the best results and maintain a stable development trend in operations.</p>	<p>Strive for a year-on-year increase of 10% in the sales volume by 2024.</p>

(I) Advancing High-quality Development

During its operation, GAC Group fully implements the guiding principles from the Party's 20th National Congress and the *Outlines for Building China into a Strong Nation in Quality Construction*. The Group consistently promotes stable operations and expands the global deployment. In addition, GAC Group actively meets diverse market demands, continues to make breakthroughs in independent research and development, accelerates the deployment of new tracks and new markets, and cultivates the formation of new momentum and new advantages, thereby steadily advancing high-quality development.

1. Maintain Stable Operations

GAC Group fully implements the new development concept, striving for steady progress while promoting high-quality development. The Group adopts comprehensive measures to maintain a stable development momentum in the operations. In 2023, the automobile production and sales volume of the Group were 2,528,800 and 2,505,000, with year-on-year growths of 1.97% and 2.92%, respectively. GAC Group ranked fifth in terms of production and sales scale among domestic automobile enterprise groups, with a market share increased to approximately 8.32%. Among them, the cumulative sales volume of NEVs has reached 549,600, placing GAC Group in the leading group of NEVs.



In 2023, GAMC produced 404,000 vehicles (including those produced abroad), of which 353,000 were produced domestically. GAMC sold 406,500 vehicles (including those sold abroad), of which 355,000 were sold domestically. GAMC achieved positive year-on-year growth in total industrial output value, on-site output value, operating income and margin, and maintained a steady development trend; launched the Trumpchi E series consisting of GAC Trumpchi E9, ES9, and E8, and accelerated its transformation into a new energy technology company.



GAC AION's sales continued to grow rapidly, with a sales volume exceeding 480,000, an increase of 77% year-on-year, significantly outperforming the overall market trend and ranking among the top three new energy enterprises. AION and Hyper achieved remarkable operation results, launching globally leading new technologies, drastically enhancing product competitiveness, and producing three new models under the Hyper brand. GAC AION made strides in internationalization, achieving breakthroughs in sales in Thailand. The intelligent eco-factory gained recognition as the only "Lighthouse Factory" for NEVs worldwide, leading the global intelligent manufacturing industry. In response to the "GLASS Plan" of GAC Group, GAC AION successfully established the first zero-carbon factory of GAC Group and has essentially achieved its growth target for 2023.



GAC Honda is fully committed to carrying out the "Unleash Strength, Expand Volume, Enhance Quality and Efficiency" campaign, and has accelerated the transformation towards electrification and intelligent connectivity while deepening talent cultivation. GAC Honda officially initiated the export of complete vehicles to explore new areas of business growth and made progress in adjusting medium and long-term planning and developing the "Trillion GAC" action plan for GAC Honda.



GAC Toyota fully implemented the "Unleash Strength, Expand Volume, Enhance Quality and Efficiency" campaign to ensure steady and stable business development. It advanced the comprehensive rejuvenation of the entire vehicle lineup through the "Intelligent Hybrid Electric Dual Engine" brand, ushering in a new era of intelligent hybrid electric vehicles for GAC Toyota. In 2023, GAC Toyota achieved the annual retail sales ranking of being the top Japanese brand, the third among joint ventures, and the sixth in the industry. Compared to 2022, GAC Toyota's rankings among joint ventures and in the industry both increased by one position.



GAC Hino enhanced existing product sales through the establishment of a new energy marketing system and strengthened marketing management. GAC Hino placed emphasis on introducing new energy products for short-distance travel in urban areas, advanced the access and development of new energy production and vehicle models, and optimized the system and structure of the product development to ensure a successful transformation.



Wuyang-Honda strengthened electric vehicle sales promotion efforts, expanded into the new market in Beijing, organized merchants to shoot product videos, and established a presence in communities and supermarkets to conduct extensive advertising campaigns, significantly expanding the touchpoints with customers.

2. Deepen Institutional Reform

GAC Group is committed to strengthening innovation-driven industrial upgrading by focusing on reforms to achieve high-quality development and foster new quality productive forces. In 2023, the Group achieved significant progress in deepening value creation, stimulating market vitality, advancing organizational optimization, and implementing mixed-ownership reforms.

Deeply Boost the Value-creation Initiative

GAC Group has focused on enhancing core competitiveness and strengthening core functions through the value creation initiative, closely integrating it with the "Trillion GAC" and the "14th Five-Year" Plan. The Group has coordinated the implementation of its value creation program, which includes seven major actions, 56 tasks, and nearly 150 indicators. The initiative has been carried out through a combination of top-down and bottom-up approaches within the Group. More than 20 affiliates have developed tailored value-creation plans based on their respective circumstances. The Group has organized kick-off meetings and established mechanisms for supervision and tracking, as well as conducting special research and sharing case studies, in a bid to ensure the effectiveness of the work.



GAC Group Continued to Deepen "Double-hundred Action", Garnering High Government Recognition

GAC Group focused on "Five Breakthroughs and One Strengthening" and continued to deepen the "Double-hundred Action." In 2023, the Group completed the formulation of a new round of the "Double Hundred Reform" plan and successfully hosted a high-level meeting for promoting the "Double Hundred Reform" under State-owned Assets Supervision and Administration Commission of the State Council.

The related work of GAC Group has also received recognition from external parties. In 2023, the Group was recognized as a benchmark enterprise for the "Double-hundred

Action" by the State-owned Assets Supervision and Administration Commission of the State Council, as well as the sole "benchmark" enterprise in the three-year action plan for state-owned enterprise reforms by the Guangzhou State-owned Assets Supervision and Administration Commission.



Scene of the "Double-hundred Action" Expanding and Deepening Promotion Conference

Stimulate New Vitality Through Market-oriented Reforms

Innovation is the driving force behind GAC Group's continuous progress. To fully mobilize enterprise enthusiasm, GAC Group adhered to market-oriented reforms, encouraging the emergence and growth of new vitality.



GAC R&D Center incubated the new light business project Magicbox, advancing mixed-ownership reforms at the southern proving ground to encourage competition.



GAC AION actively prepared for the listing of GAC AION and maintained good communication with regulatory authorities.



GAC Hino implemented an employee share incentive scheme.



ON TIME submitted its listing application in August, achieving a significant breakthrough with its listing on the Hong Kong Stock Exchange. The company completed the fourth phase of the share incentive scheme and progressed the unlocking of stock options and restricted stocks for the year 2020 as scheduled.

Vigorously Promote Organizational Optimization

GAC Group continuously refined and strengthened its management of international business. In 2023, the Group optimized its organizational structure for international business and appointed the Self-owned Brand Council as the coordinating body, providing strong organizational support and mechanism guarantees for the implementation of the Group's internationalization strategy and the next stage of high-quality development.

Departmental integration

The International Business Unit and the Vehicle Business Unit have been restructured into the Vehicle and Overseas Business Unit, which is co-located with the Self-owned Brand Management Committee. Additionally, the functions of overseas project management and overseas business performance assessment management have been added. The Operations Coordination Department and the Product Planning Department have been merged into the Comprehensive Product Planning Department.

Clarification of responsibilities

GAC Group defined the responsibilities of the International Business Department, the Comprehensive Product Planning Department, GAMC, GAC AION, GAC International, GAC R&D Center, and other international business entities, and implemented organizational adjustments and leadership division of labor to achieve first-hand and strong management and control of international business.

Deepen Mixed-ownership Reform

With the stricter requirements posed by the evolving international and domestic economic landscape, mixed-ownership reform plays a positive role in enhancing the vitality and efficiency of state-owned enterprises, as well as guiding and facilitating innovation. In 2023, the *Operational Guidelines on Mixed Ownership Reform for Enterprises under the Supervision of the Guangzhou SASAC* was issued, providing clear directions and implementation steps for the reform. GAC Group actively and steadily promoted the deepening of mixed-ownership reform.



GAC Hino Actively Sought Transformation and Was Engaged in Innovative Reforms of Institutional Mechanisms

In 2023, GAC Hino underwent equity adjustments and implemented employee equity incentives, demonstrating another innovative measure to actively promote mixed-ownership reforms of GAC Group. GAC Hino decided on its transformation, continuously increasing investments and building a solid foundation for the development of new energy. In January 2024, based on the deliberation results of the *Proposal on Equity Adjustments for GAC Hino* by GAC Group, the shareholding structure of GAC Hino was adjusted. GAC Group, Hino Motors, and the Employee Mixed-ownership Platform now hold 89.72%, 4.83% and 5.45% of the shares respectively. The three shareholders will jointly increase capital according to the new shareholding percentage to support GAC Hino's strategic transformation towards new energy commercial vehicles. To further achieve its strategic transformation goals, GAC Hino has formulated a development plan to actively implement the new energy strategic transformation, carried out innovative reforms of its institutional mechanisms and launched new energy commercial vehicle products. It accelerated its transformation into a new energy company, thereby contributing to the high-quality development of the new energy industry in Guangzhou and the Greater Bay Area.



GAC Hino

3. Accelerate Global Deployment

GAC Group regards internationalization as an important driver for its growth. In 2023, GAC's automobile exports increased by 130% year-on-year, with the market deployment covering 5 segments, namely Middle East, America, Africa, Southeast Asia and Eastern Europe, making a presence in 41 countries and regions. It has essentially completed the establishment of a global sales and service system and has made mid-term adjustments to its strategic planning for the international segment during the "14th Five-Year" Plan period, following the "1578 Development Outlines of Trillion GAC" blueprint. GAC has formulated new strategies, set new goals, and established new mechanisms to accelerate the expansion of its international business, leveraging its strengths in self-owned brands and NEVs development.

In 2023, GAC's internationalization segment formulated the "1551" Internationalization Strategy with the vision of integrating global resources and supporting GAC to become a world-class company. The strategy focused on accelerating and increasing investments, attracting talents at home and abroad and fostering global partnerships to jointly build a path of high-quality development.

<p style="text-align: center; font-size: 2em; font-weight: bold;">1</p> <p>1 goal of achieving overseas sales of 500,000 vehicles by 2030.</p>	<p style="text-align: center; font-size: 2em; font-weight: bold;">5</p> <p>Market deployment covering 5 segments in the Middle East, America, Africa, Southeast Asia and Eastern Europe.</p>	<p style="text-align: center; font-size: 2em; font-weight: bold;">5</p> <p>In the next 5 to 10 years, focus on brand internationalization, product globalization, local production, comprehensive sales and service, and ecological diversification of the value chain.</p>	<p style="text-align: center; font-size: 2em; font-weight: bold;">1</p> <p>Implement 1 global organizational and talent protection mechanism to build a community for the development of overseas business.</p>
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GAC R&D Center Optimized Spatial Deployment and Strengthened Global R&D System

GAC R&D Center focuses on the "international + domestic" globalization deployment and has made remarkable progress in that area. As of the end of the Reporting Period, GAC Group has constructed a global R&D network with the GAC R&D Center as the core, supported by the US/European R&D centers, the GAC Advanced Design Shanghai, and the ICV Xiamen.

- ▼ In October 2022, GAC European R&D Center and GAC Advanced Design Milan officially opened in Milan, Italy, further upgrading GAC's global R&D system.
- ▼ In April 2023, the newly unveiled GAC Advanced Design Shanghai of GAC R&D Center entered the era of GAC Design 2.0. It worked with GAC R&D Center, GAC Advanced Design Los Angeles and GAC Advanced Design Milan to form the "maritime platform" of GAC's design team, further strengthening the global deployment of the design innovation system of the GAC design team in "Four Places Across Three Countries", and continuously enhancing GAC's independent innovation capability.
- ▼ In August 2023, the ICV Xiamen of GAC R&D Center was opened, marking the formal establishment of the "Five Places Across Three Countries" global R&D system deployment.




Opening of ICV Xiamen of GAC R&D Center



"Five Places Across Three Countries" Global R&D System Deployment

(II) Crafting Quality Products

GAC Group remains committed to craftsmanship, with a focus on product quality as the cornerstone. Driven by innovative technologies and guided by customer satisfaction, it continuously improves itself from multiple dimensions such as quality, safety, service, and customer privacy. GAC Group consistently promotes the "integrated and innovative" quality management model, aiming to provide customers with safer, more reliable, and higher-quality products.

GAC quality management model	Main content
	<p>Guided by the corporate vision and oriented toward quality objectives</p> <p>Voice of customers (VOC) as the starting point</p> <p>Strategically driven by the e-TIME action plan</p> <p>The Innovative Guangzhou Automobile (IGA) as the innovation driver</p> <p>Supported and guaranteed by the GPS</p> <p>GTP Thinking and Practice as the core working method</p> <p>GAC 3D-PDCA as an important application</p> <p>Based on a "whole-value-chain intelligent operation system" as the working platform</p>
<p>Quality management model centered on "integration and innovation"</p>	

1. Product Quality Management

Quality Management Objectives

GAC Group has set a quality objective of "zero defects, 100% customer satisfaction". Throughout the entire process of research and development, manufacturing, sales, and service, GAC places customer experience at the center. It extensively collects customer needs and suggestions and enhances product quality through technological innovation, intelligent connection, intelligent manufacturing, and electrification. GAC Group collaborates with the OEMs and sales outlets to establish a user ecosystem operation mechanism. This creates a Gold Triangle innovative service model where the OEMs, dealerships, and customers are directly connected, driving the improvement of customer satisfaction throughout the entire process and value chain.

Comprehensive Quality Management Model

Product R&D

GAC Group attaches great importance to the development of its independent research and development capabilities. It has made investments in building the GAC R&D Center and setting up research and development institutions. Each production enterprise has established a complete development process from design and development to model introduction, trial production certification, and design changes based on its own circumstances. The Group has formulated various quality assurance documents such as the *Management Process for Product Design Development*, the *Management Process for New Model Prototypes*, the *Management Process for Product Change*, the *Management Process for New Energy Systems Development*, and the *Evaluation of Quality in Product Design and Development*, to ensure the quality of each research and development process.

Supplier Management

To ensure that purchased parts and components meet the Company's technical standards and relevant national requirements, GAC Group has implemented systematic regulations in supplier selection, parts and components development and procurement, supplier quality management, and supplier performance management. It has developed procedural documents such as the *Supplier Selection Process for Localized Parts*, the *Parts Localization Management Process*, the *Localized Parts Procurement Management Process*, and the *Performance Management Process for Mass Production Parts Suppliers*. GAC Group supervises suppliers by conducting quality inspections, promoting standardized operations among suppliers, and implementing measures such as red and yellow card ratings, ensuring the quality of supplied parts and components.

Product Production

GAC Group adheres to the principle of continuous improvement in its production processes and has established systems such as the Enterprise Good Product Production Standard. These systems define the operational standards and procedures for each process. GAC extensively promotes activities such as source flow improvement and self-process completion. This enables standardized, regulated, and procedural management throughout the entire production process, ensuring quality control at each process of product production.

Marketing Service

GAC Group has developed procedural documents such as the *Management Process for Dealer Service Shops*, the *Management Process for After-Sales Services*, and the *Management Process for Customer Satisfaction*. These procedures are implemented to control various aspects of sales network development, business training, sales management, and after-sales management. GAC Group aims to enhance customer relationship and strengthen the Company's brand by creating customer communities. This involves improving the relationships between customers and customers, as well as customers and authorized dealers. Digitalization plays a significant role in empowering both online and offline experiences through initiatives such as smart store upgrades, digital interface applications, and community spaces. GAC establishes multi-channel information collection platforms to listen to customer needs and suggestions around the clock and from multiple perspectives. Based on customer feedback, special teams are formed promptly to work in collaboration with sales teams, establishing a comprehensive service system that covers pre-sales, during-sales, and after-sales support to rapidly solve customer concerns.

Quality Informationization

GAC Group attaches importance to the application of informatization and digitization in its business operations. Through the release of its digitization strategy, GAC Group has developed management systems and platforms that integrate with its business, such as the MES system, SQS system, GRT system, and GQS system, in accordance with its own reality, focusing on the fields of "research and development, procurement, finance, manufacturing, sales, and service".

Quality Management Talent Team Development

GAC Group strengthens the exchange of experience among enterprises through the annual meeting of the Group's quality work, quality conferences and special research meetings. It carries out training for quality management personnel through special platforms such as the GAC Training Center and the Trumpchi Quality Academy, and other activities in the field of quality, such as "Labor Competition" and "Quality Up" to improve quality personnel's professional capabilities in a centralized manner. It also builds up a talent cultivation system, establishes a mechanism for nurturing talents, and continuously improves the talent development system to stimulate the vitality of talents and encourage the employees to grow together with the Company.

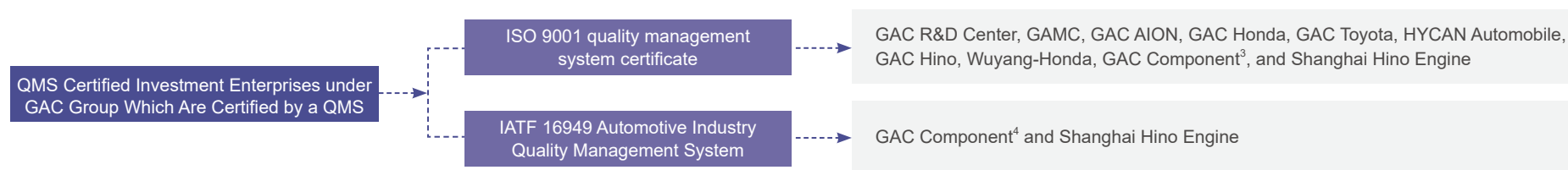
Quality Monitoring and Refinement Mechanism

GAC Group has established battery, motor and electrical control laboratories, odor testing laboratories, NVH certification laboratories, metrology and physical chemistry laboratories, engine bench test laboratories, vehicle VOC laboratories, and on-road emissions laboratories, in a bid to improve the quality testing capabilities and strengthen the comprehensive verification and compliance assurance capabilities. The Group has created a mechanism for monitoring and refining countermeasures and compiled systems such as the *Management of Non-conforming Products*, the *Management Process for Market Measures*, and the *Management Process for Monitoring and Measuring Devices* to control the quality of products and market feedback. The Group regularly organizes internal audits or external audits by third-party organizations to carry out systematic reviews of the quality assurance system, identify and solve quality problems and system loopholes in a timely manner, and continuously improve the Company's quality assurance system.

Quality Management System Certificate

GAC Group follows the philosophy of "Quality is Manufactured" and implements a comprehensive quality management model. The Group refers to standards such as ISO 9001 quality management system and China Compulsory Certification (CCC) to establish a customer-centric quality assurance system in combination with international advanced quality management methods. The Group focuses on design, parts and components, manufacturing, and service quality, implementing integrated management across all processes and involving all employees, so as to ensure that there is a clear basis for every process, from product development to after-sales service. The Group ensures the effective operation of its quality system through internal audits, management reviews, and audits by third-party organizations.

During the Reporting Period, all major vehicle manufacturers² across GAC Group have obtained the ISO 9001 quality management system certificate, representing a coverage rate of 100%.



GAC Trumpchi's E8 Model Ensures Quality Throughout the Entire Procedure, Creating High-Quality Products

From R&D and testing to production manufacturing, the GAC Trumpchi E8 model undergoes rigorous quality control throughout the entire procedure, incorporating eight key inspection gates. Each vehicle undergoes 2,700 quality inspection items upon production completion, accompanied by 168 system matching verifications conducted on 200 test units, with a commitment to excellence and ensuring that its performance and user experience meet customer demands.

In terms of quality and durability reliability assessment, GAMC has invested in over 80 vehicles, with an enhanced durability mileage of more than 1.5 million kilometers, and carried out more than 20 types of typical performance evaluation tests and 70 types of verification of independent characteristics. Throughout the R&D and manufacturing process, GAMC insists on creating high-quality products with stringent quality standards to create a pleasant mobile life for consumers.



GAC Trumpchi E8

Handling of Quality Problems

Adhering to the highly responsible attitude toward customers, the Group and its affiliates strictly conform to regulations and requirements, such as the *Regulations on the Administration of Recalls of Defective Automotive Products* and the *Implementation Measures of the Regulations on the Administration of the Recalls of Defective Automotive Products*, and actively fulfill their obligations to recall defective products through multiple means. Each affiliate has established a whole-procedure response system, covering the safety risk assessment and control of auto products, recall, recall effect assessment, and recall tracing, according to their characteristics. In 2023, GAC Group announced a recall of 758,300 vehicles to actively respond to market quality issues, demonstrating its strong commitment and highly responsible attitude towards product quality and consumer safety.

² Major vehicle manufacturers refer to GAMC, GAC AION, GAC Honda, and GAC Toyota.

³ A branch of GAC Component obtained the ISO 9001 certificate.

⁴ An affiliate of GAC Component obtained the IATF 16949 certificate.

2. Product Safety Management

GAC Group strictly implements quality control measures in accordance with national requirements. It actively participates in the development of the China New Car Assessment Program (C-NCAP) initiated by the China AUTOMOTIVE Technology and Research Center Co. Ltd. (CATARC). Through comprehensive safety performance testing, covering passenger protection, pedestrian protection, and active safety, it provides consumers with more systematic and objective vehicle safety information, ensuring automobile quality and safety.

GAC Group has established a safety system for all NEVs models, including preventive testing measures, to ensure coverage of all product quality ranges. Meanwhile, the Group continuously enhances the quality testing capabilities of its battery, motor and electrical laboratories, odor testing laboratories, NVH certification laboratories, metrology and physical chemistry laboratories, engine bench test laboratories, whole-vehicle VOC laboratories, and on-road emissions laboratories. Throughout the testing process, it consistently improves the Group's quality assurance system through the PDCA circulation.

100%

coverage of employee quality and safety training, pre-launch product safety testing for all vehicle models and internal product safety testing of all vehicles sold

Indicator name	Enterprise name	Data rating agency	Data in 2023
Initial Quality Study (IQS)	GAMC	J.D.POWER	Ranked second among independent brands
	GAC AION	J.D.POWER	Sixth place
	GAC Honda	J.D.POWER	Four consecutive championships

Indicator name	Enterprise name	Data rating agency	Data in 2023
After-sales service Customer Satisfaction Index (CSI)	GAMC	J.D.POWER	Ranked first among independent brands
	GAC AION	J.D.POWER	Fifth place
Satisfaction Index (CSI)	GAC Honda	J.D.POWER	Three consecutive championships
	GAC Toyota	China Association for Quality	Continuously ranked first among joint venture brands



GAC R&D Center Improves Intelligent Safety System with Fruitful Technological Innovations

GAC R&D Center has established a complete software development procedure system and a refined functional safety system.

On May 10, 2023, GAC ADiGO PILOT Super Parking was simultaneously awarded the Automotive SPICE Capability Level 2 (ASPICE CL2) assessment certificate issued by TUV Rheinland in Germany and the ISO 26262 automotive safety integrity level B compliant (ASIL B COMPLIANT) produce certification issued by SGS. This achievement marks the first intelligent parking product in China to receive certifications for system, software, and hardware development processes that comply with ASIL B level functional safety requirements.

It is also another international authoritative certification for the GAC R&D Center after the functional safety and expected functional safety were certified by the management system and the Central Computing Unit (CCU) software was certified by ASPICECL2 assessment, marking that GAC ADiGO PILOT Super Parking software development process and quality management capabilities are at the forefront of the domestic market and have reached the international leading level.

In May 2023, "Key Technologies and Industrialization of C-V2X Vehicle-Mounted Terminals for Vehicle-Road Collaborative Awareness and Warning" won the Second Prize of the Progress Award for China SAE S&T Award in 2022.

In December 2023, "Development and Application of Multi-source-integrated Self-adaptive V2X Warning Algorithm Technology" was awarded the Gold Prize in the 2023 Guangdong-Hong Kong-Macao-Greater Bay Area High-Value Patent Cultivation and Deployment Competition.



GAC Group's Patent Deployment Project "Development and Application of Multi-source-integrated Self-adaptive V2X Warning Algorithm Technology" Won the Gold Prize in the 2023 Guangdong-Hong Kong-Macao-Greater Bay Area High Value Patent Cultivation and Deployment Competition.

3. Refinement of Customer Satisfaction

Firmly complying with laws and regulations, such as the *Product Quality Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and the *Advertising Law of the People's Republic of China*, GAC Group upholds the quality objective of "zero non-conforming products and 100% customer satisfaction". It aims to enhance customer satisfaction throughout the research and development, manufacturing, sales, and service processes. GAC Group is committed to safeguarding customers' interests and rights and providing a high-quality service experience.

Customer Complaint Handling

Institutional refinement

All affiliates within GAC Group have prepared the *Measures for the Management of Customer Complaints*, the *Provisions for Handling Market Quality Complaints*, the *Procedures for User Complaint Handling and Management* and other inhouse regulations in line with their business characteristics. They have established a rapid decision-making mechanism, implemented the "Initial Inquiry Responsibility System", and clarified the complaint service standards and assessment mechanisms in various scenarios, thereby optimizing the customer's complaint handling experience.

Procedure guarantee

GAC Group continuously optimizes its closed-loop complaint handling mechanism, in which the receiving department takes full responsibility for the entire procedure of complaint handling. Through the use of a big data platform, it diagnoses and analyzes problems, monitors the handling process, and facilitates collaboration among different departments, ensuring timely resolution of problems. The Group actively confirms the resolution of problems with customers and listens to customer feedback on the effectiveness and efficiency of complaint handling. Based on customer feedback and market changes, GAC Group makes timely adjustments to its products, aiming to enhance its overall service management capabilities.

Smooth channels

GAC Group adheres to the voice of customers as the starting point, emphasizes proactive communication with customers, and enables customer communication channels through the customer service hotline, satisfaction survey, WeChat official accounts, official websites, APPs of each GAC Group affiliates, and store-end services to ensure that customers' opinions and suggestions are given timely and effective feedback.

GAC Group attaches importance to the demands of customers, both at the sales and after-sales ends, and makes every effort to provide customers with a good service experience, creating a harmonious customer relationship with customers through a digital and intelligent customer-oriented system.



GAC AION Realizes Vehicle Diagnosis and Active Service in Advance Through Big Data to Achieve Efficient and Convenient Vehicle Maintenance

In 2023, GAC AION focused on creating "intelligent and efficient" services for users by investigating and diagnosing the condition of the vehicles through background big data to ensure that problems were detected in advance and solved in a timely manner.

- ▶ **Active service:** Using vehicle back-office big data to timely access vehicle breakdown and accidents, intervene in advance before the customer initiates rescue or discovers breakdown, actively call rescue services for customers, and arrange for rescue forces to arrive at the scene in time to solve the problem, realizing the transformation from the previous "people looking for services" to "services actively looking for people", and proactively providing efficient and high-quality services for AION owners.
- ▶ **Remote diagnosis:** Using the big data monitoring platform to remotely troubleshoot, read, and analyze the breakdown of the user's vehicle. With the user's consent, the manufacturer's technical expert team can share the repair software online so that the user does not need to drive back to the store to solve the problem online. This greatly saves the customer's time and energy returning to the store and enhances the user's daily experience with the car.



System and Personnel Structure of the Monitoring Data Management Center



Scene of Digital Service

Privileged and Attentive Services

GAC Group focuses on product competitiveness and user feedback and is committed to establishing healthy lines of communication between the Company and users to safeguard vehicle owners' travel. The Group actively builds a high-value and high-quality service system, continuously focuses on and improves after-sales service, and enriches users' service choices. At the same time, GAC organizes high-quality owner culture activities such as owner care events, traffic safety knowledge sessions, and promotion of Party-building culture, aiming to enrich customers' car ownership experience and provide continuous and diverse value to users.



Hyper Is Committed to Building a Five-star Service System to Provide Customers with High-quality and High-value Services

In 2023, Hyper dedicated itself to building a five-star service system, rapidly improving response efficiency, and enhancing service experience. When serving customers, Hyper anticipated potential situations or needs, making sufficient preparations in advance. Starting from the details, Hyper strives to impress customers with service actions that demonstrate the utmost care.

- ▶ **High-quality service:** On November 23, 2023, at around 10:00 p.m., Ms. Wang, an owner of Hyper GT, was involved in a traffic accident while driving, resulting in damage to her vehicle. She immediately contacted the service advisor of the dealership in Chengdu Hi-Tech Shiyang for assistance. The service advisor calmed the customer and provided professional guidance after understanding the situation. Ms. Wang was unfamiliar with the accident handling procedures and her vehicle was severely damaged, so the service advisor drove a swap car to the scene to help the customer with the process while providing remote guidance. At the scene, he gave Ms. Wang the swap car so that she could travel while her vehicle was being repaired. During the subsequent repair and damage finalization process, the service advisor remained in communication to keep the customer informed of the progress and repairs. After the vehicle repairs were completed, Ms. Wang personally presented the service advisor with a silk banner to recognize and thank Hyper for its high-quality customer service.
- ▶ **High-value services:** At around 3:00 a.m. on December 15, 2023, Mr. Liu, an owner of the Hyper GT, had his car caught in the snow and was unable to drive normally. Faced with this unexpected situation, Mr. Liu immediately contacted the Hyper manufacturer customer service to seek assistance. The customer service representative quickly initiated the rescue procedure upon understanding the situation. Considering the local resources were relatively scarce due to the cold wave, the representative promptly contacted the on-duty supervisor for support and assistance in communication. Throughout the waiting process, the representative maintained continuous communication with the customer and the rescue technician to ensure the smoothness and accuracy of the rescue operation. In the end, the rescue technician successfully arrived at the scene, and rescued the stranded vehicle, overcoming adverse conditions. The user highly praised the service value provided by Hyper.



The Customer Presented a Gratitude Banner



Rescue Scene on the Snowy Day



GAC Toyota Launched National Day Owner Care Event to Ensure Safe Travel and Promote Traffic Safety

During the 2023 Mid-Autumn Festival and National Day holidays, GAC Toyota, in collaboration with over 600 dealer stores nationwide, set up care service stations at highway service areas and tourist attractions across the country. These stations provided vehicle overhaul, oil and fluid replacement, and rest areas for owners of various brands, ensuring a safe and worry-free travel experience for car owners during the holidays.

In 2023, the National Day Highway Care event had over 450 care stations, covering more than 260 cities nationwide. The event served over 14,000 groups of customers from various brands, with non-GAC Toyota brand owners accounting for over 70% of the participants.

In addition, GAC Toyota's flagship dealership collaborated with the local traffic police sub-branch of the highway to promote traffic safety knowledge and Party-building culture to travelers who visited the service areas, receiving positive social feedback.



Scene of National Day Owner Care Event

4. Privacy Security

GAC Group attaches great importance to the protection of customer rights and interests and strives to protect customer privacy. Complying with such laws and regulations as the *Personal Information Protection Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*, the Group has built a dual privacy protection system from the vehicle end and the sales end. It carries out supervision of and gives directions to its affiliates in information security management and user privacy protection. Every affiliate has established a complete in-house security system. In November 2023, the self-developed in-vehicle national commercial encryption module by GAC Group once again received the Certificate of "Vehicle State Commercial Secrets Certification (Vehicle Level)."

GAC AION

Established internal management systems such as the *Guidelines for Compliance in Advertising and Publicity* and formulated dedicated privacy policies for applications such as APPs and telematics, ensuring the provision of accurate, effective, and comprehensive product information to consumers while prioritizing product quality and safeguarding consumer's personal information security.

ON TIME

Issued the *Information Security Management System, the Data Security Management System, the Data Classification and Grading Management System* and other related systems, and formulated the *Privacy Policy* for the APP to comprehensively protect corporate user data and personal information of drivers and passengers, enhancing users' sense of security and experience of use.

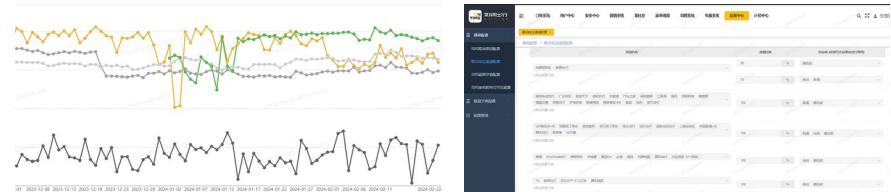
Digital Science

Formulated systems such as the *Cybersecurity Management System* and the *Digital Business Incident Reporting Management Standards* to ensure that the privacy and security of customers are adequately protected while being committed to building a safe and reliable digital service environment by emphasizing the importance of data security in the corporate culture.



ON TIME Upgraded Its Anonymous Driver-Passenger Numbering System to Optimize Passenger Experience

ON TIME has upgraded its anonymous driver-passenger communication system, establishing strategic partnerships with major carriers such as China Mobile and China Unicom, and intelligently selecting the optimal call number based on the passenger's cell phone number carrier and place of belonging, so that passengers are more willing to answer calls from the driver. The connectivity rate has subsequently increased by 20%, demonstrating the relentless pursuit of the user experience.



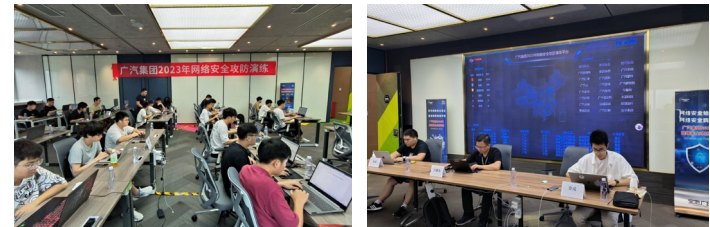
Driver-passenger Call System Automatically Selects the Optimal Call Number



Digital Science Successfully Held a Cybersecurity Attack and Defense Drill, Enhancing Cybersecurity Protection Capabilities

Digital Science successfully held a 12-day continuous cybersecurity attack and defense drill, as well as a 7 x 24-hour live-fire exercise. Nine top-notch cybersecurity attack teams were deployed to simulate attacks and test defense capabilities, thereby enhancing defensive capabilities through simulations and preparing for real-world scenarios. Additionally, Digital Science actively conducted security reinforcement, remediation, and follow-up reviews across the Group.

Digital Science actively promoted cybersecurity reinforcement. During the annual sessions of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, a total of 6,107 valid security incidents were monitored. After analysis and judgment, 111 incidents were identified as potentially harmful to the cybersecurity system. The average time for handling these incidents was 18 minutes, and the closed-loop rate for incident handling reached 100%, achieving a zero-incident cybersecurity environment.



Scene of a Cybersecurity Attack and Defense Drill in 2023

(III) Highlighting R&D and Innovation

In the "new four development trends" reform of the automobile industry, GAC Group regards scientific and technological innovation as the core driving force for enterprise development and builds a strong independent R&D core system that realizes the two leading core technologies of intelligent connectivity and new energy by implementing business digitization, product digitization, and digitalization innovation. The Group actively introduces high-end talents, continuously improves the talent cultivation system, and stimulates the enthusiasm and creativity of employees through the implementation of stock options and restricted stock incentive plans. It also accelerates the internationalization deployment of key markets and continuously improves its international competitiveness and brand influence. In 2023, the Group invested RMB 8,388 million in R&D, with the total number of R&D personnel expanding to 7,182, offering talent and capital guarantees for boosting technological innovation.

1. Innovative R&D Capabilities

Focusing on improving the levels of "low carbonization, intelligent connection, digitalization, and internationalization", GAC Group continues to increase its investment in independent R&D, set up GAC's global R&D network and international R&D talent team, build "domestic first-class and international advanced" R&D facilities in the fields of whole vehicle, powertrain, new energy, and intelligent connectivity, and construct the most comprehensive whole vehicle, parts and components testing and verification system in China, covering new energy and intelligent connectivity verification capabilities. These efforts support the Company's product technological competitiveness in leading the industry across China and help GAC Group realize its goals under the "14th Five-Year" Plan.



GAC Powertrain Independent R&D Team Was Awarded "National Outstanding Engineer Team" with Powertrain R&D Strength Recognized

In January 2024, GAC powertrain independent R&D team was awarded the title of "National Outstanding Engineer Team" at the National Engineer Award Recognition Ceremony, fully reflecting GAC's R&D strength in the powertrain field. After more than a decade of innovative practices, the R&D team has not only made multiple breakthroughs in hybrid technology to support the "carbon peaking" initiative but has also overcome foreign technology barriers. It has consistently been at the forefront of zero-carbon technology, contributing to the "carbon neutrality" goals. With substantial technological reserves, the team is well-equipped to meet the market's demands for powertrains.



GAC Powertrain Independent R&D Team Was Awarded the Title of "National Outstanding Engineer Team"



GAC Powertrain Independent R&D Team



GAC Fourth-generation 2.0 ATK Engine Achieves 44.14% Thermal Efficiency



GAC Mechatronic Coupling System GMC 2.0



GAC Mega Wave Hydrogen Hybrid System

2. Stimulate Talent Vitality

GAC Group has established a mechanism with innovation as its core driver to encourage employees to face technological innovation in the market, cultivate local innovative talents and attract high-end international talents, strengthen the recruitment of talents with expertise in the "new four development trends" reform trend to accelerate the digital transformation, and upskill in a multidimensional manner. The Group has formulated various innovation management systems, such as the *Regulations on the Management of the Innovative Guangzhou Automobile (IGA) Activities of GAC Group*, the *Implementation Measures of GAC Group on Supporting Reform and Innovation and Mistakes-tolerance*, the *Management Measures for Incentives for Core Teams of Innovative and Entrepreneurial Enterprises of GAC Group* and the *Measures for Innovative Project Management and Section Assessment of Business Performance of GAC Group*. These innovation management systems establish standards for talent innovation incentives, as well as the full process mechanism for innovation projects.

GAC Group has fully implemented the product manager system and vehicle model team incentive mechanism. By using research and development-based assessment indicators and reward mechanisms, the Group promotes the enhancement of innovation competitiveness, leading to the establishment of an integrated and efficient system for research and development, production and sales, fostering synergy and unleashing the vitality of talents. Ultimately, it aims to improve innovation competitiveness within the organization.



3. Uniting Efforts to Build Independent Brands

Technological Independence and Innovation

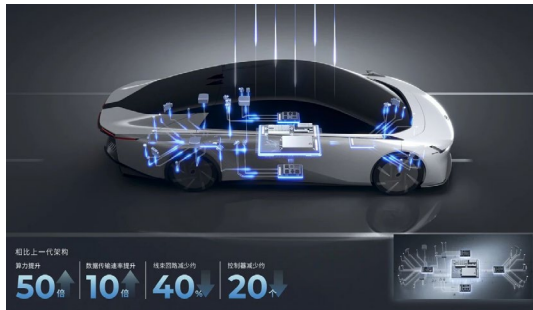
GAC Group adheres to the core philosophy of "technology empowerment and innovation-driven" performance and follows the research and development concept of "maintaining one generation, developing one generation, reserving one generation, while researching one generation". The Group continuously promotes technological independence and innovation-driven development. Through sustained research and development investment and forward-looking technological deployment, the Group accelerates the rapid development and industrial upgrading of independent brands. In 2023, GAC Group continued to deepen its "new four development trends" strategy of "low-carbonization, connectivity, intelligence, and ride-sharing". The Group strategically deployed itself in key core areas such as NEVs, intelligent connectivity, power batteries, and automotive chips. It actively explored hydrogen-electric hybrid systems, ammonia engines for passenger vehicles, N-in-one integrated electric drive systems, and flying cars. GAC Group is committed to maintaining its vitality and core competitiveness through technological independence and innovation, accelerating industrial transformation and upgrading, and increasing its international competitiveness.

Field	Technology	Specific content
	GAC X-SOUL electrical and electronic architecture	GAC X-SOUL electrical and electronic architecture is composed of a digital mirror cloud, three core computer clusters - the central computer, the intelligent driving computer, and the infotainment computer - as well as regional controllers, integrating technologies such as Gigabit Ethernet, 5G, and information security and functional safety. Compared with the previous generation of architecture, the X-SOUL architecture has 50 times higher computing power, 10 times higher data transmission rate, around 40% fewer wiring harness circuits, and about 20 fewer controllers, which not only support the realization of new scenarios and functions such as high-level intelligent driving and 5G interconnectivity, but also support the landing of software-defined vehicles. This aids in realizing the concept of "a thousand cars with a thousand faces" and "a thousand people with a thousand faces".
	GAC Psi Operating System (OS)	GAC Psi OS is designed to provide a unified cross-domain common solution and product-level software development platform, which is the core of the "future-oriented" GAC X-SOUL architecture. It is the first of its kind to create an industry-leading SOA cross-domain service engine, high-performance middleware engine, vehicle-cloud mirroring engine, and heterogeneous execution scheduling engine. Characterized by efficient collaboration, minimal reuse, and vehicle and cloud integration, it can effectively improve the compatibility and reusability of system software, and significantly strengthen the efficiency of software development and iterations.
ICV	ADiGO PILOT Intelligent driving system	ADiGO PILOT is the first intelligent driving system developed by GAC based on China's "multi-sensors integration" technology route. It now has the development capability of medium and high double computing power platforms from L2 to L4, which includes core technologies such as Super Parking, High-speed NDA, City NDA, Traffic Jam Pilot (TJP), and Robotaxi, constructing an entire scenario from driving to parking, from start point to end point, and achieving the goal of "driving when there is a road and parking when there is a place."
	ADiGO SPACE Intelligent cockpit	ADiGO SPACE intelligent cockpit is an important technical achievement of GAC's "Software Defined Vehicle". ADiGO SPACE is a full-scene immersive and experiential intelligent cockpit system oriented to user needs, centered on experience and emotion, and constructed on the basis of multi-mode interaction and cloud ecology, including key technologies such as ADiGO PARK metaverse, ADiGO SOUND, ADiGO Magic platform for the co-creation of scenarios, and the industry-first GAC AI big model platform released in August 2023.
	ADiGO MAGIC Platform for co-creation of scenarios	In response to the massive personalized user demands, GAC Group leverages software to redefine intelligent vehicles. The Group has created a flexible, easy-to-use and open-to-user software co-creation platform, ADiGO Magic platform for co-creating scenarios with a user-oriented mindset. Through SOA service-oriented architecture, the platform offers more than 2,000 functions of the whole vehicle as services, so that the functions can be arranged and combined at will in the graphical interface like "building blocks". The code is automatically generated to create unlimited personalized scenarios. This technological revolution has disrupted the development model of in-vehicle software, creating a new software ecosystem that enables software to iterate within minutes and allows users to define their own travel scenarios.



GAC R&D Center Developed New Momentum Through Intelligent Connectivity

In 2023, GAC R&D Center achieved industry-leading breakthroughs in intelligent driving and intelligent cockpit technologies by focusing on key core technologies of intelligent connectivity, leveraging cloud platforms and big data, and building upon the vehicle-cloud integrated and centralized X-SOUL electronic and electrical architecture. As the technological foundation for intelligent and connected vehicles of GAC, the X-SOUL architecture offers the advantages of vehicle-cloud integration and centralized computing. It is the world's first "centralized computing + regional connectivity" EEA3.0 electronic and electrical architecture applied in mass production.



X-SOUL Electrical and Electronic Architecture



L4 Robotaxi Fleet Has Been in Regular Demonstration Operation in Guangzhou

Intelligent driving

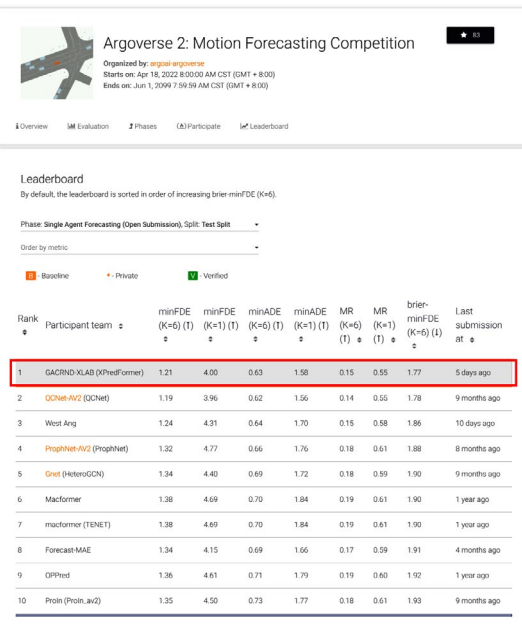
GAC R&D Center has recently developed a multi-sensor integration technology solution for mass production. The Robotaxi, represented by the self-developed L4 model, has achieved a demonstration operational state. The driving assistance system is now being applied to all vehicle models in mass production, while the advanced intelligent driving assistance system NDA has also entered mass production. In terms of medium and long-term solutions, the pure vision algorithm technology solution has made significant achievements. In July 2022, it secured the top position in the global pure vision ranking in the nuScenes autonomous driving test competition. In July 2023, it again ranked first in the global motion trajectory prediction ranking in the Argoverse 2 Motion Forecasting Challenge. In December, the "Artificial Intelligence-based Autonomous Driving Technology Development" project was awarded as an "Application Project in the 2023 Guangdong Artificial Intelligence List", fully demonstrating the strong capabilities of GAC in autonomous driving technology.



AI Big Model Platform Intelligent Voice Interaction Demonstration Interface

Intelligent cockpit

GAC R&D Center actively develops cutting-edge technologies. In August 2023, GAC's AI big data platform debuted as the first to be applied in the voice interaction of the intelligent cockpit. The intelligent cockpit truly possesses a "high IQ" and "high EQ."



GAC Autonomous Driving Technology Won the Argoverse 2 Motion Forecasting Challenge



Vision of Technology: GAC Group Unveiled the First Flying Car, GOVE

On GAC Tech Day in June 2023, GAC Group launched the first flying car, GOVE, the world's first ammonia engine for passenger vehicles the most integrated N-in-one electric drive technology of its kind, the GAC ADiGO Magic platform for co-creation of scenarios and other brand-new scientific and technological achievements, three dimensionally presenting the essence of GAC Group's continuous innovation and vision of technology.

The GAC flying car, GOVE, is an exploration by GAC in the field of three-dimensional transportation. It adopts a modular design with a detachable body structure, allowing the drone and chassis to be separated or combined freely. This unique configuration enables optimal utilization of both flying and ground travel, combining the attributes of a drone and a car in a dynamic integrated system. The Group has made a technological deployment to ensure flight safety in three major scenarios: ground travel, aerial flight, and air-to-ground docking. In the ground scenario, GAC utilizes the ADiGO PILOT autonomous driving system, which transforms the chassis into a fully automated mobile takeoff and landing station. This enables the flying car to achieve instant takeoff and landing as well as omnidirectional movement on the ground. It also allows for the drone to be freely paired and recharged at any time. In the aerial scenario, GAC adopts 90% lightweight composite materials and equips the flying car with a three-redundant flight control system and multi-object recognition technology that allows it to achieve higher and more stable flight. Additionally, GAC incorporates advanced new energy batteries, motor and electrical control systems, making the flight more environmentally friendly and powerful. For air-to-ground docking, the application of high-precision docking technology at the aerospace level enables the drone to accurately align the chassis in advance during landing. GAC Group will use this flying car project as a starting point to drive investment and operations throughout the upstream, midstream, and downstream industrial chains, in a bid to create a comprehensive three-dimensional transportation service that integrates "multi-site stations, ground transportation, and air transportation."



Independent Brands

GAC Group adheres to a high-end, intelligent, and international positioning for its independent brands. It considers technology as the primary productivity and has pioneered the "GAC Model" for independent brands research and development, as well as production systems. The Group's independent brands focus on "XEV + ICV" and "EV + ICV" paths. Both production and sales volumes have reached historic highs, with 904,400 and 886,500 vehicles produced and sold respectively in 2023, representing an increase of nearly 40% year-on-year. Specifically, the proportion of NEVs sales has risen to nearly 58%, effectively driving the high-quality development of GAC's self-owned brands and paving the way for a path of high-quality development characterized by innovation, progress, and strength. Through the development of its self-owned brands, GAC aims to enhance its brand competitiveness and the overall competitiveness of Chinese brands in the global market, thereby contributing to the transformation of China from a major automobile country to a strong automobile country.

GAC Group invests around

6% of its annual expenses in independent R&D, with a total of RMB

45 billion has been invested to date.

3,195 new patents of the Group in 2023, of which there were

1,567 patents for inventions, accounting for nearly

49.05%

Industrial Chain Deployment

GAC Group is dedicated to promoting the modernization of the automobile industry chain and enhancing its level of intelligence and sustainability. The Group focuses on "electrification + intelligentization" and makes every effort to transform into intelligent connected new energy. GAC Group continues to strengthen and extend the industrial chain. On the one hand, it actively deploys mineral resources. On the other hand, it has established the GAC Energy Technology Company to build a 2nd energy ecosystem. In addition, the Group's affiliates actively promote expanding new energy production capacity. The second phase of the GAC AION intelligent eco-factory capacity expansion project, the GAC AION Second Intelligent Manufacturing Center, and the GAC Toyota new energy production capacity expansion project have been completed and put into operation. The industrialization projects of self-owned power batteries and electric drives, such as Inpov's battery and Rapow's independent electric drive, have been completed and put into operation, thus accelerating the deployment of the "new four development trends" transformation.



GAC AION Obtained the "Global Lighthouse Network" Certification, Becoming a Crucial Pillar of Its Self-owned Brand Strategy

"Global Lighthouse Network" selected jointly by the World Economic Forum (WEF) and McKinsey & Company are known as the "world's most advanced factory" and represent the highest level of smart manufacturing and digitalization in the global manufacturing industry. On December 14, 2024, GAC AION was included in the latest batch of "Global Lighthouse Network" by the World Economic Forum, becoming the only factory selected in Guangdong and the only NEVs enterprise selected.

To meet customer's demand for electric vehicle customization, GAC AION has deployed more than 40 Fourth Industrial Revolution use cases, providing customers with more than 100,000 configuration options and ensuring timely delivery of qualified products. The fully automated production line supports a mixed production model, which can produce different vehicle models based on orders or stocking requirements, realizing a 50% increase in production efficiency, a 33% reduction in delivery time, an 8% improvement in one-time acceptance rate, and a 58% decrease in manufacturing costs. GAC AION's "Global Lighthouse Network" certification symbolizes GAC's technological innovation and application in intelligent manufacturing and digital transformation. It serves as a crucial pillar of the self-owned brand strategy, enabling GAC to establish a leading position in the global automobile industry and drive the long-term development of its self-owned brand.



GAC AION Intelligent Eco-factory

GAC Self-owned Brand Held an Appointment Ceremony for Product General Managers

In February 2024, GAC's self-owned brand held an appointment ceremony for the product general manager, which marked the product manager mechanism with GAC's characteristics formally stepping into a new stage of development. The implementation of full-time and matrix management of product general manager is a key initiative of GAC Group to deepen reform in recent years, which is an important institutional guarantee to enhance the efficiency of R&D, production, and sales synergy, creating successful products and promoting the high-quality development of the enterprise. With the mantra of "never stop learning, never stop striving", the Group leaders encouraged the product general managers to strengthen their learning efforts, actively communicate with outstanding enterprises and experts, continuously brainstorm and apply the key elements and methods of building successful products, fully meet customer needs, enhance product competitiveness, and contribute to the high-quality development of "Trillion GAC."



Appointment Ceremony for Product General Managers of Independent Brands

Optimize Incentives for Vehicle Models of GAC's Independent Brands to Inspire the Vitality of the Vehicle Team.

GAC's self-owned brands have implemented a model incentive program, which allows the team to form a "community of interest" with the model through "sharing the same burden" and "gain sharing". By optimizing and adjusting the amount of investment, incentive amount, and scope of participation in light of the implementation situation, the model team is fully energized through in-depth bonding to help create successful models.

Continuously Improve the Product Planning of GAC's Independent Brands by Centering on the Development Strategy Driven by "ICV + XEV/EV"

GAC's independent brands continue to refine product planning around the development strategy driven by "ICV + XEV/EV" and implemented the strategy of "high attractiveness and PVA leading" and the principle of product planning of "high attractiveness, high technology, high PVA, and differentiated highlights," in order to enhance product competitiveness. In 2023, GAC Trumpchi accelerated the transition from full hybrids to new energy, released a new technology brand "Trumpchi i-GTEC," and quickly launched three highly competitive PHEV models such as E9, ES9 and E8 to create a new energy product matrix for Trumpchi i-GTEC. In 2024, GAC Trumpchi will continue to launch new energy models and push forward the comprehensive transformation of its products into new energy models. GAC AION will continue to strengthen its product competitiveness and continue to consolidate and expand its leading position in the pure electric field. Hyper will continue to launch technologies and products to achieve upward breakthroughs. AION and Hyper will work together to build a head brand in China's high-end NEVs market.

Efficiently Promote the Operation of the Meeting of GAC's Self-owned Brand Committee

GAC efficiently advances the operation of the Board of Directors, Executive Management Committee, and various professional committees of its independent brands. The Board of Directors holds two on-site meetings per year, while the self-brand brand committees generally follow regular meeting mechanisms. By improving the operational mechanisms of each meeting and strengthening meeting regularity, GAC has enhanced the efficiency and effectiveness of decision-making and research on significant operational matters for its independent brands, further boosting R&D, production, and sales integration and collaboration efforts. In 2023, on the basis of the seven special committees of the Self-owned Brand Council (the Product Committee, Quality Committee, Sales and Service Committee, Procurement Committee, Personnel and Compensation Committee, Cost and Revenue Committee, and Digitalization Committee), an Internationalization Committee was established and an internationalization meeting mechanism was set up to strengthen the synergy of the Group's international business, speed up the process of internationalization and accelerate the implementation of the "1551" Internationalization Strategy.

Intelligent, Connected, Green and Low-Carbon Mobility

◆ Green Development Philosophy	59
◆ Persistence in Clean Production	64
◆ Response to Climate Change	75
◆ Dissemination of Green Culture	80

03

GAC Group actively responds to national green development requirements, viewing the achievement of the national "carbon peaking and carbon neutrality" target as integral to the Company's operations and development. The concept of sustainable development is integrated throughout the entire product life cycle, as the Company continues to provide and optimize world-class mobile intelligent new energy products and services. The Group has laid out its future blueprint around the guiding ideology of the "1578 Development Outlines of Trillion GAC". Under the "GLASS Plan", the Group will continue to develop its energy and energy ecology fields, establish a deep and integrated new energy industry chain deployment, vigorously develop NEVs, and explore intelligent green mobility modes, with a vision to achieve carbon neutrality throughout the product life cycle by 2050 (challenge 2045).

Goals and Progress

- 
SDG 6 - Clean Water and Sanitation
- 
SDG 7 - Affordable and Clean Energy
- 
SDG 9 - Industry, Innovation and Infrastructure
- 
SDG 11 - Sustainable Cities and Communities
- 
SDG 12 - Responsible Consumption and Production
- 
SDG 13 - Climate Action
- 
SDG 14 - Life Below Water
- 
SDG 15 - Life on Land

Goal Setting	Progress Review	Improvement Plan for Next Phase
<p>Acceleration of the deployment of the energy ecological industry chain and completion of the closed loop of the energy ecological industry.</p>	<p>Focusing on NEVs, GAC Group has established a vertically integrated new energy industry chain of "mine + production of basic lithium battery raw materials + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and cascade utilization".</p>	<p>Further active exploration will be conducted around battery banks, swap stations, virtual power plants, battery recycling and reuse, and other related fields.</p>
<p>Full implementation of the country's "carbon peaking and carbon neutrality" strategy.</p>	<p>GAC Group has formulated its medium- and long-term planning for the "carbon peaking and carbon neutrality" target and set corresponding targets and action routes by phases and fields. During the phase of carbon peaking achievement, the focus is on promoting pilot projects such as zero-carbon products, zero-carbon plants, zero-carbon parks and zero-carbon dealers.</p>	<p>In accordance with the requirements of the Group's medium- and long-term planning and the action program for the peak phase, the Group will actively promote the target decomposition and carbon reduction initiatives of each enterprise.</p>
<p>GAMC's adherence to the dual route of "XEV + ICV", the acceleration of the launch of the Group's new energy products such as hydrogen energy, and the construction of its "carbon neutrality" factories.</p>	<p>Initially implemented the digital and intelligent transformation of the entire industry chain, successfully launched E9, ES9, and E8 smart electric new energy products, and practiced green and low-carbon development. It has facilitated implementing projects such as workshop RTO furnace waste heat recycling and renovation and electrophoresis cycle pump frequency conversion renovation to achieve a 10% reduction in corporate carbon emissions by 2023. In addition, it has actively promoted internal energy transformation to complete the construction of the photovoltaic system deployment.</p>	<p>GAMC will achieve hybridization in all models by 2025, fully achieve new energy application in all models by 2030, implement grid-connected operation of photovoltaic systems, expand the proportion of renewable energy applications, implement green manufacturing, and reduce corporate carbon intensity by 20% by 2025.</p>
<p>Construction of the GAC AION zero-carbon plant.</p>	<p>GAC AION obtained the Carbon Neutral Certificate awarded by the Guangzhou Emissions Exchange and became GAC Group's first zero-carbon plant.</p>	<p>Taking the construction of GAC AION zero-carbon plant as an opportunity, the Group will further promote the construction of zero-carbon plants and zero-carbon campus by various production enterprises.</p>

(I) Green Development Philosophy

With forward-looking strategic thinking, GAC Group closely follows the "new four development trends" in the automotive industry. It fully supports implementing the country's "carbon peaking and carbon neutrality" target. The Group continues to deepen the "NEXT" plan and improve GAC's R&D investment in NEVs and clean energy transformation to build a comprehensive ecosystem for the NEVs industry, assist the country in green transformation, and achieve the "carbon peaking and carbon neutrality" target.

1. "Carbon Peaking and Carbon Neutrality" Strategy

Based on GAC Group's "14th Five-Year" Social Responsibility (ESG) Development Plan and "GLASS Plan", the Group has developed "1237 Development Plan", the implementation path of the "carbon peaking and carbon neutrality" strategy, taking innovation as the driving force, addressing the climate change and carbon emission, and in light of GAC Group's carbon emission status. The "1237 Development Plan" includes 1 overall goal, 2 promotion directions, 3 development stages, and 7 major sectors that coordinate each other.

1237 Development Plan

1 overall goal

Achieve full life-cycle carbon neutrality of its products by 2050 (challenge 2045)

2 promotion directions

Organizational carbon:

Organizational carbon refers to the CO₂ emitted directly/indirectly by the Group and its controlled affiliates in their business activities.

Product carbon:

Product carbon refers to the CO₂ emitted directly/indirectly by a product/service throughout its whole product life cycle.

3 development stages

Peak phase

The Group's carbon emissions (including organizational carbon and product carbon) reaches the peak.

Quality-improving phase

The Group realizes the full evolution of product technology, production technology and management system and drastically reduces the intensity of carbon emissions.

Neutrality phase

The Group achieves carbon neutrality throughout the whole product life cycle with dual routes.

7 major sectors coordination

Vehicles: Zero-carbon plant and NEV ratio increased.

Parts and components: Zero-carbon campus and low-carbon supply chains.

Research and development: Energy efficiency upgraded and low-carbon design.

Energy and ecology: In-depth exploration around "electricity + batteries".

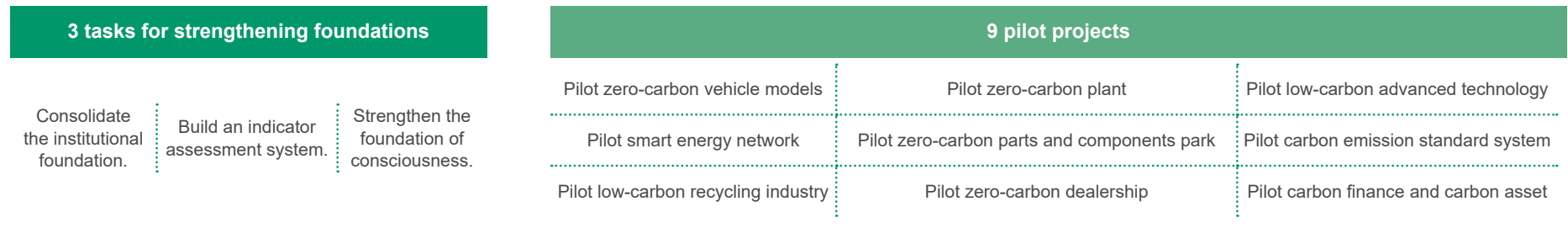
Commerce and mobility: Zero-carbon dealership and low-carbon logistics and mobility

Internationalization: Timely response to laws and regulations.

Investment and finance: Low-carbon finance.

On the basis of the "1237 Development Plan", the Group has formulated a more detailed "3 + 3²" Action Plan for the carbon peaking phase, enhancing 3 tasks for strengthening foundations and promoting 9 pilot projects.

3 + 3² Action Plan for the Carbon Peaking Phase



Under the "1237 Development Plan", the Group has systematically addressed climate change. It and its affiliates have implemented effective measures to reduce the environmental impact of carbon emissions and have continuously enhanced their response to climate change. The calculation of carbon emissions during the operation and production phase has been completed, and the Group is gradually implementing the construction program for zero-carbon plants at its whole-vehicle manufacturers, effectively reducing the carbon footprint of its core products.



GAC Honda Strives to Achieve Carbon Neutrality Throughout the Whole Product Life Cycle, Promoting Carbon Emission Reduction in the Industry and Enhancing Environmental Protection.

GAC Honda aims to achieve carbon neutrality throughout the whole product life cycle by 2045 (with a stretch goal of 2040), encompassing carbon emission reduction strategies for the raw material acquisition phase, vehicle production phase, and vehicle use phase. It is committed to becoming a leader in carbon emission management within the automotive industry.

Raw material acquisition phase

GAC Honda sets an annual carbon reduction target of 1% for tier-one suppliers, continuous improvement in the future.

Vehicle production phase

GAC Honda plans to have a new zero-carbon electric vehicle plant operational by 2024, becoming carbon neutrality by 2025.

Vehicle use phase

GAC Honda plans to continue to increase the proportion of electrified products and will not introduce new fuel-only models after 2027.



GAC Honda Unveils Corporate Carbon Neutrality Strategy



GAC Toyota Formulates a Green and Sustainable Development Plan to Enhance Environmental Protection and Promote Carbon Emission Reduction

Based on the life cycle of automobile products and the concept of green and sustainable development, GAC Toyota has formulated the goals and initiatives of the Medium-Term Environmental Planning (2021-2025) regarding green manufacturing, green products, green supply chain, and green sales.

- ▶ **Production:** Make every effort to build factories with low environmental burden by focusing on four key points - management of energy and carbon emissions, air pollutants, water resources, and waste.
- ▶ **Supply:** Implement green procurement, enhance the environmental management capabilities of suppliers, implement CO₂ emissions management for suppliers, and promote supplier attention to carbon emissions.
- ▶ **Sales:** Begin developing "car owner carbon accounts" to encourage users to participate in carbon emission reduction and contribute to carbon neutrality.

As of the end of the Reporting Period, GAC Toyota had a total installed capacity of up to 95 MW of grid-connected power generation, generating a total of approximately 94,466 MWh. At the same time, a photovoltaic system for the parking lots for vehicles on the first to fifth production lines is also under planning and construction, with a total installed capacity expected to reach 126 MW. After the project is connected to the grid, it is expected to generate 138,853 MWh per year, accounting for 30% of the Company's total electricity consumption. In 2023, GAC Toyota achieved carbon neutrality in electricity on the fifth production line.



GAC Toyota's Fifth Production Line



Carbon Account Parent-child Carbon Reduction Charity Tour of GAC Toyota Owners

2. Green Products

Based on 2022, GAC Group further requires that the overall production process have a lower environmental impact in addition to the development and production of new energy products. The Group requires all its major factories to progressively build zero-carbon plants. For more information, please refer to the "Zero-carbon Plants" section. In 2023, GAC Group rolled out several models, including the Trumpchi E9, Trumpchi ES9, Trumpchi E8, Hyper HT, Hyper GT, Accord e: PHEV, Breeze e: PHEV, and bZ4X, to promote the full entry of its affiliates into the new phase of smart electricity.



GAC Trumpchi New Energy Vehicle E9



GAC Trumpchi New Energy Vehicle ES9



GAC Trumpchi New Energy Vehicle E8



GAC AION Hyper HT



GAC AION Hyper GT



GAC Honda Accord e: PHEV



GAC Honda Breeze e: PHEV



GAC Toyota bZ4X

3. New Energy Technology

GAC Group hopes to provide its customers with fully self-developed and highly integrated automotive products, continuously polish and improve its innovation investment in new energy technologies, and focus on the scenarios, electrification, intelligent connectivity, and digitalization, in an effort to create high-quality, green, and low-carbon products.

New Energy Field

Technology	Specific Content
Sponge-like silicon anode battery technology	This addresses the applicability of silicon anode materials to large power battery. By making the silicon anode inside the battery as soft and flexible as a sponge, it limits and cushions the expansion and contraction of the silicon during charging and discharging, thus helping to store more energy.
Super-fast charging battery technology	Super-fast charging battery technology employs a new type of conductive agent to build a highly efficient three-dimensional conductive network to improve the conductive ability of the cell, and it uses the coated ceramic diaphragm and a new type of high-power electrolyte to improve the cell's rated performance and thermal stability.
New energy integrated controller	The new energy integrated controller, independently developed by GAC, can support research into the application of new technologies in electronic control products such as OTA, Ethernet, and functional safety, as well as support future technological upgrades to the domain controller.
"Three-in-one" high-efficiency integrated electric drive	The "three-in-one" high-efficiency electric drive system is constructed by high-effectively integrating parts and components such as the electric controller, differential, motor, and P-gear. It leverages cutting-edge technologies, including 12-layer flat-wire high-winding hair-pin motor technology, high-precision and low-noise gear mesh technology, and full-area inverter with high-efficiency control. This system boasts a power range of 150 kW to 340 kW and a wheel-end torque range of 3,300 N·m to 4,700 N·m.
Two-motor "four-in-one" high-efficiency integrated electric drive	The two-motor "four-in-one" high-efficiency electric drive system is engineered by seamlessly integrating parts and components such as the electric controller, transmission, motor, P-gear, and others. It incorporates advanced technologies, including multi-mode powerless interruptions, energy management with multiple power sources and low energy consumption, and all-weather adaptive high-efficiency cooling and lubrication. This system offers a power range of 260 kW to 400 kW and a wheel-end torque range of 4,500 N·m to 7,300 N·m.



First Hydrogen Hybrid Whole Vehicle in the Country, Unveiled on GAC Tech Day, Introduced A New Industry Concept of "Energy Transformation"

The GAC Mega Wave hydrogen hybrid system, introduced during the 2022 GAC Tech Day, has been successfully integrated into the flagship GAC Trumpchi E9 after a year of research, development, and validation. The hydrogen hybrid version of the E9 features a high-torque version of GAC's self-developed 2.0 L hydrogen engine paired with the GMC 2.0 electromechanical coupling system. While retaining the multi-mode drive hybrid system of GAC Trumpchi E9, the GAC R&D Center has devised a dedicated combustion system for hydrogen fuels. This system incorporates medium- and high-pressure in-cylinder hydrogen direct injection, a dedicated high-efficiency intake management system, a high compression ratio, and burst suppression technology. Additionally, the vehicle is equipped with GAC Intelligent Electric Trumpchi E9, boasting a measured hydrogen consumption of less than 1.4 kg per 100 km and a range of nearly 600 km.



The Industry's First Hydrogen Hybrid Vehicle Equipped with a Hydrogen Engine: The Hydrogen Hybrid Version of Trumpchi E9



The World's First Ammonia Engine for Passenger Vehicles, Providing the Industry with a New Paradigm of Ammonia Energy Drive

The world's first ammonia engine for passenger vehicles, independently developed by GAC, uses liquid ammonia as fuel. By precisely controlling the phase transition process of the liquid ammonia fuel supply, the engine operates smoothly and stably. Using ultra-high-energy ignition technology, reliable ignition of ammonia fuel in the cylinder is achieved with a power rate of 120 kW and a carbon reduction rate of 90%.



The World's First Ammonia Engine for Passenger Vehicles

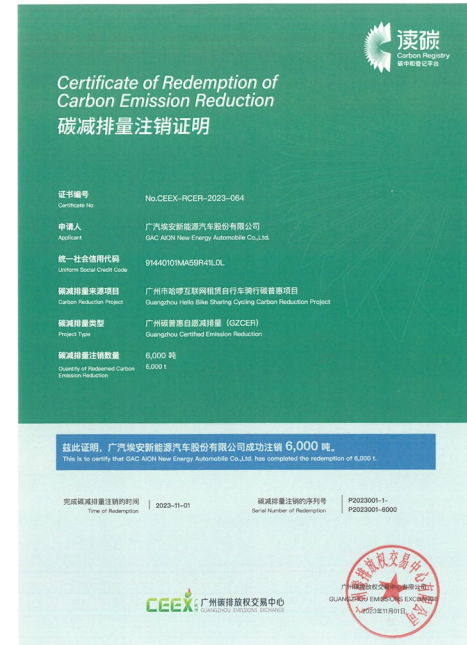
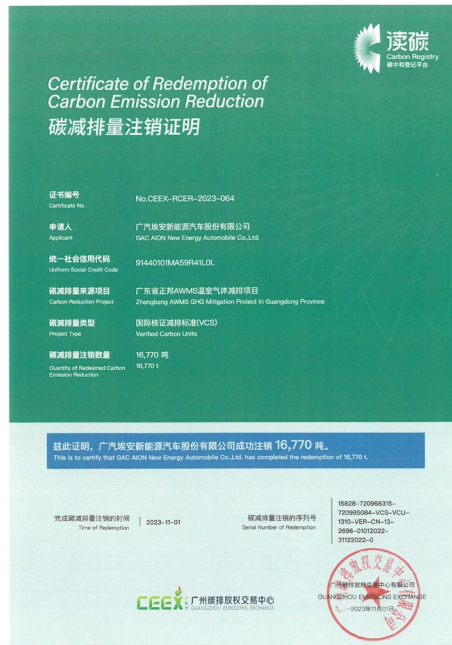
(II) Persistence in Clean Production

Taking the country's "carbon peaking and carbon neutrality" target as its environmental action program, GAC complies with high quality and clean production standards in its operations and runs the eco-friendly concept through the whole life cycle of production and manufacturing. This year, the Group continues to implement the energy conservation plan for the "14th Five-Year" Plan period, focusing on the three major directions of green, low-carbon, and sustainable development, allowing new energy products to focus on the integration of innovative technologies, and leading the accelerated transformation of GAC's operation into green and sustainable.

1. Zero-carbon Works

Building zero-carbon plants and realizing carbon neutrality in manufacturing is an important part of GAC's "GLASS Plan". The construction of zero-carbon plants is being progressively implemented at all the Group's whole-vehicle manufacturers. At the end of 2023, GAC AION was granted the Carbon Neutral Certificate by Guangzhou Emissions Exchange, realizing zero carbon emissions from the manufacturing process and building GAC Group's first zero-carbon plants, a great breakthrough in GAC Group's green and low-carbon transformation.

In addition, GAC Honda has set a target of completing its zero-carbon plants by 2024, and GAC Toyota has set a target of completing the certification of the fifth production line of its all-energy zero-carbon plant by 2025. Following the "GLASS Plan", the Group will lead the future implementation of GAC's zero-carbon plants and pave the way for a more ecologically sound industrial development.



GAC AION's Carbon Neutrality Certificate



GAC AION Obtained Zero-carbon Plant Certificate, Promoting Green and Low-carbon Development and Construction of the Automotive Industry

GAC AION has gradually achieved the maximum carbon reduction through the "network - domain – point" carbon reduction strategy at all levels. Starting with clean energy, it maximizes the use of clean energy, carries out independent energy saving and emission reduction simultaneously, and conducts energy saving and emission reduction technological reforms or introduction of advanced technology in all workshops, to achieve the construction of zero-carbon plants.

Construction of integrated energy utilization networks

With large-scale use of "photovoltaic + energy storage", the industry's leading smart micro grid system is built.

- The photovoltaic system generates nearly 20 million kWh of electricity per year, with self-consumption prioritized and surplus power fed into the network;
- The large-scale energy storage system is beneficial for peak load shifting and maximum demand reduction, annually achieving a 1,000 kW reduction in maximum demand for nine months;
- The charging pile system is equipped with intelligent regulation and can achieve efficient energy use.

GAC AION has achieved significant energy savings and carbon reduction results after successfully building its zero-carbon plants. For example, after introducing the wet cycle heat pump system in the painting workshop, the demand for cold water and boiler heating water was reduced by 30% and 100%, respectively. The dual utilization of cold and hot water energy improved the heat utilization efficiency by 40%. The annual reduction in gas consumption was 800,000 Nm³ and that in electricity consumption was 130MWh.

In the field of manufacturing

GAC AION improves energy efficiency with advanced green and low-carbon technology.

- Lean production APS management techniques help construct energy-efficient and environmentally friendly workshops
- The deployment of utility power is optimized to build efficient power stations;
- Agile institutional reforms are performed through digital system applications to improve efficiency and reduce cycle time;
- Intelligent logistics management is formed through digital means such as AGV and MES systems.

In the field of production equipment

GAC AION has reduced energy consumption in equipment operation by actively introducing new technologies and processes for energy saving and emission-reduction. Through the wet cycle heat pump in the painting workshop, RTO waste heat recovery, boiler low-carbon transformation, and so on, it has improved the energy saving and emission reduction benefits of the equipment and effectively reduced the energy consumption of water, electricity, and gas in the production of a single vehicle.

2. Energy Management

GAC Group firmly abides by relevant laws and regulations, such as the *Law of the People's Republic of China on Energy Conservation*. It has been committed to energy conservation and emission reduction. To continuously improve its energy management system, the Group has internally formulated an energy conservation and emission reduction plan for the "14th Five-Year" Plan period, the *Corporate Energy Management Regulations*, the *Management Regulations for Energy Targets for Energy Benchmarking Performance Parameters*, the *Energy and Resource Management Procedures*, and other rules and regulations. Moreover, in an effort to fulfill its responsibilities for environmental protection, the Group proactively promotes energy-saving equipment transformation, reduces the intensity of energy use, implements refined management and continuously improves the energy use efficiency during the production process.

GAC Group has been actively exploring low-carbon, environmentally friendly and diversified automotive energy methods to facilitate the achievement of the "carbon peaking and carbon

neutrality" target as soon as possible. In terms of carbon footprint management throughout the whole product life cycle, GAC Group has carried out a lot of work as follows: Setting specific carbon reduction targets for research and development, vehicles, parts and components, as well as commerce and mobility, and planning to push forward nine pilot projects in the carbon peaking phase; actively participating in the construction of the Carbon Publicity Platform (CPP) for China's automobile industry chain, with nearly 20 products included in the scope of publicity; taking the lead in promoting the development of carbon accounting, carbon neutrality, and other standard automobile industry systems within the province.

GAC Group has made active efforts to obtain the ISO 50001 energy management system certificate. During the Reporting Period, GAC Honda and GAC Toyota of the Group have obtained the ISO 50001 energy management system certificate.

Meanwhile, GAC Group attaches importance to the improvement of energy-saving consciousness among employees and provides them with abundant training on environmental protection and energy.



GAC AION Transformed Energy-saving Technology to Improve Digital and Intelligent Energy Management

GAC AION has developed an internal energy consumption management policy, *Energy and Resources Saving Management Procedures* (GNES-P08-B0), built an industry-leading energy-saving management system, implemented performance assessment of energy conservation and environmental protection, and practiced the "top leader responsibility system" for energy conservation management. Furthermore, it has carried out full-cycle management, utilized the efficient collaboration mechanism among manufacturing, processes, and affairs bureaus to establish an all-round management system for energy conservation and environmental protection, and planned the Company's short- and long-term goals. Regarding performance management, GAC AION has implemented the entity responsibility for energy conservation in each technology and included energy consumption indicators in each department's annual business plan assessment.

In November 2023, the Guangzhou Energy Conservation Center held a meeting for investigation and exchange of opinions on the *Guidelines for Industrial Energy Efficiency in Guangzhou (2023 Version)* for GAC Group. The actual energy consumption of GAC AION in 2022 has been added to the domestic advanced value (77 kg standard coal/vehicle) of NEVs in the automobile manufacturing industry, and the Guidelines were formally released to solicit opinions in December 2023.

In 2023, GAC AION actively carried out energy-saving improvement projects and completed the import of energy-saving technologies such as the wet cycle heat pump and RTO waste heat reuse (secondary recovery of waste heat for boiler water heating, which can save gas, lower the exhaust gas temperature from 150°C to 110°C, and reduce the gas consumption of a single boiler by 30%).

Introducing a digital energy management system to the automobile manufacturing process: With the refined management of various energy consumption, functions such as real-time monitoring of the energy consumption system, routine energy consumption management, energy consumption analysis, and key equipment management have been achieved. Meanwhile, the system analysis results can be used to display energy and formulate assessment and energy consumption management policies, making energy management more digital and intelligent.



GAC AION Is Awarded the Title of "Advanced Collective for Energy Conservation in Guangdong Province"



GAC Component Offered Special Training on Environmental Protection and Energy to Promote the Cultivation of Talents

GAC Component has continuously improved the development of the environmental protection and energy management system, earnestly fulfilled its social responsibility, and taken multiple measures concerning green production, green supply chain and green office to promote green and low-carbon transformation.

In 2023, two special training sessions on environmental protection and energy were organized for affiliates, aiming to bolster their environmental protection management capacities, promote the cultivation of talent in environmental protection and energy, and facilitate the Group to achieve the carbon neutrality goal throughout the whole product life cycle by 2050 (stretch goal: 2045).



Special Training on Environmental Protection and Energy

Supplier Energy Consumption Management

GAC Group carries out carbon neutrality actions with its suppliers to jointly achieve GAC Group's carbon neutrality goal throughout the whole product life cycle by 2050 (stretch goal: 2045), and continuously improves the carbon emission reduction performance of the supply chain in the form of supplier training, supplier target setting, and supplier audits.



GAC Toyota Promoted Suppliers to Develop Carbon Reduction Plans for Environmental Compliance of the Supply Chain

GAC Toyota collected carbon emission data from suppliers every year and followed up on the implementation of their emission reduction measures. GAC Toyota has proposed to its suppliers the carbon management policy of "cultivating professional talents to achieve the carbon neutrality goal; establishing and improving the medium- and long-term management system covering the whole supply chain and carbon emission reduction plans". It also included the environmental management policy of "strengthening the study of laws and regulations, taking precautionary measures, and preventing violations of laws and regulations". In 2023, no material environmental penalties were imposed on the suppliers of GAC Toyota, and 20 major suppliers defined their medium-term low-carbon emission reduction plans until 2025.

With respect to energy consumption management, GAC Toyota promotes low-carbon emission reduction in the supply chain through equipment management, recycling and efficiency improvement of parts and components suppliers:

Reducing working hours of energy-using equipment

Frequency conversion control, time-based management and control of energy use and other means are employed to reduce equipment standby time and dramatically lower equipment energy consumption.

Improving efficiency of energy-using equipment

The energy use efficiency is enhanced by replacing old and inefficient energy-using equipment and introducing new energy-efficient technology and equipment.

Reducing energy loss/Recycling energy

The use of motors, reactors and other energy-using equipment is reduced by equipment insulation transformation and cold and hot energy recycling (e.g., use of thermal insulation coating on the outer layer of the equipment and drying of compressed air with residual heat from air compressors).



GAMC Continuously Conducted Carbon Footprint Investigation of Components at the Supply Chain End and Creates Low-carbon Products along with the Supply Chain

GAMC continuously promoted the management and control of carbon emissions at the supply chain end, including the determination of carbon emission sources, accounting boundaries, parts and components under key control and more than 150 suppliers and the identification of core investigation parts and components. Meanwhile, two special training sessions on carbon footprint investigation are conducted online and offline, involving over 300 participants. GAMC has completed the carbon footprint investigation of core components such as steel, glass, body-in-white, engine, and transmission to facilitate the low-carbon operation of the supply chain.



Special Training on Supply Chain Carbon Footprint by GAMC



Understanding of Vehicle Parts and Components

Dealer Energy Consumption Management

Dealer energy consumption management is a critical carbon reduction process in GAC Group's value chain. To further reduce the carbon footprint of its products, the Group actively encourages its affiliates to carry out dealer carbon reduction.



GAC Toyota Actively Promoted Energy Conservation and Emission Reduction, with CO₂ Emissions Reduced by 156.67 Tons/Year.

GAC Toyota collected carbon emission data from suppliers every year and follows up on the implementation of their emission reduction measures. In terms of sales channels, 15 dealers introduced the solar photovoltaic power generation system in 2023, and the current average power generation efficiency per dealer is 163,200 kWh/year, contributing to a reduction of 156.67 tons/year in CO₂ emissions. Meanwhile, dealers are encouraged to introduce energy-saving programs such as intelligent power-saving systems for lighting and air conditioning.



GAC Toyota Encourages Dealers to Introduce Solar Power Panels

GAC Toyota Actively Promotes Energy Conservation and Emission Reduction

In 2023, 15 dealers introduced the solar photovoltaic power generation system, and the current average power generation efficiency per store is

163,200 kWh/year

The average reduction of CO₂ emissions per store is

156.67 tons/year

3. Emission/Discharge Management

Based on national laws and regulations related to the environment in the places where it operates, GAC Group continuously explores effective management measures for waste gas, wastewater, solid waste and other pollutants during its production, construction and operation to ensure that the emissions/discharges generated throughout the Group's whole product life cycle comply with the emission/discharge standards. The Group is committed to minimizing negative environmental impacts from the source. GAC Group has strictly required the conducting of relevant environmental impact assessments for all key operation places and sites. The percentage of the Group's new projects subject to environmental protection assessment reached 100% in 2023.

GAC Group has made active efforts to obtain the ISO 14001 environmental management system certificate. During the Reporting Period, all major vehicle manufacturers across the Group obtained the ISO 14001 environmental management system certificate, representing a coverage rate of 100%.

Waste Gas Emission Management

GAC Group has internally formulated a number of special policies, such as the *Environmental Protection Management Measures* and the *Exhaust Pollution Control Protocols*, and developed management requirements for waste gas emissions in multiple fields in accordance with international initiatives on exhaust emissions, such as the *Declaration of the United Nations Conference on the Human Environment* and the *Paris Agreement*, as well as national laws and regulations and industry standards, such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, with reference to other relevant laws and regulations in the places where it operates and based on business characteristics.

GAC Group implements strict internal control of emission standards within its operation scope, closely supervises the waste gas emissions of all affiliates, and defines the implementation of various management policies and measures. GAC Group will further refine its internal control policies on waste gas, ensure compliant disposal of waste gas emissions and deepen the existing management objectives in practice.



GAC Component Reduced VOCs Emissions and Improves Production Environment through Improvement Technology of Workshop Waste Gas

In 2023, GAC Component developed customized and applicable improvement measures for workshop waste gas depending on the production characteristics of different workshops.

► **Guangzhou Astemo Electrophoresis Workshop:** The emission concentration of VOCs from the electrophoresis waste gas has decreased by 60% through optimizing the waste gas treatment technology of the electrophoresis workshop and introducing the cyclone tower + bipolar activated carbon adsorption treatment technology to replace the original UV photolysis technology.

► **Wuhan Stanley Molding Workshop:** The fugitive concentration of VOCs in the workshop has decreased by 70% by installing gas collection hoods in the injection molding and drying process and adding the Company's spray tower and biological waste gas treatment facilities.



The Cyclone Tower and Bipolar Activated Carbon Adsorption Treatment Technology of Guangzhou Astemo Electrophoresis Workshop



The Spray Tower and Biological Waste Gas Treatment Facilities at the Wuhan Stanley Molding Workshop.



GAC Honda Applied New Walking-bead-based Rapid Color Change Technology to Reduce the Amount of Auxiliary Materials and VOCs Emissions

GAC Honda focuses on environmental emissions during the use of paintings and colors while maintaining the diversity and individuality of vehicle colors. It has been aware of coating loss and waste and significantly increased VOCs emissions caused by repeated pipeline cleaning during the processing of minor colors and the raw inspection of new batches of paintings.

In 2023, GAC Honda established a new painting supply system of walking-bead-based rapid color change and launched the flexible processing technology of minor colors. During the use of the painting and pipeline cleaning process, the amount of paintings decreased by approximately 19.24 tons/year, the amount of solvent used for pipeline cleaning decreased by 1.64 tons/time, and the combined amount of VOCs emissions decreased by approximately 3.2 tons/year.

In 2023, GAC Honda used the new walking-bead-based rapid color change technology to reduce VOC emissions by approximately

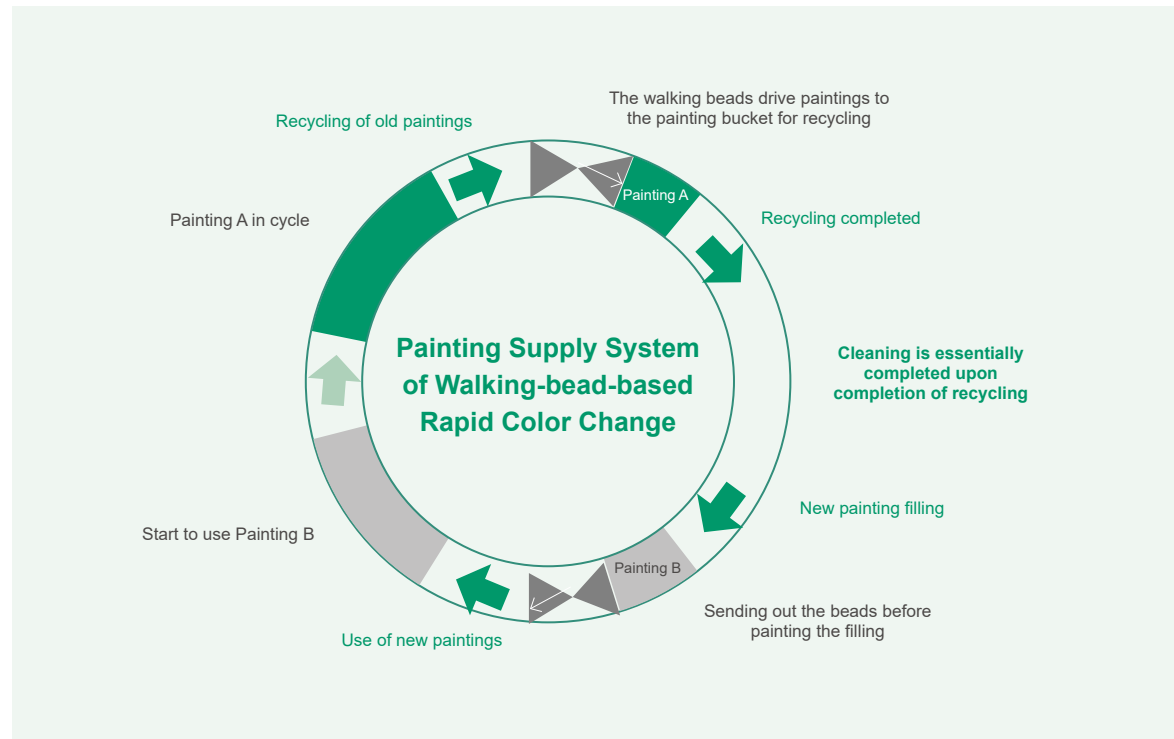
3.2 tons/year

Design phase

The restrictions of dedicated pipelines for new colors are removed, specific countermeasures are defined for key difficulties in pipeline deployment, location of recycling stations, and interface location of robots, and access is performed during non-production hours.

Production phase

After the feasibility of the program is ensured through extensive testing, all processes are steadily promoted to ensure the smooth operation of the production.



Waste Management

GAC Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste*, the *List of Hazardous Waste Management*, the *Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill* (GB18599-2020), the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2001), and relevant laws and regulations and industry standards. It has formulated several special waste management rules, such as the *Hazardous Waste Management*

Procedure, the *General Industrial Solid Waste Management Protocols*, the *Pollutant Control Management Procedures*, and the *Management Protocols for Domestic Waste Classification*. Moreover, it has established strict requirements for the whole procedure of generation, classification, storage, and external transportation of hazardous and non-hazardous wastes, monitored the waste generated in operation and production on a real-time basis, actively practiced excellent waste management measures, and developed and implemented the relevant waste treatment technology, as an effort to minimize impacts to the surrounding environment.



GAC R&D Center has successfully recycled hazardous waste, such as painting wastewater, by optimizing the test procedures. The amount of hazardous waste generated in 2023 decreased by 5.4% year-on-year, fulfilling the target of reducing waste generation. For non-hazardous waste, the usable non-hazardous waste is effectively recycled by classified delivery and separate treatment of non-hazardous garbage. For hazardous waste, GAC R&D Center entrusts Upower Energy Technology (Guangzhou) Co., Ltd. to recycle and disassemble the used new energy batteries for utilization of the recyclable parts. Meanwhile, the hazardous waste parts are entrusted to qualified third-party new energy battery disposal organizations for compliant disposal.



For waste paint residue generated in the painting workshop, the introduction of drying equipment lowers the water content of the waste paint residue to 30% and thus reduces the amount of waste paint residue generated. For sludge generated from sewage treatment, the introduction of low-temperature sludge drying equipment lowers the water content of the sludge from about 80% to 30%, thus reducing the amount of sludge generated. For the assembly workshop, the management measures for the distribution and use of oil-proof gloves are optimized, and the amount of oil-proof gloves used is effectively reduced by 8,000 pairs/month through recycling secondary gloves and improving the secondary use rate of gloves, resulting in a decrease in glove waste. For painting, the amount of paint residue decreases by 0.65 kg/vehicle by reducing the amount of the second painting for M8 bicolor vehicles, with the amount of hazardous waste reduced, totaling 1,560 kg per year.



GAC AION sets hazardous waste reduction and management goals, incorporates the hazardous waste goal per vehicle into the business plan for management and control, decomposes the goals for each workshop, and conducts monthly assessments. GAC AION also entrusts Upower Energy to recycle and dispose of used new energy batteries, recycle the recyclable parts for cascade utilization, and entrust qualified third-party hazardous waste disposal organizations for compliant disposal of the relevant hazardous waste generated during the disassembly of the power batteries.



GAC Honda renovates dealerships as power battery recycling service outlets for GAC Honda NEVs and completes registration on the national traceability management platform and the filing of battery codes in strict accordance with the relevant national management regulations for power batteries, which is in line with the requirements of relevant laws and regulations. Meanwhile, GAC Honda has reduced the hazardous waste from wastewater treatment sludge at wastewater stations. Statistically, the amount of sludge generation is reduced by about 5.1 kg/vehicle, representing a reduction of about 25% in the total amount of overall hazardous waste of the plant in the development zone and a reduction in the amount of hazardous sludge waste by 298.37 tons/year.



GAC Toyota sets waste reduction goals every year and is committed to ensuring the proper disposal of various waste, with an annual reduction of 1% from the original unit year. For non-hazardous waste, GAC Toyota reuses non-hazardous waste by recycling general industrial solid waste and classified delivery of domestic garbage. For hazardous waste, it establishes a gradient utilization system of power batteries, recycles and disassembles used new energy power batteries, and entrusts qualified third-party disposal enterprises for compliant disposal of the hazardous waste parts, to ensure 100% compliance of battery disposal.

In 2023, aiming to reduce adverse environmental impacts, the Group required its affiliates to continuously improve their treatment capacity and level of used new energy batteries, hazardous waste from sludge, and non-hazardous waste.

Disposal of used new energy batteries

The recyclable parts are subjected to gradient utilization, and a qualified third-party hazardous waste disposal organization is entrusted with the compliant disposal of the relevant hazardous waste generated during the disassembling of power batteries.

Hazardous sludge waste treatment

The introduction of low-temperature sludge drying equipment reduces the water content of sludge from 70%-85% to 30%, thus reducing the amount of sludge generated.

Non-hazardous waste treatment

The recycling of reusable non-hazardous waste is effectively achieved through classified delivery and separate disposal of domestic garbage.



Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd., a Subsidiary of GAC Component, Has Built a Zero-waste Factory and Implements Standardized Solid Waste Management

In order to reduce waste discharge and improve resource utilization rate during production, the Guangzhou factory of Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. aims at a recycling economy. It has developed and implemented the "zero-waste factory" construction work plan in strict accordance with the requirements of the three-step construction of a "zero-waste city" and the "zero-waste factory" construction guidelines in Guangzhou. The acceptance of the "zero-waste factory" was smoothly completed in December 2023.

Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. has set up a leading group for the construction of the "zero-waste factory", developed a work plan for the construction of the "zero-waste factory", and carried out work from the following dimensions:

- ▶ **Conducting training of "zero-waste factory"**: Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. promoted training on zero-waste management mechanisms to enhance awareness.
- ▶ **Improving the supervision mechanisms for a "zero-waste factory"**: Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. set up a feedback channel for environmental issues, implements the classified management of domestic garbage, and standardizes recycling channels.
- ▶ **Building a grading management system in a "zero-waste factory"**: Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. classify and store general industrial solid waste and hazardous waste in accordance with relevant standards and regulations and reasonably utilize them as resources. Moreover, we establish an industrial solid waste management ledger, which lists information such as time-points of generation, categories, quantities, destinations, and utilization and disposal methods. This promotes the traceability of solid waste and improves the standardized management of solid waste, oily wastewater, and lightweight packaging.

Zero-waste Factory Performance

Oily Wastewater Improvement	Improvement of oily wastewater reduces oily wastewater discharge by 20 tons/year
Subframe Scraps Reuse and Improvement	Reuse and improvement of subframe scraps save scrap materials by 0.92 kg/vehicle and reduce the generation of waste materials by 276 tons/year
Package Recycling Mode	The package recycling mode reduces packaging waste by 11 tons/year



Guangzhou Guangqi Ogihara Die & Stamping Co., Ltd. Zero-waste Factory

4. Water Resource Management

GAC Group strictly abides by the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Water Law of the People's Republic of China*, the *Emission Standard of Pollutants for Electroplating*, the *Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network*, the *Environmental Quality Standards for Surface Water*, and other laws, regulations, and requirements and standards. It complies with standards in the places where it operates depending on actual situations. Meanwhile, various enterprises have formulated multiple internal management policies on wastewater, such as the *Water Use Management Procedure*, the *Control Procedures for Sewage, Exhaust Gas and Noise Emissions*, the *Resource and Energy Conservation Control Procedures*, and the *Drainage Network Management System*. These efforts are designed to continuously strengthen the treatment of domestic sewage and production wastewater during the operation

of projects and guarantee compliance of sewage discharge with the standards through regular monitoring of sewage discharge, improvement of sewage treatment facilities, and introduction of effective treatment technologies.

In order to avoid water resource waste from the source, the Company has set up a leading group for water conservation and formed an ecological environment management committee responsible for formulating water conservation plans and coordinating the management of water conservation. In addition, the Company has installed an online monitoring system of sewage discharge for real-time monitoring of discharge volume and concentration, and invited third-party monitoring units to monitor coating outlets, aggregate external outlets, water reuse outlets and rainwater outlets.



With respect to rainwater and sewage pipeline network management and sewage pre-treatment, GAC R&D Center has formulated the *Environmental Protection Management Measures* and the *Implementation Rules for Pollution Prevention and Governance* and added flocculants and precipitants to the coating spray wastewater. Part of the wastewater can be reused and the non-reusable wastewater is entrusted to an external agency for compliant disposal. The reduced amount of coating spray wastewater is approximately 20 tons/year.



In terms of water resource management, GAMC has formulated the *Water Supply Management Regulations* and water use targets, implemented the responsibility system for water conservation targets, developed annual water conservation plans, and decomposed and assessed the water conservation targets on a monthly basis. It has also carried out regular water conservation patrol inspections and rectified and notified problems in a timely manner. Moreover, water resources are efficiently recycled and reused through multiple measures, such as the construction of sewage treatment stations, the replacement of intelligent sensing devices for tap water, the patrol inspection of tap water pipes, and the repair of leakage points in the utility power field.



GAC AION has formulated the *Water Pollution Control Procedures* (GNES-P09-B0) to control and reduce the generation and discharge of its water pollutants. It satisfies regulations and internal requirements to avoid the occurrence of water pollution. In addition, it has established strict internal control goals to ensure that 100% of the discharge is compliant.



GAC Honda has formulated the *Water Use Management Procedure*, set a water conservation target of 1% reduction in water consumption per vehicle, established a leading group for water conservation, and formed an ecological environment management committee. It has also installed a sewage monitoring system and achieved non-discharge of wastewater from several factories, with 100% of the wastewater pollutant emissions meeting the standards.



GAC Toyota has set a water conservation target for reducing the water consumption of a single vehicle by 1% per year, promoted practices geared toward reaching the target, and achieved a water consumption of 2.18 tons/vehicle. This figure is far lower than the requirement of 20 tons/vehicle in the *Guangdong Norm of Water Use DB 44/T1461-2014*. Furthermore, various types of sewage and wastewater are discharged into the corresponding unit of the wastewater treatment station for separate treatment and are reused for factory greening after reaching the standard, and the remaining parts can be reused in production after reaching the water quality limit of workshop reuse upon advanced treatment.



Wuyang-Honda has formulated the *Management Measures for Sewage Treatment Stations and Recycled Water* and set water conservation targets. It sets water use targets each year and issues such targets to key water use departments, which perform monthly tracking and compliance analysis. Some deeply treated wastewater is reused for production purposes when the water quality meets the industrial water standard. Wuyang-Honda strengthens the management of its sewage treatment stations to ensure compliance of discharged wastewater with the standards. To learn about the water quality dynamics of the wastewater in real-time, it has also installed automatic monitoring devices to monitor the flow, pH, COD, ammonia nitrogen, and total phosphorus of the wastewater every six hours.

5. Packaging Material Management

GAC Group, together with its affiliates, has formulated policies, systems and work standards, such as the *Parts Packaging Setting Standards*, based on its own business characteristics, and is committed to proactively reducing the use of packaging materials in the whole process from production to sales. The Group actively promotes upstream and downstream partners to jointly reduce the consumption of large amounts of packaging materials in the process of automobile production, transportation, and sales. It also advocates and practices the reduction of packaging materials, sustainable packaging and recycling, in order to continuously improve the sustainable proportion of product packaging.

Packaging Material Reduction	Use of Sustainable Packaging	Recycling of Packaging Materials
GAC Honda has simplified the packaging of after-sales parts and components, and reduced the use of packaging paper by advancing the simplification of parts and components such as doors, hoods, bumpers, and dashboards, thereby reducing carbon dioxide emissions by 267.3 tons.	The packaging materials of Wuyang-Honda's exported parts comply with relevant international initiatives and agreements, introducing reusable packaging solutions and adopting recycled materials to realize the sustainable use of packaging.	GAC Toyota Engine has independently designed a common logistics pallet suitable for a variety of engines to maximize the utilization rate.
Wuyang-Honda has reduced materials used in the packaging of parts and components and finished products to reduce unnecessary waste or consumption.	GAC Business has used recyclable materials to replace disposable packaging materials to optimize the design of auto parts packaging processes, accumulating more than 100 items for improvement across 61,006 varieties. This endeavor is expected to save 42 tons of carbon emissions per year.	GAC Honda has fully implemented recyclable packaging containers, optimized the structure of containers, minimized packaging auxiliary materials, and eliminated disposable packaging auxiliary materials.

Packaging Materials Management Program for Supplier

GAC Group actively promotes saving and recycling packaging materials, and encourages its affiliates to formulate policies such as the *Transportation and Packaging Management System for Coil and Sheet*. The Group adopts sustainable packaging measures, incorporates green concepts such as reduction and renewable utilization of packaging materials in material procurement, logistics and transportation, and collaborates with upstream and downstream partners to reduce the potential environmental impact of packaging materials in the process of transportation and sales.

The Group's affiliated affiliates have promoted packaging recycling in conjunction with their suppliers, requiring them to use reusable packaging and print supplier logos on the packaging. Among them, GAC Component has managed the recycling and classification of packaging materials from different suppliers and returned them to suppliers in a targeted manner, saving 4 tons of packaging materials per year.

The Group has promoted reusable transportation carriers such as transportation carts and transportation cage cars for carton packaging transportation. There has been a reduction of paper materials in the inner material of the product package, and the disposable paper inner material is replaced by reusable PP inner material for multiple reuse. At the same time, the Group synchronizes the standard styles of such transport packaging with its suppliers to reduce the counterparts of first production paper packaging through standardized package management.



GAC Honda Promoted 3R Campaign for Sustainable Green Packaging

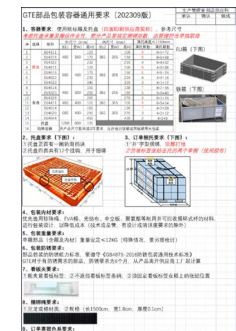
GAC Honda actively responded to the national call for green packaging, and, aiming to effectively utilize resources and zero risk of waste, has carried out the 3R (Reduce, Reuse, Recycle) campaign. GAC Honda has strictly implemented measures with green packaging as the core in all aspects, from resource procurement, and use to end-of-life, to help the GAC Group's green and sustainable development.

- ▶ **Full implementation of recyclable packaging:** With the goal of cost-saving and environmental protection, GAC Honda is committed to maximizing resource utilization and minimizing environmental load. GAC Honda has fully implemented recyclable packaging containers by optimizing the container structure and eliminating disposable packaging accessories, such as after-sales parts and components packaging. GAC Honda has promoted simplified packaging for parts and components such as doors, hoods, bumpers and instrument panels, reducing carbon dioxide emissions by a total of 267.3 tons.



GAC Toyota Engine Proposed General Requirements for Packaging Containers of GTE Parts to Standardize Supplier Package Management

GAC Toyota Engine has formulated the *General Requirements for Packaging Containers of GTE Parts (Version 202309)*, which puts forward specific requirements around nine categories of parts including containers, trays, order bundles, packaging materials, packaging weight, packaging rust prevention, signboard clips, bundling ropes, and the color system of the order ticket. Priority was given to the use of durable and recyclable materials for the packaging materials.



Specifics of the *General Requirements for Packaging Containers of GTE Parts (Version 202309)*

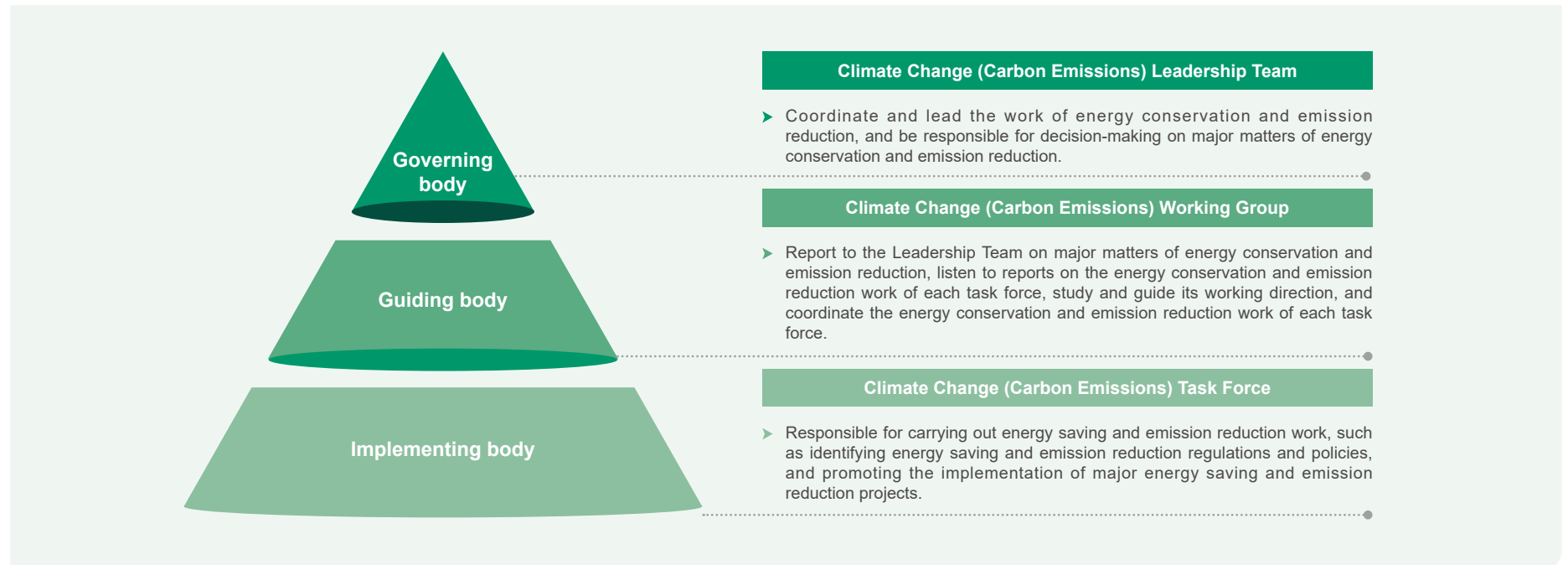
(III) Response to Climate Change

Climate change has become one of the greatest challenges to the development of all civilization. China is committed to striving to achieve carbon peaking by 2030 and carbon neutrality by 2060. This year, GAC Group further implemented the "GLASS Green Plan" and actively responded to the national call to achieve carbon neutrality throughout the product life cycle by 2050 (stretch goal: 2045).

1. Governance

GAC Group is aware of the impact of climate change risks on normal business operations. The Board of Directors attaches great importance to climate change and the risks and opportunities that carbon neutrality presents for the high-quality development of the enterprises, and regularly reviews the Group's climate change progress and carbon emission performance. The Group's Board of Directors has established a Climate Change (Carbon Emissions) Governance Structure, which consists of the Climate Change (Carbon Emissions) Leadership Team, the Climate Change (Carbon Emissions) Working Group, and the Climate Change (Carbon Emissions) Task Force as independent organizations.


Based on the energy-saving and emission reduction targets, GAC Group has set up an energy conservation and emission reduction assessment system and incorporated performance indicators into the annual target assessment system of affiliates. And GAC actively promotes energy conservation and emission reduction in the six key development areas of green production, green products, green supply chain, green travel, green finance, and green community.






2. Strategy

Based on the recommendations of the TCFD and ISSB's the *International Financial Reporting Sustainability Disclosure Standard No. 2 (IFRS S2) - Climate-related Disclosures*, the GAC Group has divided climate risks into transition risks and physical risks. Transition risks include risks related to policies and laws, technologies, markets, and reputation. Physical risks result

from extreme weather events and rising global average temperature, including acute risks (typhoons, floods, etc.) and chronic risks (rising average temperatures and sea levels, among others).

Type of Risk	Impact Factors	Business Impact	Response Initiatives
 Physical Risks	Acute Risks	Typhoons Most of GAC Group's major production and manufacturing bases are located in Guangdong Province and other southeastern coast provinces, which are highly susceptible to frequent typhoons and are prone to interruption of production and operation losses due to suspension of work and production.	Strengthen the plant's ability to withstand typhoons and formulate special contingency plans to cope with typhoons.
		Extreme precipitation In recent years, extreme precipitation disasters have occurred frequently in the country, accompanied by secondary disasters such as floods, mudslides and landslides, which are likely to affect GAC Group's financial segment business.	Urtrust Insurance has optimized its insurance products, enhanced its ability to pay quickly in the event of a disaster, optimized its payment plan, and ensured a cash flow red line.
		Heatwaves Guangdong Province, where the GAC Group primarily operates, is expected to be a highly affected area by extreme heat waves. As a result, the operating hours and intensity of ventilation, cooling and air-conditioning equipment required for production and operations have increased, and human capital, such as high-temperature allowances, has been at a high level.	Continuously improve automation capabilities and optimize plant staffing. Consider the geospatial environment for the location of newly built factories, avoiding urban heat islands or stuffy areas. Strengthen human capital management in terms of budget, and reserve sufficient space for the payment of high-temperature subsidies and other allowances.
	Chronic Risks	Increase in average temperatures Rising overall temperatures, influenced by rising global temperatures, are impacting the battery standards and overall efficiency of GAC Group's electric and hybrid passenger vehicles.	Enhance battery pack testing and pay attention to the operation of battery packs in high-temperature environments.
		Extreme weather As GAC Group moves towards internationalization, it will face more extreme weather conditions, with extreme low temperatures and overall humidity affecting the efficiency of automotive products.	Evaluate the climatic conditions of the future sales area and assess the normal use of each automotive part based on this climatic database.

Type of Risk	Impact Factors	Business Impact	Response Initiatives
 <p>Transition Risks</p>	<p>Policy and Regulation Risks</p>	<p>Carbon emission disclosure</p> <p>Disclosure of greenhouse gas emissions is currently required by HKEX and the State-owned Assets Supervision and Administration Commission.</p> <p><i>The Opinions on Promoting the Gradual Shift from Dual Control of Energy Consumption to Dual Control of Carbon Emissions</i> explicitly call for opinions on the control of carbon emissions and the need for systematic statistics on carbon emissions.</p>	<p>Relevant data has been disclosed. Further work is required to identify carbon emission sources within the scope of operation, and statistics on Scope 3 carbon emission data will be included in the ESG data system in the future.</p>
		<p>Carbon footprint accounting</p> <p><i>The Opinions on Accelerating the Establishment of Product Carbon Footprint Management System</i> proposes that, by 2025, roughly 50 key product carbon footprint accounting rules and standards will be introduced at the national level. A preliminary abbreviation of the background database of carbon footprints of key industries will be made, and a national product carbon labeling certification system will be established. The application scenarios of carbon footprint accounting and labeling in the fields of production, consumption, trade, and finance will affect GAC Group's entire business segment.</p>	<p>Clarify the boundary scope of carbon verification, carry out carbon emission data collection covering the whole product lifecycle, improve the supplier carbon inventory infrastructure, and ensure the smooth implementation of product carbon footprint accounting.</p>
		<p>Product regulation</p> <p>Recently, a variety of domestic standards have been developed for electric vehicle energy consumption and fuel cell safety. As part of the internationalization process, GAC Group must also adapt to relevant requirements such as CBAM and the EU Battery Law.</p>	<p>In accordance with relevant domestic and international laws, regulations and regulatory guidelines, regularly conduct a risk assessment and identification, and gradually improve future business development strategies, including management strategies for mitigating, adapting to, and resisting climate change.</p>
		<p>Pricing of greenhouse gas emissions</p> <p>CCER restarts in 2024. The Group is not among the first batch of emission-control industries to be included in China's carbon market, but it is probable that the scope of the carbon market may be further expanded in the medium to long-term. Meanwhile, the price of CEA is volatile, soaring to RMB 80 per ton in December. The Group will need to pay additional and larger operating costs if it emits greenhouse gases in excess of the limit.</p>	<p>Pay close attention to CCER, continue to reduce carbon emissions through zero carbon production, and ensure that carbon emissions remain below the limit as the scope of the carbon market gradually expands.</p>
	<p>Market Risks</p>	<p>Raw materials</p> <p>The automotive upstream industries include iron and steel, chemicals, and non-ferrous metals. Their production processes are also a major source of carbon emissions. In order to achieve the GAC Group's goal of achieving carbon neutrality over the whole product lifecycle of its products by 2050, attention should be paid to the impact of the carbon emission attributes of upstream products.</p>	<p>Gradually carry out the statistical work covering Scope 3 carbon emission data in the future and prioritize the selection of low-carbon materials as part of the procurement process.</p>

Type of Risk	Impact Factors	Business Impact	Response Initiatives
 <p>Transition Risks</p>	<p>Market Risks</p> <p>Customer preference</p>	<p>At present, consumer preference for green low-carbon products has increased, and demand for NEVs is high. Europe has set a target for NEVs replacement, and the demand for NEVs in the Middle East, Russia, South America, and other regions is also growing. These developments have an impact on GAC Group's new energy transformation path.</p>	<p>Keep up with customer demand, deepen the steady increase in sales of NEVs, and achieve the goal of realizing the proportion of sales of NEVs of independent brands to be 50% or more in 2023. The target of realizing the proportion of NEVs in the Group is set to be 60% in 2030.</p> <p>Establish a consumer "carbon reduction" campaign, and set up carbon accounts for automobile consumers.</p>
	<p>Reputational Risks</p> <p>Stakeholder concerns</p>	<p>A growing number of investors are adopting ESG investment guidelines, such as the Principles for Responsible Investment, with a high focus on corporate climate change actions. Failure of the Group to actively pursue the carbon reduction transformation may result in investors undervaluing the Group.</p>	<p>Focus on strengthening risk management, promote green and low-carbon transformation in an orderly manner, and strengthen communication and actively respond to the concerns of various stakeholders.</p>
 <p>Opportunities</p>	<p>Goods and Services</p> <p>Development of low-carbon products</p>	<p>The development of NEVs and hydrogen vehicles enables GAC Group to quickly seize the market demand for NEVs and its technological head start.</p>	<p>Enter the 2.0 era of "Electrification + Intelligentization" dual-core strategy, and develop a new i-GPMA architecture platform compatible with HEV/PHEV/REEV hybrid modes.</p>
	<p>Promoting Energy Structural Transformation</p> <p>Promoting industry transformation throughout the whole product life cycle</p>	<p>The research and development of solid-state batteries, hydrogen power and other technologies will help innovate the energy storage methods of NEVs products, open up the industry's energy storage and replenishment modes, and promote the integrated development of the automotive industry.</p>	<p>GAC Group has independently developed a variety of high-performance power batteries and energy storage batteries, and the RMB 10.9 billion-invested Inpow Battery Smart Ecological Factory has been put into production.</p>
	<p>Resource Efficiency</p> <p>Recycling</p>	<p>Recycling lithium batteries can help to reduce the environmental impact, promote the reusing and recycling of lithium and other metal resources, and reduce the cost of raw material development.</p>	<p>Carry out the management throughout the product life cycle of lithium batteries, and gradually carry out the gradient utilization business of lithium batteries, to effectively improve the Group's cash flow, reduce the cost of lithium and other metal resources, and reduce the impact of NEVs on the environment.</p>

3. Risk Management

GAC Group formulated management systems such as the *Administrative Measures for Reporting Major Operational Risk Events* and the *Administrative Measures for Internal Control* and established a complete risk management framework to conduct risk management and internal control assessments. Each business unit implemented relevant prescribed processes and policies during its daily operations and reported to the management regularly. The management conducted targeted internal control analyses and improvements in various

high-risk segments and areas and reported the results of risk controls, risk assessments, and internal control assessments to the Board of Directors in a timely manner. The Group has continuously tracked the climate risk situation closely through risk management, actively promoted and carried out the identification and assessment of climate change risks, continuously updated the measures to address climate risk management, and enhanced the level of risk management.

4. Indicators and Targets

In response to climate change, GAC Group has actively promoted "carbon peaking and carbon neutrality" actions, and released its carbon neutrality target, aiming to achieve carbon neutrality throughout the product life cycle by 2050 (stretch goal: 2045). In addition, the Group has set energy-saving and emission reduction targets and initiatives in six areas, accounting for the actual operating conditions of each enterprise, to ensure the smooth progress of the "carbon peaking and carbon neutrality" initiative.

➤ **Overall short-term target:** It is anticipated that by 2025, among domestic automobile enterprises, the Group will be leading in terms of main energy saving and emission reduction indicators of the whole vehicles and parts and components (including engines) segments.

➤ **Specific implementation target:** Each affiliate and the management sets specific implementation targets according to its actual situation, and ensures that each target is implemented with concrete steps.

Total energy consumption	Unit	2023
Total energy consumption	Ten thousand kWh	248,047.31
Total greenhouse gas emissions (Scope 1 and Scope 2)	Ton CO ₂ equivalent	1,060,904.15

Development Goals for Six Major Sectors

Green production

- Strictly adhere to regulations and risk control to achieve legal compliance management;
- Update and introduce energy-efficient equipment in a timely manner according to development needs;
- Continuously optimize production processes and technologies and improve raw and auxiliary materials;
- Strengthen energy use management;
- Enrich energy types and optimize the structure of energy use;
- Enhance the recycling of resources.

Green supply chain

- Optimize top-level design;
- Implement management measures;
- Strengthen supply chain management;
- Continuously deepen the green and low-carbon management of suppliers with the aid of information technology and performance evaluation mechanisms.

Green finance

- Carry out industrial investments;
- Actively participate in voluntary emissions trading;
- Explore green supply chain finance;
- Develop green insurance;
- Actively pursue other areas of green finance.

Green products

- Emphasize research and development of energy-saving and emission-reduction technologies;
- Increase the proportion of NEVs;
- Continuously promote lightweight products;
- Promote the recycling and reuse of used products.

Green action

- Expand the urban coverage of services and accelerate the introduction of NEVs;
- Actively explore the business of "separation of vehicles and electricity";
- Strengthen the intermodal transportation of roads, railroads and waterways, and increase the proportion of water transportation;
- Improve infrastructure.

Green community

- **Green office areas:**
First, actively promote the application of photovoltaic power generation projects;
Second, demonstrate the feasibility of green buildings and promote their application;
Third, continuously expand the coverage of the paperless office area.
- **Green community areas:**
First, actively guide the completion of the Group's carbon sink rights confirmation work;
Second, continue participating in public welfare activities, such as ecological protection and biodiversity surveys, and continue to develop the Environmental Public Welfare Project in the Sanjiangyuan National Park.

(IV) Dissemination of Green Culture

GAC Group actively practices the national strategy of "promoting green development and cultivating harmony between humanity and nature", accelerating its transition to green and environmentally-friendly growth. We advocate green office and carry out green and environmental protection publicity, proactively spread the concept of ecological civilization, and promote green and environmental protection culture, in order to enhance employees' awareness and participation in environmental protection.

1. Green Office

The Group regularly increases income, reduces expenditure, lowers costs, and enhances efficiency. In 2023, we further specified work regulations and procedures, thus improving work efficiency and quality and applying the "economic, green, and environmentally friendly" philosophy through daily operations and work.



Optimized Management

- Carry out regular inspections on energy conservation and environmental protection and employed multiple measures to monitor water and electricity consumption.
- Introduce automated office software, achieving paperless meeting materials and documents for human resources and finance.
- Circulate a notice to criticize wasteful practices while awarding and promoting economic behaviors, cultivating the good habit of frugality.



Equipment Maintenance

- Adopt products and facilities that were more environmentally friendly and energy-efficient and carried out regular equipment maintenance, improving energy efficiency. In 2023, the consumption levels of water, electricity, gas, and gasoline in the Group all fell from 2022 levels.



Wide Publicity

- Enhance publicity and promotion of the green and environmental protection concept through channels including bulletin boards in office buildings, the official account on WeCom, GAC Group Newspaper, and Today's GAC, ensuring employees' deep understanding of the green office.



GAC-Sofinco Advocated Environment Protection Awareness and Promoted Low-carbon Offices by Taking Measures to Save Electricity, Water, and Paper in the Work Place

Electricity Conservation Measures

- ▶ The control panel system of each conference room has been set up with a uniform closing time; if it is discovered that electrical equipment (including TV, lights, and fans) used in the conference room has not been turned off, the person who made the reservation for the conference room will be held accountable for the responsibility and will be notified by mail;
- ▶ Employees used electric fans or heating devices in the office shall turn them off promptly before finishing work;
- ▶ Energy-saving lamps or appliances with energy efficiency Grade 1 shall be preferred, and public facilities and equipment have automatic hibernation, standby, or power-saving modes.

Paper Conservation Measures

- ▶ Promote a paperless office by using electronic meeting materials and reducing the printing of non-essential paper documents;
- ▶ A column for reuse of waste paper is set up in the printing office on each floor;
- ▶ A limited number of paper cups are available in the tea room on each floor, and employees are encouraged to bring their own cups;
- ▶ We have given a warm reminder to GAC Group's colleagues to save paper through on-site signs.

Water Conservation Measures

- ▶ Restrooms are uniformly equipped with sensor-activated faucets to reduce the amount of water discharged and to circumvent situations in which faucets are left open;
- ▶ Use phosphorus-free detergents, biodegradable cleaning products, etc.;
- ▶ Make water conservation signed to promote environment protection awareness in low-carbon offices.

Electricity Specifications

Prohibition using "three-no" electrical appliances (which lack production licenses, quality certification, or a manufacturer's name and address) and high-power electrical appliances

Prohibit stacking debris or storing flammable materials in the workplace

Harmonize the placement and use of electrical appliances in office areas



GAC International Automotive Sales & Service Promoted Green Office, Developed Energy Saving and Emission Reduction Programs, and Helped the Group Achieve Carbon Neutrality Goals

GAC International Automotive Sales & Service actively promoted green office, formulated the "Green Office, Low Carbon Life" guidelines, and required all employees to work and live in a green and low-carbon manner. In the meantime, GAC International Automotive Sales & Service formulated energy-saving and emission reduction programs, systematically carried out energy consumption management in the operation area, and promoted the reduction of energy consumption of the office. This would minimize the impact on the environment and climate change during the operation phase and help the Group achieve the goal of carbon neutrality.



"Green Office, Low Carbon Life" Guidelines of GAC International Automotive Sales & Service

GAC MOTOR 广汽国际节能减排方案

一、制定用电规则，明确责任

- ▶ 制定《广汽国际用电执行标准》，以综合管理部为主导，各部门大区协同，责任到个人

二、广泛宣传，提高认知

- ▶ 以前件形式向全体员工发布《广汽国际用电执行标准》，全员联动落实节能减排
- ▶ 公用设备负责人管理，提高能效
- ▶ 张贴“室温≥29℃才可开启制冷，空调温度需≥26℃”等温馨提示语，时刻提醒用电标准

三、狠抓落实，加强教育

- ▶ 加强培训，制定巡查的时间表，针对不按要求执行的情况进行拍照通报
- ▶ 加强教育，针对以上通报未作出整改的个人，将反馈名单呈报职能部门负责人

四、提升意识（加强宣传），形成素养

- ▶ 持续开展节能降耗减排标准工作

Energy Conservation and Emission Reduction Program of GAC International Automotive Sales & Service

2. Environmental Protection Publicity and Implementation

GAC Group has always upheld the philosophy of ecological sustainability, bearing in mind corporate social responsibility and persistently promoting environmental conservation. Through incremental efforts, we actively promote green and low-carbon actions. In 2023, the Group enhanced environmental protection publicity and conducted regular training on energy conservation and environmental protection, continuously improving employees' awareness in this area and laying a solid foundation for the effective implementation of related measures.



Environmental protection training investment RMB

1,241,600

Environmental protection training number

855

Environmental protection training hours

6,553.5 hours

Environmental protection training coverage

47,520 people



GAC Honda Organized Diversified Water Conservation and Environmental Protection Series Activities to Spread Environmental Protection Philosophy

In 2023, GAC Honda arranged for its employees to participate in various water conservation and environmental protection activities, thus raising employees' awareness of environmental protection and actively implementing environmental protection concepts in its production and operation processes.

- ▶ **Water conservation knowledge contest:** GAC Honda carried out the environmental protection series activity "Caring for Water Conservation", which centered on environmental protection science knowledge for all employees to carry out PK question and answer activities, with a total of 153,018 participants to enhance the level of ecological and environmental knowledge of all employees through the form of competition instead of practice.
- ▶ **Water-saving painting collection activity:** GAC Honda launched a water-saving painting collection activity for all employees, inviting participants to create paintings on the theme of saving water and cherishing water resources. This event produced a total of 287 excellent pieces that were displayed in the Company's offices to promote water-saving awareness.
- ▶ **Water resource treatment study activity:** GAC Honda organized the ecological environment administrators of each section to go to the Guangzhou Water Purification Plant for a study. In doing so, they learned about the initiatives taken by the water purification plant and the landscape of the Haizhu National Wetland Park near the area to achieve a harmonious coexistence, focusing on the fully closed operation of wastewater treatment facilities, and the ecological administrators' level of water use management was effectively improved through this study activity.
- ▶ **River cleaning volunteer activity:** In order to purify the environment surrounding the river, understand the water quality monitoring, and spread the company's concept of environmental protection, GAC Honda organized employee representatives to carry out volunteer activities to clean both sides of the river. Participants also put into practice the environmental protection concept of "making the sky bluer for the children" with practical demonstrations.



Organize Employee Representatives to Carry Out Voluntary Activities to Clean the Banks of the River



Organize a Study Tour to the Guangzhou Water Purification Plant for Enterprise Staff Representatives

Intelligent and Harmonious Corporate Ecosystem

◆ Expand Partnerships	85
◆ Grow Together with Employees	88
◆ Contribute to a Harmonious Society	98

04

GAC Group is committed to fostering a "Harmonious Corporate Ecosystem" as the Group establishes a good "win-win" partnership with its suppliers and dealers across the entire industry chain and provide its employees with a fair, safe, inclusive and caring workplace environment where they can improve themselves. In this way, the Group promotes the shared development of the industry, builds a harmonious society actively and interprets corporate social responsibility in practice.

Goals and Progress

- 
SDG 1 - No Poverty
- 
SDG 2 - Zero Hunger
- 
SDG 3 - Good Health and Well-being
- 
SDG 4 - Quality Education
- 
SDG 5 - Gender Equality
- 
SDG 10 - Reduced Inequalities
- 
SDG 11 - Sustainable Cities and Communities
- 
SDG 17 - Partnerships for the Goals

Goal Setting	Progress Review	Improvement plan for next phase
<p>Improve communication channels to understand the needs of GAC Group's employees and implement employees care.</p>	<p>Instructing 100% of enterprises to set up a system of the Congress of Workers and Staff and carried out the collection and selection of staff proposals. GAC Group has launched a full-coverage care and comfort program, implemented a round-the-clock employee psychological assistance program, and strengthened humanistic care and psychological counseling. GAC Group has also improved the quality of service for female employees holistically, promoted the construction of employee service positions, and implemented employee services, pushing ahead with the participation of all employees for cultural cultivation.</p>	<p>GAC Group will continue to ensure regular employee reception, implement "mutual assistance + support" programs, and continuously promote the Employee Assistance Program (EAP) to care for employees' mental health. The Group will also advance the construction of employee service stations and enhance their deployment. Pilot projects aimed at improving the quality of employees' lives will be implemented, and the "Happiness Enterprise" evaluation system will be promoted and applied. Furthermore, the Group will establish pilot units for creating a "Happiness Enterprise" model.</p>
<p>No occurrence of major work safety accidents and the above.</p>	<p>Based on the improvement of the production safety responsibility system and regulatory system, with the strengthening of the implementation of dual prevention efforts as the key, and taking production safety target management as the starting point, the company earnestly implemented the primary responsibility for production safety of the enterprise and the investment entity. There were no major or above production safety accidents, and the situation of production safety was stable and orderly.</p>	<p>GAC Group will continue to enhance the implementation of a comprehensive safety production responsibility system, strictly enforce the primary responsibility of the enterprise in safety production, and strengthen risk control and hidden perils investigation and management in emerging areas. GAC Group's goal is to prevent the occurrence of major work safety accidents and the above.</p>
<p>Increase the support to public welfare programs such as safe travel, green environmental protection, culture, and sports while continuing to make good social welfare efforts to enhance the influence of GAC's public welfare brand.</p>	<p>In 2023, GAC Group promoted the development of environmental public welfare activities, officially launched the environmental protection project of Sanjiangyuan National Park, and enhanced the environmental public welfare brand with distinctive features and influence of GAC.</p>	<p>GAC Group will increase support and investment in green environment protection initiatives and cultural and sports activities, promote the corporate culture of GAC Group, and strive to enhance the influence of the GAC brand.</p>

(I) Expand Partnerships

By establishing a strategic sharing mechanism and creating an effective and transparent communication platform, GAC has conducted in-depth cooperation with enterprises and colleges and universities, and works hand in hand with its partners to open up a business development map of common business, common construction and common sharing, to jointly enhance the competitiveness of the industry's supply chain.

1. Promote Crossover Cooperation

Taking the cooperation with traditional automobile enterprises as the basis of development, GAC actively expands the cooperation with leading science and technology enterprises. In terms of technological innovation, GAC jointly explores the cutting-edge fields of new energy, lightweight, intelligence and ride-sharing to promote the development of the industry. In terms of the industrial chain, GAC is committed to safeguarding the stability of the entire chain and promoting common progress of the industry.



GAC and Denso Signed Memorandum of Cooperation on Deepening Strategic Cooperation

On May 11, 2023, GAC and Denso signed a memorandum of understanding to deepen strategic cooperation. GAC Group and Denso actively explored the acceleration of automotive product development towards new energy, lightweight construction, intelligent technology, and ride-sharing, amidst the profound transformations occurring in the global automotive industry.



GAC and Denso Signed Memorandum of Cooperation on Deepening Strategic Cooperation



GAC and GAC Toyota Deepened Cooperation in New Energy Field to Promote the High-quality Research and Development of NEVs

On July 13, 2023, GAC Group and GAC Toyota held a signing ceremony to deepen cooperation in the field of new energy. The two sides worked together to promote joint R&D work in the field of new energy, and further enhanced the competitiveness of GAC Toyota's products in the field of new energy through resource sharing and complementarity of strengths, contributing to the high-quality development of China's NEV industry.



Signing Ceremony for Deepening Cooperation in New Energy Sector



GAC Group and Bosch Signed Strategic Cooperation Agreement for Win-win Results with Shared Benefits

GAC Group is committed to broadening the strategic cooperation of supply chain partners on the basis of the existing joint venture cooperation. In September 2023, GAC and Bosch China signed a strategic cooperation agreement to conduct in-depth discussions on comprehensively advancing technical cooperation, strengthening parts and components supply cooperation, and continuing to enhance investment and global cooperation, so as to fully share the respective advantageous resources of both parties, deepen their partnership, and explore a new direction for market expansion of automotive enterprises.



Signing Ceremony of Strategic Cooperation Agreement

2. Improve Supply Chain Management

GAC Group upholds a procurement policy that is guided by principles of openness, transparency, environmental sustainability, and ethical conduct, and each enterprise of GAC Group has formulated supplier management systems and regulations, continuously refined supplier access standards, helped suppliers improve supply quality, and developed synergistically with suppliers to jointly build a sustainable and responsible supply chain management system. GAC integrated environmental and social risks into its entire supply chain management processes, and strictly implements management measures including incoming management, qualification review, regular assessment, and auditing. Suppliers are crucial to the promotion of GAC's work in key areas such as green products, chemical safety and product responsibility. Therefore, the Group has set up a whole product lifecycle supply

chain management system, and has strictly achieved closed-loop supervision in procedures such as access audits and supervision visits.

In 2023, GAC Group signed procurement integrity arrangements with all cooperative suppliers. The signing rate is 100%. In addition, all suppliers participated in annual quality control training in 2023, and 100% of the partner suppliers completed sustainable risk audits. For suppliers with specific environmental protection and safety management requirements, GAC Group will also actively promote the use of more diversified products or services that meet the environmental and safety management qualification requirements.

Supplier Management Mechanisms

Assessment Review	Regular assessment: Quarterly assessments are conducted for suppliers who have signed the framework agreement based on the standardized scoring items in the <i>Supplier Assessment and Evaluation Form</i> .
	Acceptance assessment: For suppliers involved in project cooperation, evaluation is carried out at the project acceptance stage, or according to the actual contract if otherwise agreed in the contract.
	Immediate assessment: When the goods or services supplied by the supplier experience major quality deficits or cause major losses to the company, the supplier assessment and evaluation can be carried out immediately.
Risk Warning	For suppliers with serious non-conformity items during the cooperation period, the red and yellow card assessment mechanism is adopted for management through blacklisting.
Supplier Quality Production Training	Quality production training is provided across various dimensions, including production safety, business processes, GTP, and cybersecurity, to ensure the supply chain operates at a high standard when conducting production and operational activities for GAC.
Supplier Exit Mechanisms	For suppliers who have not received any procurement business within three years and have been included in the Company's blacklist, the Project Initiation Department, the Related Business Department and the Purchasing Department will confirm the " <i>Supplier Elimination Confirmation Form</i> ", and the person in charge of the Purchasing Department and the leaders in charge of the Purchasing Department will be responsible for approving it. The withdrawn suppliers will be deleted from the supplier database. For the suppliers that have been included in the Company's blacklist, the Company has the right to prohibit them from participating in all purchasing activities organized by the company for up to three years.

Supplier Management System Procedure

Supplier Category	Scope	Specific Management Measures for the Quality and Safety of Major Vehicle Manufacturers
Tier 1 suppliers (Key/direct suppliers)	Tier 1 parts and components suppliers	The Company's employees or third-party organizations to carry out monthly performance assessment of suppliers, according to the assessment results of grading, grade and red and yellow card system associated. Suppliers are required to hold 100% ISO-related management system certification.
Tier 2 suppliers (Indirect suppliers/subcontracted suppliers)	Tier 2 parts and components suppliers	In the mass production process, for the consistency assurance status, the Company's employees or third-party organizations jointly with tier 1 suppliers to carry out random quality and safety inspections of key tier 2 suppliers to establish a stable quality assurance system.
Raw material suppliers	Key raw material suppliers	Identify key raw material suppliers and have Company employees or third-party organizations monitor their process management systems to ensure that raw material quality and safety meet standards.



GAC AION Actively Improves Supplier Capacity Building Efforts

In order to ensure that suppliers carry out relevant work in accordance with GAC AION's workflow, GAC AION had further standardized the construction of supplier capacity and daily supply guarantee work by formulating the *Management Regulations on Supplier Capacity Construction and Supply Guarantee* around improving the competitiveness of the supply chain and the management level. It also aimed to strengthen suppliers' comprehension of GAC AION's workflow requirements and methods, thereby solidifying the foundation of supply chain management work.

3. Empower Dealerships

GAC Group is committed to continuously broadening its marketing channels, observing and advocating dealers to comply with the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, the *Advertising Law of the People's Republic of China*, and other relevant laws and regulations in marketing-related work. These measures involve strengthening relevant marketing awareness, reviewing and continuously optimizing the online layout, reinforcing responsible marketing training for dealers, and continuously improving dealers' service capability and operation level.



GAMC Launched Dealer Empowerment Initiative to Enhance Operational Efficiency and Achieved Joint Development and Win-Win Situations for Dealers

In 2023, GAMC initiated a series of empowerment actions to enhance operational efficiency in the dealer network, fostering common development and achieving win-win situations for dealers.

Establish GAMC "Benchmarking Alliance" Sales Improvement System

GAC Motor promoted the establishment of a communication platform for GAMC channel benchmark dealers, selected 34 benchmark stores and set up the Roc Group, Waking Lion Group, and Commerce Group, and regularly organized the sales stores to conduct seminars on the efficiency of their own stores, the local market situation, and the customer experience, to output the current market and network issues, and to provide a basis for the manufacturer side of the precise policy implementation.

Conduct Operational Efficiency Performance Benchmarking Meetings

Quarterly performance benchmarking meetings were held to benchmark data for dealer sales funnels, horizontal business development, after-sales production value and customer retention, as well as transformation work, assisting leading dealers in identifying key issues that check and balance development, and assisting in improvement. Five benchmarking meetings were held in the second half of 2023, outputting more than 150 weak improvements, with the improvement completion rate reaching more than 70%. In addition, for excellent cases of operation in each benchmark store, the formation of publicity posters and manuals was carried out across the whole network to publicize implementation sinking and promote the dealer network operation's ability to improve.



Dealer Training

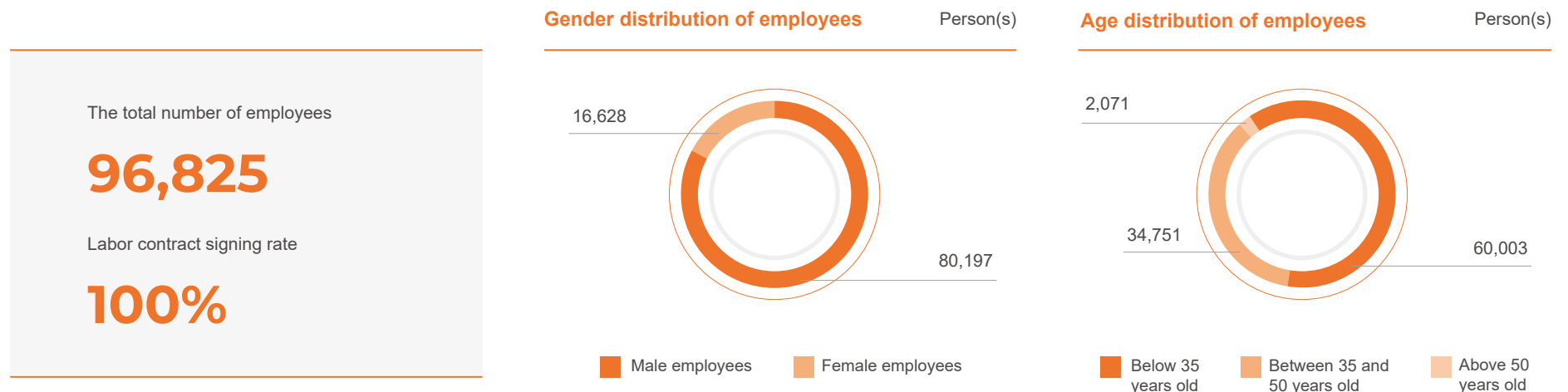
(II) Grow Together with Employees

Talents are regarded as vital strategic assets for GAC's sustainable development. The Group consistently upholds a "people-oriented" employment philosophy, aiming to attract and cultivate exceptional talents. It establishes an enticing compensation and benefits system for employees, along with a comprehensive training and development framework, as well as a wide-ranging career advancement platform. This incentivizes employees to explore their individual potential and supports their continuous growth within the GAC system.

1. Safeguard Legitimate Rights and Interests

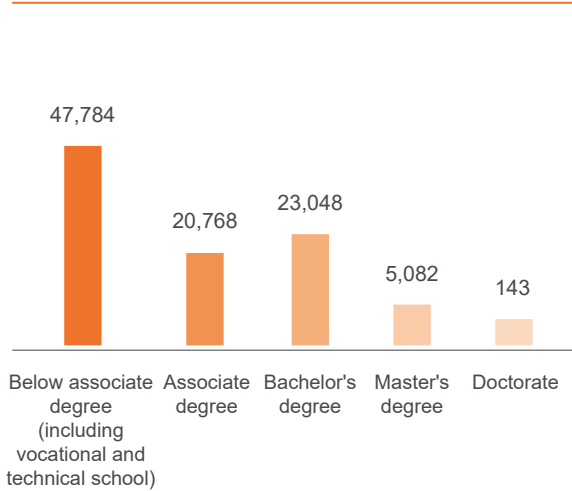
GAC Group staunchly defends the legitimate rights and interests of its employees by strictly adhering to national labor laws and regulations, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on Prohibition of Child Labor*, as well as international labor standards and conventions. The Company formulates, reviews, and rigorously enforces systems such as the *Recruitment and Employment System* and the *Management Policies for Employee Remuneration and Benefits*. These systems establish standardized regulations for various dimensions, including recruitment, termination, working hours, and vacations, fostering a fair and non-discriminatory employment environment. GAC Group prohibits any form of discrimination based on race, gender, or belief. The Company ensures the fair and equitable conduct of employee recruitment and compensation management, striving to create a diverse workplace environment. The Group adheres to the provisions of the International Labor Organization (ILO) and the United Nations Global Compact regarding human rights. It strongly condemns all forms of child labor and forced labor, and creates conditions for employee development and participation in democratic management within the company.

In 2023, there were no incidents of forced labor or employment of child labor within the GAC, and the Group undertook that in the event of such occurrences, the Group would immediately issue strict warnings to the enterprises in which such acts took place and deal with them in accordance with laws and regulations and relevant requirements. In order to promote harmonious labor relations, safeguard the collective interests of workers, and standardize employment practices, GAC's various affiliates held employee (representative) conferences in the current year. The signing rate of collective contracts and special collective contracts for female employees reached 100%. The related requirements have also been included in the annual union work star rating criteria, ensuring that all enterprises operate in accordance with the prescribed standards. Furthermore, GAC strictly protects employees' private information and prohibits the sharing of employees' private information with unauthorized personnel.



Educational attainment distribution of employees

Person(s)



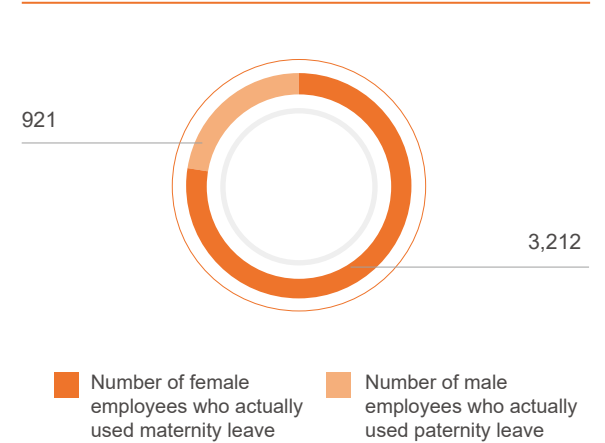
Regional distribution of employees

Person(s)



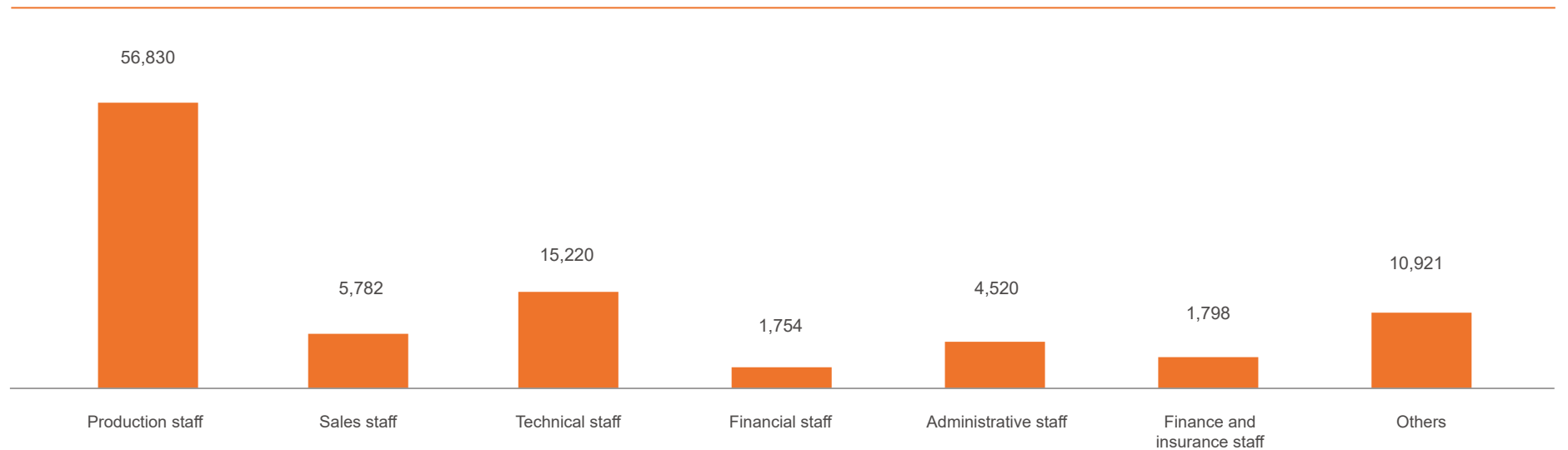
Gender distribution of employees actually using maternity (or paternity) leave

Person(s)



Job distribution of employees

Person(s)



2. Full-fledged Compensation and Benefits System

GAC Group is committed to providing employees with robust and competitive compensation and diversified protection, formulating and continuously improving the *Regulations on the Management of Employees' Compensation and Benefits*, providing employees with statutory and non-statutory benefits such as housing provident fund, supplementary medical insurance, enterprise annuity, and health examinations. The Company comprehensively safeguards

the rights and interests of employees and takes care of their physical and mental health, and encourages its affiliates to further enhance the flexibility and protection of the employee benefits system. The Group has set up a variable compensation system for all employees based on individual performance and corporate performance levels to mobilize employees' motivation and efficiency in the work process.

Statutory Benefits

In accordance with national or local regulations, the company provides the following benefits to all employees:

- Statutory holidays
- Social insurance, including basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance, and other benefits
- Housing provident fund
- Other statutory employee benefits

Basic Benefits

All employees are entitled to:

- Leave days other than statutory holidays, including annual leave, sick leave, personal leave, maternity leave, and paternity leave
- Holiday bonuses or gifts for traditional festivals
- Other basic benefits as stipulated

Special Benefits

Employees who meet specific criteria may enjoy the following benefits:

- Employee dormitories
- Housing subsidies
- Reimbursement of training and examination fees and subsidies for professional certifications
- Other special benefits as stipulated

3. Ensure Health and Safety

GAC Group consistently reinforces its safety development philosophy by strictly adhering to national regulations and policies such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*. The Company enhances internal safety production management mechanisms, deepens the implementation of corporate responsibilities in safety production and investment, and prioritizes risk control and hidden perils investigation and rectification. It formulates safety production objectives, instills safety production mindset, and fosters a

comprehensive safety culture. The Company is committed to maximizing prevention and minimizing harm, ensuring a safe and secure environment. In 2023, GAC Group invested a total of RMB 2.003 billion to ensure work safety across the Group, experiencing four work safety accidents in the year (resulting in four work-related injuries). There were no major work safety accidents of a greater magnitude or above, no major traffic accidents with equal or greater responsibility, no major fire accidents, or occupational disease hazard accidents. The work of work safety remained stable and orderly.

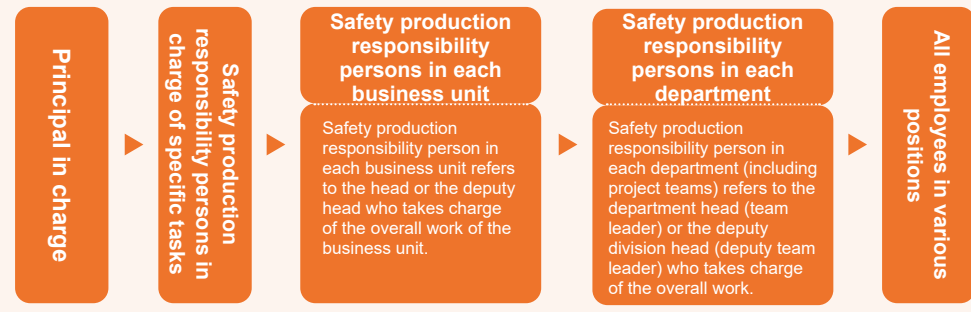
Deliver on the Safety Commitment

GAC Group consistently implements safety responsibilities throughout its production and operations, adhering to laws and regulations such as the *Law of the People's Republic of China on Work Safety*. The Group continuously improves and enforces a comprehensive production safety responsibility system that features "layered responsibilities, individual accountability, and shared responsibilities". The main responsible parties for this system include the Party Committee Secretary, Chairman, and General Manager. Additionally, relevant safety indicators are integrated into the salary performance assessment system. The Group strictly implements production safety target management, establishing annual production safety responsibility goals. The Group carries out classified and graded process supervision management and target management assessments to ensure the effective implementation of safety responsibilities.

Polish up the Institutional System

In compliance with laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Fire Control Law of the People's Republic of China*, GAC Group has reviewed and revised work safety regulations, such as the *GAC Regulations on Work Safety Management*, the *GAC Regulations on Work Safety Management of GAC-invested Companies*, the *GAC Regulations on Fire Safety Management*, and the *GAC Regulations on Traffic Safety Management*, in a bid to enhance their legal compliance, applicability, and guiding role.

Deliver on the Safety Commitment



Tighten up Dual Controls

GAC Group actively promoted the application and improvement of the dual-wheel drive model underlain by "Tiered Risk Control" and "Hidden Risk Management", and improved the working system of safety risk grading and control and hidden perils investigation and management. In 2023, the Group implemented the "One Bottom-line and Three Musts" working mechanism, focused on major risks in key areas, made every effort to rectify hidden risks, and organized approximately 1,166 safety supervision and inspections, with the on-schedule rectification rate reaching 100%.

GAC Group has made active efforts to obtain the ISO 45001 occupational health and safety management system certification. During the Reporting Period, all the major whole-vehicle manufacturers of the Group have obtained the ISO 45001 occupational health and safety management system certification, representing a coverage rate of 100%.

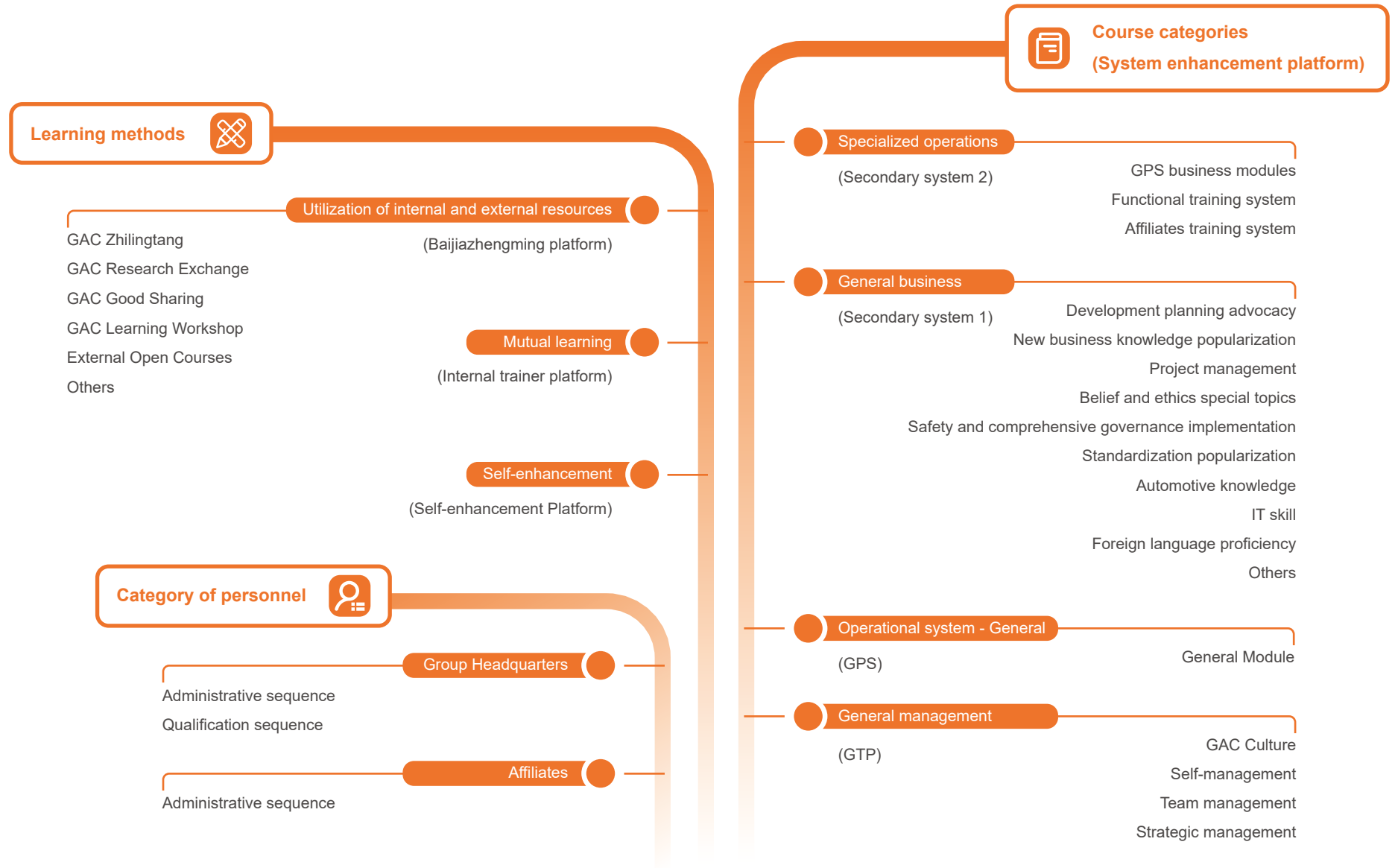
4. Promote Career Development

GAC Group values the investment in and support of employees' career development. On the basis of strengthening the existing training system, GAC launched diversified training and development programs, including leadership development, skills enhancement, and innovation ability training. The Group focuses on cultivating innovative thinking and problem-

solving skills among its employees to adapt to the fast-changing work environment and industry development. In addition, GAC has set up an employee career development planning and counseling program to help employees clarify their career goals and plan their future development paths.



Panoramic View of Talent Development and Training System





GAC Honda's "Transformation, Efficiency and Profit Enhancement, Constructing the Physique for Sustainable Business Development" Talent Cultivation System

In 2023, GAC Honda continued optimizing its talent cultivation system, with the theme of "Transformation, Efficiency, and Profitability, and Constructing the Physique for Sustainable Business Development". Over 2,342 classes were held for each cultivation program at the corporate and departmental levels, with 166,912 trainees and a total of more than 340,000 hours of training, focusing on the following projects:

A total of

2,342 classes were held in

each training program at the corporate and departmental levels.

Over

340,000 total credit hours

Improve the course system to enrich the resources of internal training courses.

Developed and completed internal courses such as "GAC Honda Communication Course (Beginner) and (Intermediate)", "History of GAC Honda", "Teaching for Outstanding Performance", "Series of Courses on Equipment Preservation", and "Electrification Junior Training Series".

Carrying out skills certification to create a highly skilled workforce.

Through multiple channels such as the New Apprenticeship System, the Group's Skill Level Recognition and the Company's Accreditation Station, the Group continued to carry out skill level recognition. This year, over 3,200 skilled employees were upgraded and certified at different levels, and 4,500 employees were in the process of applying for GAC Group's Skill Level Classification.

Focus on Developing Digital Talent

In terms of technology cultivation, internal digital talents were cultivated through talent cultivation specialties such as low-code platforms, RPA digital robots, and data analytics, in order to optimize internal procedures and improve work efficiency. In terms of empowerment training, digitalization-related skill competitions and case selection activities were carried out to improve employee capabilities and promote the Company's digital transformation by replacing training with contests.

Third Safe Driving Skills Competition

A total of 34 teams and 102 players participated in the competition to improve employees' awareness and skills in safe driving.



GAC Honda Safe Driving Skill Competition

5. Enable Smoother Communication Channels

GAC Group emphasizes the importance of smooth communication channels for employees, establishing diversified channels for employee communication and exchange, such as employee complaint mechanisms, employee forums, executive communication meetings, contact mailboxes, and employee representative conference. It also regularly holds leadership reception days to ensure that employees can freely express their opinions and suggestions, continuously enhancing communication between employees and management, improving overall work efficiency, and producing greater employee satisfaction.



GAC Group Conducts Headquarters Leadership Reception Day Activities to Enhance Interaction and Communication Between Management and Employees

Adhering to the concept that "employees are the most important foundation for enterprise development", GAC Group seeks to understand the demands of employees from all parties. This year, GAC Group continued to regularly hold headquarters leadership reception day activities, providing the opportunity for group employees to have close interaction with Chairman Zeng Qinghong, enabling the Chairman to gain a deep understanding of employee demands and effectively safeguarding upward communication channels for employees.



Scene of Chairman Zeng Qinghong Attending the GAC Headquarters Leadership Reception Day



GAC Toyota Strengthened Routine and Special Employee Communication Management, Building Diversified Communication Bridges

GAC Toyota built platforms for two-way communication and win-win development between employees, the labor union, and the Company. It encourages employees to actively voice their opinions and effectively address legitimate, reasonable, and feasible suggestions raised by employees. It continuously strengthened routine and special employee communication management and strived to build diversified communication channels.

Continuously Implemented Routine Employee Communication Management

GAC Toyota continued to carry out regular collection, feedback, and spot inspection of employee opinions, collecting employee opinions through branches, intranet suggestion boxes, "Fengyu Tongzhou", and other channels, and providing daily answers to employee queries through online platforms. In 2023, GAC Toyota received a total of 617 employee opinions, with a response rate of 100%, and the adoption and improvement rate of 42%.

Continuously Advance Specialized Employee Communication Practices

Specialized Communication on Compensation and Benefits: In May 2023, GAC Toyota convened 33 sessions of specialized forums on compensation and benefits, collecting over 500 employee opinions. Key opinions and data were compiled and subsequently incorporated into optimization considerations in the following work.

Specialized Sharing of Company Awareness and Recognition: Through "I-time" sessions, GAC Toyota shared operational and production information of GAC Toyota to all employees.

Face-to-Face Specialized Communication Between Executives and Employee Representatives: In November 2023, the "Gathering New Voices, Towards the Future" employee communication conference was held. Company executives and department leaders engaged with 30 employee representatives from various fields to address concerns and reflections on industry confidence, career development, organizational support, and other aspects, fostering consensus within the Company.

Specialized Meeting for Young Employees: In June 2023, managers and representatives of young employees were invited to participate in a discussion focusing on "change" and growth. Following the meeting, the KILAKILA Youth New Voice Program was launched. From July to December, the GAC Toyota Youth League Committee focused on young employees, motivating them to realize their self-worth through various forms of engagement such as tea sessions and heart-to-heart meetings while enjoying their work.



Specialized Forums on Compensation and Benefits



Employee Communication Conference

6. Heartfelt Support and Care

GAC Group not only attends to the material needs of its employees but also emphasizes psychological and emotional support. Through various forms of support, such as assistance to seriously ill employees and support for families in difficulty, the Group ensures comprehensive care for employees in both work and life, promoting the construction of harmonious labor relations.

GAC Group has established the Council of the Relief Foundation, revising the articles of association and the methods of fund utilization based on the actual operation of the foundation, thus to enhance the efficiency of fund utilization and achieve precise assistance. In 2023, GAC Group assisted a total of 353 individuals, with expenditures amounting to RMB 3.384 million.

GAC Group's total assistance

Expenditure RMB

353 individuals

3.384 million

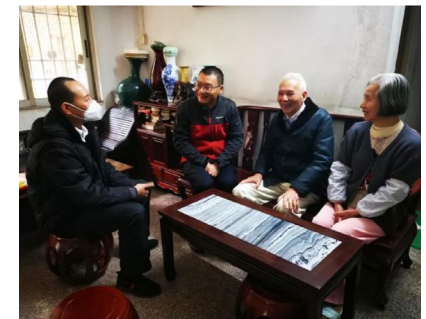
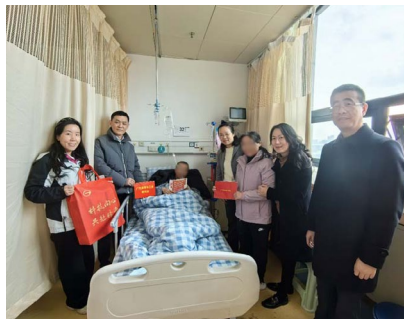


Assisting those in need and providing relief in times of hardship. The Company's Trade Union organizes branch labor protection committee teams to help employees overcome personal difficulties, conduct individual investigations, and perform case analyses. In 2023, a total of 60 families were assisted, with a disbursement of RMB 363,400 in relief funds.

Through strengthening the warmth of assistance efforts, 17 seriously ill employees were assisted in 2023, with a total disbursement of RMB 92,000 in aid; RMB 186,500 was allocated in condolence payments, benefiting 453 employees.

With heartfelt support and care for employees, a total of seven hospitalized, maternity, and married employees were assisted in 2023, with specialized support exceeding 120 individuals. Over RMB 50,000 was allocated for rural revitalization and poverty alleviation.

Diverse assistance and condolences were provided to employees facing difficulties, chronic illnesses, and those deployed overseas, with a total disbursement of over RMB 200,000 in 2023.



7. Balance Work and Life

GAC Group emphasizes the importance of balancing work and life and creates a harmonious work environment through various employee activities. In 2023, GAC Group actively promoted the concept of family-friendly workplaces and organized a series of cultural, sports, and family-parent activities such as the "Trillion GAC G-Force Her Charm" celebration event, "GAC Cup" employee basketball and table tennis competitions, "Little GACer" activities, and employee dance competitions, balancing employees' work and life and further enhancing their sense of happiness and belonging.



GAC Group Provides Employees with a Rich Variety of Employee Activities

Organizing diverse and colorful activities for employees on a monthly basis, GAC Group promotes employees' leisure activities, ensuring their physical and mental health.

March

"Trillion GAC G-Force Her Charm" theme celebration for International Women's Day



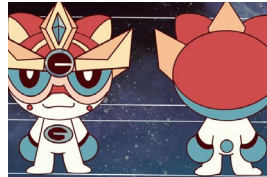
May

2023 "GAC Cup" employee basketball competition



June

"Little GACer" IP image design competition



June

"Little GACer, Soaring Freely" Group Headquarters Children's Day event



July

2023 "GAC Cup" employee table tennis competition



September

"Creativity Defines Our Future" 2023 GAC Group "Hundred Days Oath" and the Second Employee Dance Competition



GAC Group's affiliated affiliates also care about their employees, providing a rich variety of customized activities tailored to the characteristics of each affiliate to help employees relax and unwind.

GAC BYD

Women's Day outing activity



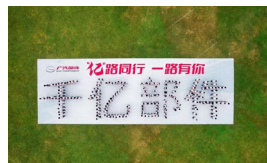
GAC Hino

"Poxiao Cup" employee badminton competition in 2023



GAC Component

Together on the "Billion" Road, With You All the Way employee walking activity



GAC Business

"Seizing the Momentum in 2023, Pursuing Dreams of Trillions" themed 23rd anniversary celebration and strategic conference



Digital Science

"Enjoying the Sweetness of Lychee in Summer" lychee picking event and urban farm parent-child outing series



Zhicheng Industry

"Creating Vitality, Building Dreams, Soaring with Wisdom and Sincerity" Industrial Culture Month Frisbee competition at Zhicheng Industry



(III) Contribute to a Harmonious Society

Upholding the philosophy of "serving society and giving back to society" and the slogan of "Love Follows GAC", the Company continuously deepens its corporate social responsibility practices. It focuses on promoting rural revitalization, cultural and sports activities, safe travel, environmental protection, and other public welfare causes, supports the development of culture, education and sports undertakings, and fully commits to the great cause of building a harmonious society.

In 2023, the total investment in public welfare by the Group amounted to RMB

92,734,000

1. Support Rural Revitalization

Rural revitalization is a crucial pillar for China to achieve comprehensive socialist modernization. As a state-owned enterprise of Guangzhou Municipality, GAC Group actively undertakes Guangzhou's assistance tasks, adheres to the concept of green development, emphasizes ecological protection, improves resource utilization efficiency, and ensures the sustainable development of rural areas. Leveraging its industrial advantages, GAC Group actively promotes the revitalization of industries, talents, culture, ecology, and organizations in relatively underdeveloped areas.

In terms of Industry

The Group launched the "Love Filling Every Car with Fragrance" brand rural revitalization project, explored the integration points between the automotive industry chain and rural revitalization efforts, implemented precise cooperation projects for rural revitalization between eastern and western regions based on the concept of refinement, seamlessly integrated rural revitalization work with the automotive aftermarket business, and created a complete aromatic industry chain of "planting, processing, research and development, production, and sales". This forms a new model of cooperation between Guangdong and Guizhou that can be replicated and popularized.

In terms of Talent

The Group engaged in deep cooperation with Bijie Vocational and Technical College in Guizhou Province, establishing the "GAC Class" and implementing a mechanism to deepen assistance between villages and enterprises. This mechanism continuously enhances the local residents' education level, enabling local students to gain early exposure to knowledge of the automotive industry, and facilitating their future employment in the automotive sector. Additionally, the Company conducts long-term assessments of the "GAC Class" students' learning progress and select some of the students as employees of the Group.

In terms of Culture

The Group took the lead in paired-up assistance in Dongshi Town, Pingyuan County, Meizhou City, collaborating with the Guangzhou Municipal Bureau of Culture, Radio, Television, Tourism, Sports Bureau, and Statistics Bureau. Guided by a five-year plan, this initiative aims to consolidate and expand the achievements of poverty alleviation, focusing on building Dongshi Town into a demonstration zone for rural revitalization and promoting the development of the "one industry, one belt, one heart, two wings" development pattern, with a special focus on creating the "Dianshi Shenghua · Hongyun Hakka" characteristic town to promote local Hakka culture.

In terms of Ecology

The Group assisted Dongshi Town, Pingyuan County, Meizhou City in establishing a demonstration planting base for peanuts and rice on a hundred mu of land, and aided Lizicun Village in Bijie, Guizhou to develop a hundred mu aromatic crop planting base, contributing to rural ecological development.

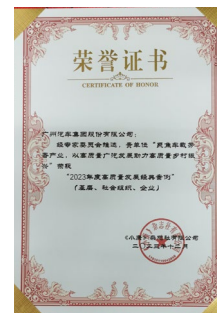
In terms of Organization

Within the "Thousands of Enterprises Assisting Thousands of Towns and Ten Thousand Enterprises Thriving Ten Thousand Villages" project, the Group, guided by party building, conducted activities such as branch co-construction, party member visits and exchanges, and consumer assistance. This facilitated in-depth communication between the GAC Group Party Committee and local village organizations, enabling the exchange of advanced management concepts and industrial revitalization methods. This organizational assistance promotes poverty alleviation and prevents relapse into poverty in Taoyuan Village, Yaotian Town, Shaoguan City.



GAC Group Implements the "Love Filling Every Car with Fragrance" Aromatic Industry Rural Revitalization Model, Promoting the Integration of Industry Poverty Alleviation and Business

Adhering to the Company's refinement concept, GAC Group conducted cooperation projects for rural revitalization in the eastern and western regions, continuously exploring the integration points between the automotive industry chain and rural revitalization efforts. In Lizicun Village, a vast field of flowers bloomed all year round, paving the road to prosperity with the "Love Filling Every Car with Fragrance" brand. It seamlessly integrated rural revitalization work with the automotive aftermarket business, and created a complete aromatic industry chain of "planting, processing, research and development, production, and sales". This forms a replicable and scalable new model of cooperation between Guangdong and Guizhou.



Honorary Certificate of Rural Revitalization



"Love Filling Every Car with Fragrance" Planting Site



GAC Group Leads Various Affiliates in Conducting Paired-up Assistance Activities

In 2023, under the leadership of GAC Group, various affiliates deepened their actions for paired-up assistance in rural revitalization, effectively promoting the improvement of local residents' production and living standards.

- ▶ GAC R&D Center assisted in the environmental improvement and beautiful rural construction project in Taoyuan Village, Xinfeng County, Shaoguan City. Simultaneously, it supported the deep well irrigation, drainage repair, irrigation dam restoration, and road hardening projects in Dongshi Village, Dongshi Town, Pingyuan County, as well as Meizhou City.
- ▶ GAC Motor and Nayong County, Bijie City signed a *GAC Group-Nayong County Bijie City Village-Enterprise Pairing Deepening Assistance Agreement*, forming a partnership from 2023 to 2025 to ensure the orderly progress of the east-west assistance work.
- ▶ The GAC AION Party Committee facilitated the implementation of the construction project of the demonstration point for natural village clusters in Jingjiao Village in 2023.
- ▶ GAC Toyota improved the teaching infrastructure of Xinjie Primary School in Heishakua Village and built roads, improved the library of Baini Primary School, and basketball courts in Baini Village, with a total of 17 projects and a cumulative investment of over RMB 600,000.
- ▶ GAC-SOFINCO Finance supported the construction of domestic sewage treatment in Sixin Village, Longchang Town, Bijie City, Guizhou Province.
- ▶ Urtrust Insurance assisted in the construction of multiple projects in Xiaoying Community, Longchang Town, Nayong County, Bijie City, Guizhou Province.

2. Participate in Emergency Relief

GAC Group always adheres to the concept of balancing social responsibility with corporate goals. When faced with sudden natural disasters and urgent rescue needs, the Group responded promptly, demonstrating its corporate responsibility and commitment. Through various means such as mobilizing resources, donating supplies, and providing transportation services, the Group has provided support and assistance to disaster-stricken areas to the best of its ability.



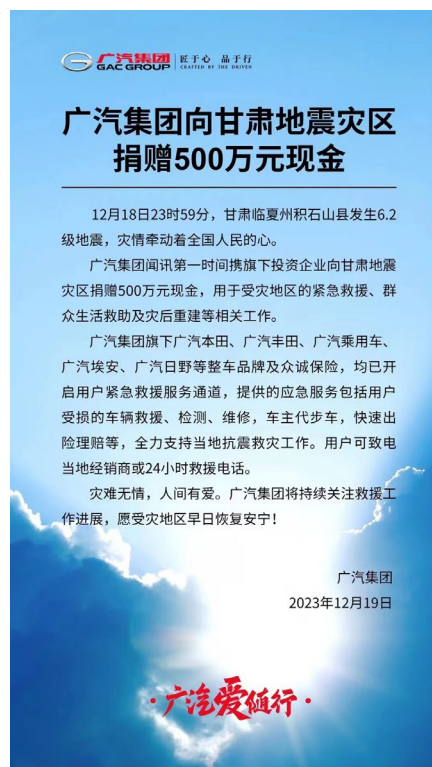
GAC Group Donated a Total of RMB 15 Million to Support Disaster Relief and Post-disaster Reconstruction Efforts in Earthquake-affected Areas in Gansu and Flood-affected Areas in Fujian, Beijing, Hebei, and Heilongjiang

In response to the earthquake in Gansu and floods in Fujian, Beijing, Hebei, and Heilongjiang, GAC Group and its affiliates donated RMB 5 million and RMB 10 million respectively for disaster relief and post-disaster reconstruction in the affected areas. Additionally, GAC Group's whole vehicle brands including GAC Trumpchi, GAC AION, GAC Honda, GAC Toyota, and Urtrust Insurance responded promptly to the disasters. They activated a 24-hour emergency rescue green channel for users, providing emergency care services such as vehicle rescue, pickup and delivery of vehicles, inspection, repair, cleaning, alternate transportation, and expedited insurance claims processing for damaged vehicles, standing in solidarity with users during difficult times.

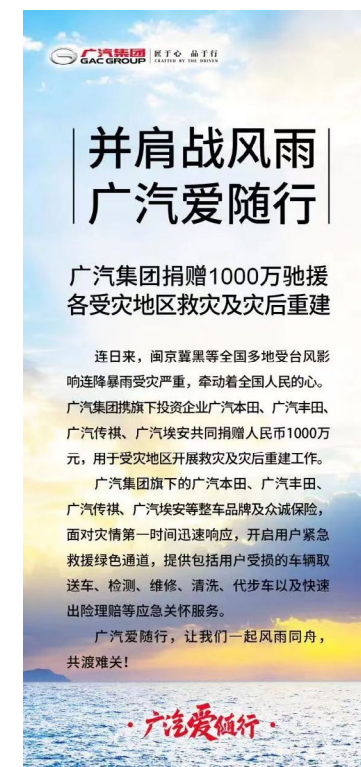


GAC Group donated a total of RMB

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GAC Group Donated RMB 5 Million to the Earthquake-stricken Areas in Gansu



GAC Group Donated RMB 10 Million to the Flood-affected Areas in Fujian, Beijing, Hebei, and Heilongjiang

3. Contribute to Cultural and Sports Activities

GAC Group is committed to promoting outstanding traditional Chinese culture and disseminating core socialist values by nurturing cultural and sports activities with national characteristics and contemporary features. Meanwhile, the Group focuses on the innovative development of the cultural and sports industries, encouraging cultural enterprises to enhance their independent innovation capabilities, improve their international competitiveness, and lay a solid foundation for the high-quality development of the cultural industry.



GAC Group Participated in the 2023 Intangible Cultural Heritage Brand Conference, Contributing to the "New Era Lingnan 100 Young Intangible Cultural Heritage Inheritors Support Program", Collaborating to Chart the Development Path of Brands

In March 2023, in order to vigorously implement the Lingnan culture "mass entrepreneurship and innovation" project, governments at all levels in Guangdong Province and relevant units jointly organized the 2023 Intangible Cultural Heritage Brand Conference. At the conference, exhibitions and forums were held simultaneously, with the GAC Group actively participating and emerging as a new force in spreading intangible cultural heritage brands.

► The Support Program Appeared at the Intangible Cultural Heritage Brand Exhibition

The Guangdong Lingnan Culture and Art Promotion Foundation launched the "New Era Lingnan 100 Young Intangible Cultural Heritage Inheritors Support Program", vigorously supporting inheritors in engaging in intangible cultural heritage creation and training, encouraging their participation in exhibitions of intangible cultural heritage works, and promoting Lingnan culture.



Canton Embroidery Heritage Brand Exhibition

► Forum on Intangible Cultural Heritage Brand Promotion

The Group invited renowned experts, scholars, representatives of inheritors, and professionals from related industries to engage in cross-disciplinary dialogues on the theme of "Cultivating and Promoting Intangible Cultural Heritage Brands". These dialogues encompassed discussions from theory to practice, providing multi-dimensional insights into the preservation, innovation, and brand development of intangible cultural heritage, aiming to collaborate with various industries to chart effective development paths.



Cross-disciplinary Dialogue on "Cultivating and Promoting Intangible Cultural Heritage Brands"

4. Advocate Safe Travel

GAC Group has always placed great importance on the safety of customers and the public during their travels. While continuously improving the quality and safety of its products, the Group consistently provides public welfare overhaul services to ensure the quality of public transportation tools, advocating for safe travel and continuously providing a positive impact on society.



GAC Honda "Dream Mobility for Children" Charitable Action

In 2023, the GAC Honda "Dream Mobility for Children – Children's Road Safety Public Welfare Tour" was upgraded. By organizing the "Dream Mobility for Children" children's road safety experience exhibition, GAC Honda once again achieved a new breakthrough in the form and cooperation path of children's road safety public welfare experience. On the one hand, it broke through conventional educational venues such as schools and entering popular shopping malls, bringing public welfare activities into children's lives, making the experience more convenient. On the other hand, it broke through the conventional cooperation methods of public welfare projects, realizing for the first time the joint efforts of two major second-dimensional IPs. "Tongxingxia" joined hands with "Supremo Cat" to convey the knowledge of safe travel with the theme of "knowing the danger to avoid danger". At the same time, during the joint creation ceremony, GAC Honda announced the official use of two "Dream Mobility for Children" star special store classrooms in Xiamen, providing car owners with parent-child interactive spaces themed on road safety education, further expanding the road safety boutique education base.

Since 2015, GAC Honda has collaborated with China Automotive Technology and Research Center Co., Ltd. (CATARC), traffic management departments, schools, special stores, and communities, among other social forces, to jointly create children's road safety public welfare initiatives. In 2023, the "Dream Mobility for Children" classrooms entered Shanxi and Henan provinces, totaling 100 teaching sessions. Currently, the "Dream Mobility for Children" program has covered the entire country, with over 200 million online classroom visits and over 180,000 participants in offline activities.



In 2023, the "Dream Mobility for Children" classrooms entered Shanxi and Henan provinces, with a total of

100 teaching sessions



2023 "Dream Mobility for Children" Children's Road Safety Experience Exhibition



GAC Toyota's "Civilized Travel, You Matter" Safety Education Campaign, Safeguarding Safe Travel

GAC Toyota understands that flexible traffic safety education methods are key to popularizing safe travel. In March 2023, the Guangzhou Traffic Police Detachment, together with GAC Toyota and the Nansha Public Security Bureau, launched the Guangzhou Carnival Tour, sponsored by the Guangzhou Municipal Public Security Bureau Traffic Police Detachment.

Under the theme "Civilized Travel, You Matter", this event combined vivid and interesting experiences centered around the "Spirit of the Vehicle", along with knowledge dissemination, artistic performances, immersive interactions, and various other forms, enhancing the effectiveness of traffic safety education. It aimed to guide the public in establishing correct traffic safety concepts and contribute to the construction of a safe and pleasant travel experience. At the conclusion of the event, GAC Toyota was honored with the title of "Guangzhou Traffic Civilization Demonstration Unit".

The event lasted for eight months, during which GAC Toyota visited 16 sites in Guangdong Province, covering a distance of 9,800 kilometers, providing traffic safety knowledge to over 40,000 people. Its online dissemination reached hundreds of millions of people. This event represents GAC Toyota's active exploration and innovative practice in the field of traffic safety publicity, aiming to integrate the awareness of "safe travel" into people's daily lives and safeguard their travel safety.



GAC Toyota's "Civilized Travel, You Matter" Safety Education Campaign



Wuyang-Honda Provided Free Overhaul Services for Migrant Workers Returning Home Along the Way

For eight consecutive years in Hunan, Guangdong, Guangxi, and other regions, Wuyang-Honda has cooperated with local government departments to set up caring service stations, providing free overhauls, roadside assistance, and other services for motorcycle riders returning home, ensuring that they receive maintenance services when needed most and safely return home.



"Safe Spring Festival, Accompanied by Traffic Police" Caring Service Station

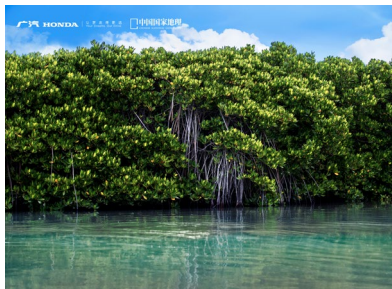
5. Engage in Environmental Protection Public Welfare

GAC Group actively responds to relevant national policies, vigorously promotes environment protection public welfare activities, and continuously enhances employees' environmental protection awareness. In 2023, the Group conducted ecological conservation projects, environmental protection sharing sessions, and environmental protection knowledge training, among other activities, to help realize a more environmentally friendly and sustainable social environment.

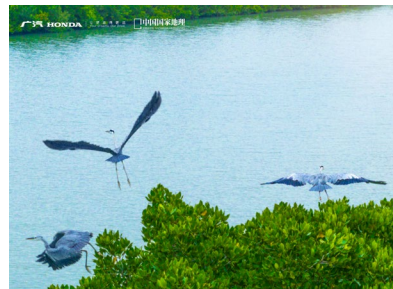


GAC Honda Initiates Mangrove Ecological Conservation Project, Setting a New Example for Ecological Environment Restoration

In 2023, under the carbon neutrality strategic target, GAC Honda launched the "Blue Sky and Blue Ocean" plan, taking the lead in implementing the Mangrove Ecological Conservation Project. Beginning in 2023, GAC Honda officially launched the Mangrove Ecological Conservation Project in collaboration with the SEE Foundation. The first phase spans five years (from 2023 to 2027) and features a series of actions including mangrove ecological restoration, blue carbon project development, community protection, and species conservation in Wenchang, Hainan, and Zhanjiang, Guangdong, planning to protect no less than 1,800 acres of mangroves over five years. Among them, Zhanjiang's mangroves are the largest and most concentrated natural reserves in China, while Wenchang's mangroves boast the most diverse species. GAC Honda will rely on these two major mangrove conservation areas to carry out comprehensive ecological protection actions and safeguard ecological balance. Additionally, GAC Honda will mobilize the power of vehicle owners to respond to climate change through practical actions to jointly develop a beautiful home environment. This project marks the first full-procedure development of blue carbon and makes GAC Honda the first automotive company in the industry to carry out mangrove ecological restoration in accordance with international standards.



Growth of Mangroves in the Intertidal Zone



Symbiosis Between Mangroves and Birds



GAC Toyota Environment Protection Sharing Session, Strengthening the Public's Ecological Civilization Concepts

In November 2023, GAC Toyota, together with the China Green Foundation, the Sichuan Provincial Administration of the Giant Panda National Park, and the Shan Shui Conservation Center, conducted environmental protection sharing sessions and field observation activities in Sichuan.

Chengdu Environmental Protection Sharing Session: GAC Toyota, along with experts, scholars, public welfare organizations, and the media, shared ecological stories, knowledge, experiences and reflections derived from nature conservation work. At the same time, the event launched the collection of the *Illustrated Guide to the Giant Panda National Park (Sichuan)* to promote a wider public appreciation and protection of nature through this activity.

Field Observation Activity: GAC Toyota and guests visited the Guanba Community Protection Area in Pingwu County, Mianyang, Sichuan, where, guided by local villagers and patrol officers, they explored the patrol experience and natural observation activities at the Baixiongou Protection Station. This activity enabled the public to gain a deep understanding of the hardships faced by patrol officers in their fieldwork and the contributions made by the Guanba community to ecological civilization construction.



Initiation of the *Illustrated Guide to the Giant Panda National Park (Sichuan)*



Scene of the Environmental Protection Sharing Session

Subtopic:

"Broadly Loved by Nature - Love Follows GAC in Sanjiangyuan" Environment Protection Public Welfare Project in the Sanjiangyuan National Park

On May 17, 2023, GAC Group officially launched an environmental project in collaboration with the Sanjiangyuan National Park, further promoting the harmonious coexistence of man and nature in the Sanjiangyuan region, and creating a public welfare brand of environmental protection with distinctive features and influence of GAC based on the original cooperation.

Covering an area of 190,700 square kilometers, including the headwaters of the Yellow River, Yangtze River, and Lancang River, the Sanjiangyuan National Park is China's first pilot national park system and the first batch of national parks established nationwide, covering the largest area. GAC Motor, a subsidiary of GAC Group, signed a strategic cooperation framework agreement for the "Born in Sanjiangyuan - National Park Creation" project in 2016 and engaged in long-term strategic cooperation with relevant organizations and institutions in Sanjiangyuan Plateau wetlands, related institutional construction of the Sanjiangyuan National Park, innovation of social participation mechanisms, and public education and publicity from 2017 to 2019.

Considering the importance of ecological protection, the cooperation was upgraded in 2023, with GAC Group leading the cooperation with the Sanjiangyuan National Park and announcing the launch of the Sanjiangyuan National Environmental Protection Project. This was hailed by the media as a "rare public welfare project in the domestic industry in cooperation with national parks". The Group and its subsidiaries will donate at least RMB 3 million each year, for a total donation of at least RMB 9 million over three years, to the Sanjiangyuan National Park environmental protection public welfare projects.

In 2023, in order to carry out the protection work of the national park, GAC Group conducted a concentrated environmental research expedition in the Sanjiangyuan National Park, with whole-vehicle subsidiaries such as GAC Motor, GAC Honda, and GAC Toyota entering the Yellow River Source Area of Sanjiangyuan to conduct exploratory research on public welfare and environmental protection. Subsequently, the Group carried out flagship species monitoring of snow leopards, takins, and endangered species, as well as grassland ecosystem restoration work in the Sanjiangyuan region. Additionally, the Group conducted outreach efforts to improve the awareness of residents and the general public about nature conservation, and engaged employees, car owners, dealers, and others in outdoor species surveys, grassland planting restoration, and volunteer natural education services, promoting the harmonious coexistence of people and nature in the Sanjiangyuan region and raising awareness of water resource protection, fulfilling corporate social responsibilities.



Research Team Photo with Yellow River Village Guardians



Yellow River Village Ecological Protection Management Station



Research Team Visited to Yellow River Village Ecological Protection Management Station



Interviewed with Research Team and Guardians

6. Focus on Special Needs

As a responsible enterprise, GAC Group actively pays attention to the needs of socially disadvantaged groups, carrying out various special public welfare actions in 2023 to assist the elderly and disadvantaged children, working together with disadvantaged groups to overcome difficulties, and contributing GAC's strength to social harmony.



GAC Group Focuses on Special Needs of Disadvantaged Groups, Actively Participates in Public Welfare Activities

► "Sui Shan: Guardian of Senior People" Project

On August 3, 2023, GAC Group donated 95 oxygen concentrators and 95 oximeters to 44 nursing homes, helping senior individuals of advanced age, with disabilities, and having special needs overcome practical difficulties, improve their quality of life, and contribute to their sense of security and happiness.



► Dream Angels Art Troupe

On September 5, 2023, GAC Group pledged RMB 1 million to the Baiyun District Special Population Assistance and Support in Guangzhou City and supported the Dream Angels Art Troupe in Guangzhou City. A cumulative donation of RMB 1.05 million was made to the Dream Angels Art Troupe, funding artistic education and training for over 50 disabled youths, aiming to assist their rehabilitation and growth through artistic channels, and help them gradually integrate into society.



► "Micro-Wish: Warmth to Thousands of Families" Project

By the end of 2023, the "Micro-Wish: Warmth to Thousands of Families" project had accumulated donations totaling RMB 1.25 million over five years. The Group regularly organizes employee representatives to visit various communities in Guangzhou, fulfilling 2,664 micro-wishes and benefiting 4,715 individuals. This initiative has made the micro-wishes of Guangzhou's low-income families, children in difficult situations, left-behind elderly, and lonely elderly come true.



GAC-SOFINCO Finance Organizes the "Mother's Day and Happiness Project" Charity Event

GAC-SOFINCO Finance held and actively mobilized employees to participate in the 27th "Mother's Day and Happiness Project" charity event, with a total of 179 employees participating and raising over RMB 20,000, all of which were used to assist needy families in family planning.



Raising over RMB

20,000

in Charity Funds



Certificate of Honor for the "Mother's Day and Happiness Project" Charity Event

About This Report

Overview

This is the annual Environmental, Social and Governance Report/(hereinafter "ESG") Report of Guangzhou Automobile Group Co., Ltd. (hereinafter "GAC"). It fully discloses the philosophy, objectives, measures, achievements, future development strategies, and plans of GAC on major issues in respect of environmental responsibility, social responsibility and governance in 2023.

Basis of Preparation

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* of Appendix C2 of the *Main Board Listing Rules* of the Stock Exchange of Hong Kong and also referring to the Global Reporting Initiative (GRI) Standards (Core) and the *Guidelines on Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* published by the Chinese Academy of Social Sciences, as well as the *Guidelines for ESG Information Disclosure of China's Auto Industry* released by the China Association of Automobile Manufacturers.

The report is prepared undergoing a set of systematic procedures, including identifying major stakeholders, confirming and sequencing ESG related major issues, and then deciding the scope of ESG reporting, collecting related data and materials, sorting and reviewing the data and compiling the report, etc.

Scope of the Report

GAC is the entity in this Report, including its branches, subsidiaries and affiliates. The scope of this Report covers seven segments: R&D, whole vehicles, Parts & Components, Energy & Ecology, Internationalization, Commerce & Mobility, and Investment & Finance, with a time span from January 1, to December 31, of 2023, with some information in other years to enhance comparability. Unless stated otherwise, RMB is taken as the currency unit in this Report.

Reporting Principles

The Report is prepared under four principles, "importance" "quantization" "balance" and "consistency", which makes a correct response to the concerns of stakeholders with regard to GAC.

Importance: In preparing this Report, GAC has given a full consideration to the Company's business characteristics and communicated with the stakeholders to identify the current major ESG issues and submitted the results to the Board of directors for review and approval and finally confirmed the major issues, which are taken as the basis for the preparation of the Report and receive a response from the report.

Quantization: GAC has established a mechanism for the collection and review of ESG data. Wherever applicable, the Report discloses correlation data of previous years to allow the stakeholders to follow up the progress of ESG management.

Balance: In this Report, GAC has discussed the improvement space and plan on relevant issues, avoided omission or improper impact on the decision-making or judgement of stakeholders.

Consistency: The quantized information provided in this Report has been calculated and disclosed in a way basically consistent with that in previous years so that the stakeholders can analyze and evaluate the performance of different time. The changes and update of the scope of some data have also been noted for the reference of stakeholders.

Title Description

For convenience of statement and reading, in this Report, "GAC Group", "GAC" or "the Group" refer to Guangzhou Automobile Group Co., Ltd. and its subsidiaries. The "major whole-vehicle manufacturers" referred to in this document are GAC Motor, GAC AION, GAC Honda, and GAC Toyota. Unless stated otherwise, the terms used in this Report shall have the same meaning as defined in the 2023 Annual Report of GAC.

Data Source and Reliability Statement

The data used in this report are all from "Guangzhou Automobile Group Co., Ltd." and its subsidiaries or investment enterprises, and have been approved for release by the Board of Directors after review.

Confirmation and Approval

This Report has been confirmed by the management of GAC and was approved by the Board of directors on March 28, 2024.

Obtaining and Responding to This Report

This Report is prepared in traditional Chinese and English. If there is any difference between the versions, the Chinese version shall prevail. The electronic versions of this Report can be downloaded from the official website of GAC at <https://www.gac.com.cn/en/csr/reportList>. If you have any doubts or suggestions on GAC's Environmental, Social and Governance Report, please send an email to our mailbox at csr@gac.com.cn, or call us at +86 20 8315 1139.

Appendix

(I) List of ESG Policies/Systems of GAC Group

List of Emission, Resource/Energy Utilization Systems of GAC Group	GAC R&D CENTER	<i>Environmental Protection Management Measures, Energy Management Measures, Implementation Rules for Pollution Prevention and Governance, Implementation Rules for Safety Management of New Energy Power Batteries and Whole Vehicles</i>
	GAC Motor	<i>Environmental Manual, Pollutant Control Management Procedures, Environmental Factors Identification and Evaluation Management Procedures, Environmental Objectives, Targets and Programs Management Procedures, Environmental Monitoring and Measurement Management Procedures</i>
	GAC AION	<i>Environmental Management Manual, Environmental Factors Identification and Evaluation Procedures, Environmental Compliance Management Procedures, Environmental Objectives, Targets and Programs Management Procedures, Three Simultaneities Environmental Management Procedures, Energy and Resources Saving Management Procedures, Water Pollution Control Procedures, Air Pollution Control Procedures, Noise Pollution Control Procedures, Solid Waste Management Procedures</i>
	GAC Honda	<i>Eco-environmental Management Structure and Accountability, Environmental Impacts Evaluation Protocols, Management Protocols for Laws and Regulations and Other Requirements, Risk and Opportunity Control Protocols, Sewage Control Protocols, Hazardous Waste Management Protocols, Energy Supply and Use Management Protocols, Dangerous Chemicals Management and Control Protocols, Related Parties Management Protocols, Noise Control Protocols, Air Pollution Control Protocols, Management Protocols for Recycling Scrap Lithium Batteries of Energy-Saving and NEVs, Soil Pollution Control Protocols, Water Use Management Protocols, General Industrial Solid Waste Management Protocols, Management Protocols for NEVs and Lithium Ion Battery Safety, Management Protocols for Domestic Waste Classification, Management Protocols for Automatic Pollution Source Monitoring System, Rainwater Management and Control Protocols, Work Safety Accidents Contingency Management Protocols, Contingency Management Protocols for Environmental Emergencies, Contingency Plan for Flood Prevention of GAC Honda, Contingency Plan for Typhoon Prevention of GAC Honda, Energy Review Protocols, Management Protocols for Energy Performance, Parameters, Benchmarking and Target, Energy Conservation Opportunities and Programs Management Protocols, Energy Planning and Design Management Protocols, Energy Procurement Management Protocols, Management Protocols for Energy Metering and Energy Collection Plan</i>
	GAC Toyota	<i>Newly Converted Expansion Projects Management Procedures, Resources and Energy Management Procedures, Management and Control Procedures for Pollutants Emission, Emergency Preparation and Response Procedures, Monitoring and Measurement Procedures, Recycling & Hazardous Substances SOC Management Regulations, Water Quality Management and Emergency Response Procedures for Rainwater Systems, Control Procedures for Energy Targets Indicators, Benchmarking and Performance Parameters, Control Procedures for Energy Service, Products, Equipments and Energy Procurement, Control Procedures for Energy-monitoring and Measuring Equipments, Management Regulations for Energy in inactivation Time, Management Regulations for Water Consumption, Management Regulations for Gas (Steam) Consumption, Management Regulations for Electricity Consumption, Management System of Waste in Canteen, Organizational Environment and Related Parties Requirements Management Procedures, Environmental Factors Identification and Evaluation Procedures, Newly Converted Expansion Projects Management Procedures, Resources and Energy Management Procedures, Environmental Management System Risk and Opportunity Response Planning Process, Product Design and Environmental Impacts Review Procedures, Compliance Assessment Procedures, Management Procedures for inconformity Corrective Measures, Control Procedures for Laws and Regulations and Other Requirements, Energy Review Control Procedures, Control Procedures for Operation, Management Procedures for Equipment and Facilities, Energy Control Procedures for Construction Projects, Control Procedures for Monitoring, Measurement and Analysis</i>
	GAC Hino	<i>Domestic Waste Classification Management System, Waste (Sewage) Water Control Management System, Solid Waste Management System, Noise Control Management System, Exhaust Pollution Control Management System</i>
	GAC BYD	<i>Environmental Protection Management Regulations, Hazardous Waste Management Regulations</i>
	Wuyang-Honda	<i>Management Measures for Pollutants, Management Measures for Energy and Resources, Management Measures for Sewage Treatment Stations and Recycled Water, Chemicals Control Procedures</i>
	GAC Component	<i>Environmental Protection Management Measures</i>
	GAC Toyota Engine	<i>7.1.3 GTE-EP-81-05 Energy and Resource Management Procedures, 7.3.3 GTE-EP-81-04 Solid Waste Control Procedures, 7.2.3 GTE-EP-81-01 Waste Gas Control Procedures, 7.2.3 GTE-EP-81-02 Wastewater Control Procedures</i>
Shanghai Hino Engine	<i>Management Measures for Resources and Energy Saving, Sewage and Waste Gas Emissions and Noise Control Methods, Management System of Waste and Used Materials, Contingency Plan for Environmental Emergencies, Grease Trap Management Measures</i>	

List of Supplier Hiring and Management System of GAC Group

GAC R&D CENTER	General Procurement Supplier Evaluation Control Procedures, Procurement Management Measures, Control Procedures for Development and Procurement Management, Parts and Components Supplier Admittance Control Procedures, Parts and Component Supplier Evaluation Control Procedures
GAC Motor	Environmental Management Procedures for Related Parties, Parts and Components and Direct Materials Supplier Evaluation Protocols, Parts and Components Supplier Qualification Verification Management Protocols, Supporting Parts and Component Supplier Selection Management Protocols, Parts and Components Supplier Strategic Cooperation Management Protocols, Engineering Construction Procurement Management Measures, Goods and Services Procurement Management System
GAC AION	Procurement Design Change Implementation Management Protocols, Parts Procurement and Settlement Process, Trial stage Samples Ordering and Settlement Management Protocols, Parts and Components After-sales Management Protocols of Purchase Department, Parts and Components Supplier Information Management Protocols
GAC Honda	Supplier Selection and Localization Development Protocols, Contract Review Management System, Supplier Quality Audit Protocols, Supplier Quality Management Protocols, Supplier Quality Evaluation Protocols, Management Measures for Goods and Services Procurement of GAC Honda, Management System of Engineering Construction Projects
GAC Toyota	Materials Procurement Operations System, Basic Procurement System, New Supplier Evaluation System, Bidding Management Regulations, Specific Procurement Operations Regulations, Materials Procurement Operations System, Logistics Procurement Operations Regulations, R&D Procurement Management System, Annual Supplier Recognition System
GAC Hino	Procurement Management Procedures, Supplier Selection Process, Evaluation Methods for Supplier and Logistics Provider
GAC BYD	Detailed Rules for Development and Engagement of Production Material Suppliers of GAC BYD
Wuyang-Honda	Supplier Selection and Evaluation Management Procedures, Supplier QCDDM Comprehensive Competence Evaluation Management Measures
GAC Component	Procurement Management System of GAC Component Co., Ltd.
GAC Business	Overall Risk Management Measures of GAC Business Co. Ltd., Goods and Services Procurement Management Measures of GAC Business Co. Ltd., Products and Service Pricing Management Measures of GAC Business Co., Ltd.
Digital Science	Supplier Management System of Digital Science Co., Ltd., Business Outsourcing and Procurement Management System of Digital Science Co., Ltd., General Items and Service Procurement Management System of Digital Science Co. Ltd., Tendering and Merit-based Bidding Management Rules of Digital Science Co. Ltd.
GAC-SOFINCO Finance	Procurement Management System, Procedural Manual for Procurement Management Business, Basic System of Outsourcing Risk Management, Management Rules for Outsourcing Risk
Urtrust Insurance	Procurement Management System of Urtrust Insurance Co. Ltd.
GAC Finance	Procurement Management Measures, Guidance for Supplier Management
China Lounge	Procurement Management Measures for Goods and Services of China Lounge Co., Ltd.
ON TIME	Procurement Management Rules of On Time, Supplier Management Rules of Chenqi Platform, Supplier Management System, Goods and Services Procurement Management System
Zhicheng Industry	Goods and Services Procurement Management Measures of Guangzhou Zhicheng Industry Co., Ltd., Outdoor Advertising Operation and Management Measures of Guangzhou Zhicheng Industry Co., Ltd.

List of Fraud, Extortion and Money Laundering Prevention System of GAC Group

GAC R&D CENTER *Compliance Management Measures, Internal Control Management Measures*

GAC AION *Enterprise Accountability Measures for Illegal Operation and Investment, Provisional Measures for Leader Accountability for Loss of Corporate Assets, Financial Management System, Financial Approval System, Funds Management System, Investment Management Measures, Compliance Management Measures, Implementation Rules for the "Three Significant Events and One Large Amount" Decision-Making System, Internal Control Management Measures, Code of Conduct for Staff Integrity (Revision)*

GAC-SOFINCO Finance *Methods for Case Risk Prevention and Control and Case Management, Management Rules for Case Risk Investigation and Rectification, Anti-Fraud Management Rules, Basic System for Money Laundering and Financing of Terrorism Risk Management, Rules for Self-Assessment of Money Laundering and Financing of Terrorist Risk, Management Rules for Freezing Assets Involved in Terrorist Activities, Operational Rules for Anti-Money Laundering in Retail Credit Business, Operational Rules for Anti-Money Laundering in Corporate Credit Business, Operational Rules for Customer Money Laundering Risk Rating Assessment, Customer Identification Rules, Suspicious Transaction Reporting Rules, Anti-Money Laundering Contingency Plan, Rules against External Fraud Prevention in Retail Business*

Urtrust Insurance *Premium Anti-Fraud Management Measures for Urtrust Insurance Co., Ltd., Anti-Fraud Internal Control System of Urtrust Insurance Co., Ltd., Money Laundering and Terrorist Financing Risk Management Measures of Urtrust Insurance Co., Ltd., Money Laundering and Terrorist Financing Risk Assessment Measures of Urtrust Insurance Co., Ltd., Management Measures for Money Laundering and Terrorist Financing Risk Self-Assessment of Urtrust Insurance Co., Ltd., Management Measures for Major Risk Events of Money Laundering Emergency Response, Block Trades and Suspicious Transactions Reporting Management Measures of Urtrust Insurance Co., Ltd., Management Measures for Customer Identification and Customer Identification Data and Transaction Records Retention of Urtrust Insurance Co., Ltd., Management System for Freezing Assets Involved in Terrorist Activities of Urtrust Insurance Co., Ltd.*

GAC Finance *Block Trades and Suspicious Transactions Reporting Management Measures of GAC Finance Co. Ltd., Implementing Rules for Anti-Money Laundering Confidentiality of GAC Finance Co. Ltd., Anti-Money Laundering Inspection Management Measures of GAC Finance Co. Ltd., Management Measures for Customer Identification and Customer Identification Data and Transaction Records Retention of GAC Finance Co. Ltd., Money Laundering Risk Self-Assessment Management Measures of GAC Finance Co. Ltd., Basic System for Combating Money Laundering and Financing of Terrorism Management of GAC Finance Co. Ltd., Implementing Rules for Customer Money Laundering Risk Assessment and Classification Management of GAC Finance Co. Ltd., List Monitoring Management Measures of GAC Finance Co. Ltd., Implementing Rules for Freezing Assets Involved Terrorist Activities of GAC Finance Co. Ltd., Implementing Rules for Anti-Money Publicity and Training of GAC Finance Co. Ltd.*

(II) Key Performance Table of GAC Group

Indicator name	Unit	2021	2022	2023
Economy				
Total consolidated assets	Hundred million yuan	1,541.97	1,898.31 ⁵	2,183.95
Aggregate operating income	Hundred million yuan	4,297.55	5,146.05	5,023.03
Consolidated business revenue	Hundred million yuan	756.76	1,102.71 ⁵	1,297.06
Automobile sales	'0,000 vehicles	214.44	243.38	250.50
Motorcycle sales	'0,000 vehicles	84.46	75.85	65.26
Total corporate income tax paid by the Group with its joint ventures and associates	Million yuan	8,862.85	10,435.17	8,477.23
Net profits attributable to parent company shareholders	Hundred million yuan	73.35	80.68	44.29
Basic earnings per share	yuan/share	0.72	0.78	0.42
Cash dividends ⁶	Hundred million yuan	22.97	25.16	15.72
Aggregate profit and tax revenue	Hundred million yuan	576.64	659.75	531.03
Rank in Fortune Global 500	Ranking	176	186	165
New patent applications	Case	2,580	3,255	3,195
New granted patents	Case	1,638	2,278	2,044
Social				
Total number of employees	Person	96,989	100,121	96,825
Number of minority employees	Person	/	/	3,579
Number of disabled employees	Person	/	/	121
Total number of employees - by gender				
Number of male employees	Person	79,827	82,329	80,197
Percentage of male employees	%	82.3	82.2	82.83
Number of female employees	Person	17,162	17,792	16,628
Percentage of female employees	%	17.7	17.8	17.17
Total number of employees - by age				
Number of employees under 35 years old	Person	65,640	66,369	60,003
Percentage of employees under 35 years old	%	67.7	66.3	61.97
Number of employees aged 35-50 years old	Person	29,385	31,774	34,751

⁵ The data for the year 2022 has been retrospectively adjusted due to changes in accounting standards.

⁶ Cash dividends refer to dividends actually paid in the current year.

Indicator name	Unit	2021	2022	2023
Percentage of employees aged 35-50 years old	%	30.3	31.7	35.89
Number of employees over 50 years old	Person	1,964	1,978	2,071
Percentage of employees over 50 years old	%	2.0	2.0	2.14
Total number of employees - by region				
Number of employees from Chinese Mainland	Person	96,767	100,038	96,726
Percentage of employees from Chinese Mainland	%	99.77	99.92	99.90
Number of employees from Hong Kong, Macao, and Taiwan Region	Person	37	34	36
Percentage of employees from Hong Kong, Macao, and Taiwan Region	%	0.04	0.03	0.04
Number of foreign employees	Person	185	49	63
Percentage of foreign employees	%	0.19	0.05	0.06
Total number of employees - by position				
Number of production personnel	Person	57,960	60,799	56,830
Percentage of production personnel	%	59.7	60.73	58.69
Number of salespersons	Person	6,059	5,906	5,782
Percentage of salespersons	%	6.2	5.90	5.97
Number of technicians	Person	14,025	14,662	15,220
Percentage of technicians	%	14.5	14.64	15.72
Number of finance staff	Person	1,813	1,787	1,754
Percentage of finance staff	%	1.9	1.78	1.81
Number of administrative staff	Person	3,751	4,221	4,520
Percentage of administrative staff	%	3.9	4.22	4.67
Number of finance and insurance staff	Person	1,842	1,793	1,798
Percentage of finance and insurance staff	%	1.9	1.79	1.86
Number of other staff ⁷	Person	11,539	10,953	10,921
Percentage of other staff	%	11.9	10.94	11.28
Total number of employees - by educational background				
Number of employees with doctorate degree	Person	120	123	143
Percentage of employees with doctorate degree	%	0.1	0.12	0.15
Number of employees with master's degree	Person	4,422	4,782	5,082
Percentage of employees with master's degree	%	4.6	4.78	5.25
Number of employees with bachelor's degree (including dual degrees)	Person	22,045	23,080	23,048

⁷ Other staff refer to the employees other than production personnel, salespersons, technicians, finance staff, administrative staff and finance and insurance staff.

Indicator name	Unit	2021	2022	2023
Percentage of employees with bachelor's degree (including dual degrees)	%	22.7	23.05	23.80
Number of employees with associate degree	Person	21,451	21,592	20,768
Percentage of employees with associate degree	%	22.1	21.57	21.45
Number of employees from secondary schools (secondary technical schools and secondary vocational schools) and below	Person	48,951	50,544	47,784
Percentage of employees from secondary schools (secondary technical schools and secondary vocational schools) and below	%	50.5	50.48	49.35
Employee entitlement to maternity leave				
Employees (male) entitled to paternity leave	Person	4,061	5,112	3,879
Employees (male) actually using paternity leave	Person	3,946	4,131	3,212
Employees (male) supposed to return to work after paternity leave	Person	3,946	4,131	3,188
Employees (male) actually returning to work after paternity leave	Person	3,943	4,124	3,035
Employees (female) entitled to maternity leave	Person	1,311	1,193	1,293
Employees (female) actually using maternity leave	Person	1,311	895	921
Employees (female) supposed to return to work after maternity leave	Person	1,289	866	817
Employees (female) actually returning to work after maternity leave	Person	1,279	763	682
Annual turnover rate overall ⁸	%	13.4	11.3	12.86
Annual turnover rate by gender				
Number of resignations and dismissals of male employees	Person	10,470	8,835	9,653
Male employee turnover rate	%	13.4	10.9	11.88
Number of resignations and dismissals of female employees	Person	2,349	2,264	3,002
Female employee turnover rate	%	13.6	13.0	17.44
Annual turnover rate - by age				
Number of resignations and dismissals of employees under 35 years old	Person	10,506	8,776	9,335
Turnover rate of employees under 35 years old	%	16.4	13.3	14.77
Number of resignations and dismissals of employees aged 35-50 years old	Person	2,237	2,171	2,893
Turnover rate of employees aged 35-50 years old	%	7.6	7.1	8.70
Number of resignations and dismissals of employees over 50 years old	Person	76	152	427
Turnover rate of employees over 50 years old	%	4.1	7.7	21.09
Annual turnover rate - by region				
Number of resignations and dismissals of employees from Chinese Mainland	Person	12,802	11,084	12,635
Turnover rate of employees from Chinese Mainland	%	13.4	11.3	12.84
Number of resignations and dismissals of employees from Hong Kong, Macao, and Taiwan Region		5	3	7

⁸ Annual turnover rate = number of outgoing employees during the Reporting Period / average number of employees during the Reporting Period; turnover rate of employees in a certain category = number of outgoing employees in such category during the Reporting Period / average number of employees in such category during the Reporting Period; turnover includes resignation and dismissal, and average number of employees = (number of employees at the beginning of the Reporting Period + number of employees at the end of the Reporting Period) / 2.

Indicator name	Unit	2021	2022	2023
Turnover rate of employees from Hong Kong, Macao, and Taiwan Region	%	13.5	8.5	20.00
Number of resignations and dismissals of foreign employees	Person	12	12	13
Turnover rate of foreign employees	%	10.1	10.3	23.21
Number of employees newly employed - by gender				
Number of male employees newly employed	Person	10,793	8,850	7,357
Number of female employees newly employed	Person	2,435	2,461	2,947
Number of employees newly employed - by age				
Number of employees newly employed under 35 years old	Person	11,588	9,668	8,361
Number of employees newly employed aged 35-50 years old	Person	1,574	1,599	1,873
Number of employees newly employed over 50 years old	Person	66	44	70
Number of employees newly employed - by region				
Number of employees newly employed from Chinese Mainland	Person	13,216	11,295	10,261
Number of employees newly employed from Hong Kong, Macao, and Taiwan Region	Person	5	5	13
Number of foreign employees newly employed	Person	7	11	30
Work-related injuries and deaths				
Work-related deaths	Person	1	0	0
Rate of work-related deaths	%	0.001	0	0
Work-related injuries	Time	10	5	4
Working days lost for work-related injuries	Day	374	333	208
Working hours lost for work-related injuries ⁹	Hour	2,992	2,664	1,664
Total working hours of all employees throughout the year	Hour	183,832,128	154,053,608	183,824,839
Training attendance of employees				
Training attendance of employees	Person	92,592	93,555	80,208
Training attendance of employees - by gender				
Training attendance of male employees	Person	74,550	76,954	66,232
Percentage of training attendance of male employees	%	80.5	82.3	82.58
Training attendance of female employees	Person	18,042	16,601	13,976
Percentage of training attendance of female employees	%	19.5	17.7	17.42
Training attendance of employees - by position				
Training attendance of management and professional technicians	Person	40,930	24,490	32,104
Percentage of training attendance of management and professional technicians	%	44.2	26.2	40.03
Training attendance of production personnel	Person	51,662	41,770	48,105

⁹ Working hours lost for work-related injuries = working days lost for work-related injuries *8.

Indicator name	Unit	2021	2022	2023
Percentage of training attendance of production personnel	%	55.8	44.6	59.97
Total person-time of training attendance of employees	'0,000 person-time	118.6	111.8	111.8
Total person-time of training attendance of employees - by gender				
Person-time of training attendance of male employees	'0,000 person-time	78.3	87.4	92.1
Person-time of training attendance of female employees	'0,000 person-time	40.3	24.4	19.7
Total person-time of training attendance of employees - by position				
Person-time of training attendance of management and professional technicians	'0,000 person-time	50.2	55.3	57.53
Person-time of training attendance of production personnel	'0,000 person-time	68.4	56.5	54.27
Employee training expense				
Total training expense	'0,000 yuan	7,376.8	6,262.3	5,980.89
Average hours of employee training - by gender				
Average training hours of male employees	Hour/person	26.4	22.9	37.5
Average training hours of female employees	Hour/person	24.0	17.6	25.6
Average hours of employee training - by position				
Average training hours of management and professional technicians	Hour/person	25.2	35.6	36.9
Average training hours of production personnel	Hour/person	29.0	17.3	30.8
Compliance and anti-corruption				
Total number of people receiving compliance training	Person	/	/	45,891
Total training hours of compliance	Hour	/	/	237,798
Number of top managers receiving compliance training	Person	/	/	499
Total number of people receiving anti-corruption training	Person	96,989	79,096	43,929
Total training hours of anti-corruption	Hour	193,978	65,380	272,806
Number of top managers receiving anti-corruption training	Person	/	605	658
Corruption litigation cases	Case	0	0	0
Suppliers				
Total number of suppliers	Supplier	9,531	11,916	14,617
Total number of domestic suppliers	Supplier	8,925	11,810	13,948
Total number of offshore suppliers	Supplier	606	106	669
Supplier audits	Time	4,955	17,675	23,518
Supplier training	Time	1,988	886	3,920

Indicator name	Unit	2021	2022	2023
Product quality				
Recall volume of whole vehicle products of GAC Group's investees	Vehicle	661,129	358,233	758,302
Recalled volume of whole vehicle products of GAC Group's investees	Vehicle	152,476	552,315	598,149
Communication (by phone, etc.) by after-sales customer service representatives	Time	3,744,395	6,367,908	10,418,886
Valid customer complaints	Case	80,578	127,878	206,594
Social Responsibility				
Volunteers	Person	6,502	13,203	13,762
Volunteer hours contributed	Hour	30,000	211,634	100,630
Total investment in annual public welfare	'0,000 yuan	8,128	9,529.46 ¹⁰	9,273.40 ¹⁰
Total number of special social responsibility training sessions	Time	/	/	38
Total hours of special social responsibility training	Hour	/	/	1,156
Environmental				
Total particulate matter emissions	Ton	107.5	110.2	107.89
Total benzene emissions	Ton	6.2	2.3	2.28
Total toluene emissions	Ton	5.2	6.4	9.74
Total xylene emissions	Ton	15.4	18.0	15.19
Total non-methane hydro-carbon emissions	Ton	130.0	111.8	116.42
Total nitrogen oxide emissions	Ton	95.9	129.6	127.68
Total sulfur dioxide emissions	Ton	26.9	25.8	22.30
Total waste water discharge	Ton	2,923,696	4,012,849.8	4,415,089.8
COD (chemical oxygen demand)	Ton	258	289.8	363.97
BOD (biochemical oxygen demand)	Ton	80.2	90.7	110.87
Total ammonia nitrogen emissions	Ton	26.1	34.5	40.35
Total petroleum emissions	Ton	1.7	1.0	1.95
Total nickel emissions	Ton	0.07	0.16	0.03
Total VOCs emissions	Ton	1,465	1,551.3	944.41
Total greenhouse gas emissions (Scope 1 and Scope 2) ¹¹	Ton CO ₂ equivalent	1,019,571	1,329,409.0	1,060,904.15

¹⁰ The charity expenditures of controlling shareholder Guangzhou Automobile Industry Group Co., Ltd. are included.

¹¹ Greenhouse gas emissions include carbon dioxide. Direct greenhouse gas emissions (Scope 1) mainly stem from the consumption of gasoline, diesel, and natural gas in production and operation processes, calculated based on the direct energy consumption. The calculation formula refers to the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial) issued by the National Development and Reform Commission of the People's Republic of China. Indirect greenhouse gas emissions (Scope 2) arise from the indirect energy consumption caused by "purchased electricity". The emission factor is derived from the average national grid emission factor for 2022, as stipulated in the *Notice on the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises for 2023-2025* issued by the Ministry of Ecology and Environment of the People's Republic of China (0.5703tCO₂/MWh).

a. The writing approach of this year's Report remains consistent with previous years. Any changes that could affect meaningful comparisons with past reports have been explained in the corresponding sections. Consistency note regarding greenhouse gas emissions: Carbon emissions generated by electricity consumption in indirect greenhouse gas emissions are calculated using the carbon dioxide emission factors published by the Ministry of Ecology and Environment of the People's Republic of China for the relevant years. As of the release of this report, this factor has not been updated, so the average grid emission factor for 2022 is still adopted.

Indicator name	Unit	2021	2022	2023
Greenhouse gas emission density	Ton CO ₂ equivalent/RMB 1 million	3,417.9 ¹²	2.6	2.11
Direct greenhouse gas emissions - Scope 1	Ton CO ₂ equivalent	137,357	200,668.2	143,473.58
Indirect greenhouse gas emissions - Scope 2	Ton CO ₂ equivalent	882,214	1,128,740.8	917,430.58
Total hazardous waste	Ton	20,147.6	25,658.0	30,540.38
Hazardous waste density	Ton/RMB 1 million	67.5	0.050	0.06
Total non-hazardous waste	Ton	292,819.6	389,069.0	327,310.97
Non-hazardous waste density	Ton/RMB 1 million	981.6	0.756	0.65
Total energy consumption ¹³	'0,000Kwh	216,280.4	273,471.9	248,047.31
Total energy consumption density	'0,000Kwh/RMB 1 million	725.0	0.531	0.49
Electricity consumption	'0,000Kwh	151,844.0	186,623.2	160,868.07
Density of electricity consumption	'0,000Kwh/RMB 1 million	509.0	0.363	0.32
Gasoline consumption	Ton	4,025.9	3,727.0	7,816.17 ¹⁴
Density of gasoline consumption	Ton/RMB 1 million	13.5	0.007	0.02
Diesel consumption	Ton	886.1	1,092.9	1,510.93
Density of diesel consumption	Ton/RMB 1 million	3.0	0.002	0.003
Natural gas consumption	CBM	56,572,836.0	78,966,901.0	58,528,526.64
Density of natural gas consumption	Cubic meter/RMB 1 million	189,650.8	153.431	116.52
Clean energy (green electricity, green certificates, photovoltaic and other clean energies) consumption	'0,000Kwh	6,293.1	9,830.9	59,942.62 ¹⁵
Specifically, amount of green electricity purchased	'0,000Kwh	/	/	35,951.81
Percentage of total energy consumption of clean energy consumption	%	2.9	3.6	24.17
Density of clean energy consumption	'0,000Kwh/RMB 1 million	21.1	0.019	0.12
Other energy consumption	'0,000Kwh	1,996.3	16,940.2	101.77
Density of other energy consumption	'0,000Kwh/RMB 1 million	6.7	0.033	0.0002
Total water consumption	Ton	8,039,537.4	9,600,102.0	9,944,564.45
Total water consumption density	Ton/RMB 1 million	26,951.2	18.655	19.80
Consumption of reclaimed water	Ton	28,687,053.6	5,513,252.3	27,505,053.2
Consumption of reusable water	Ton	26,973,959.6	3,656,597.0	27,355,950.9
Total amount of packaging for finished products	Ton	42,790.8	29,854.3	43,048.55
Packing density for finished products	Ton/RMB 1 million	143.4	0.058	0.086
Volume of packaging recycled	Ton	24,394.2	1,590.8	38,972.07

¹² For the density unit adopted in the reports for 2021, the denominator is the total output of products (total output of automobiles and motorbikes), and the unit is 10,000 vehicles throughout each of such reports.

¹³ The total energy consumption is converted according to the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020).

¹⁴ The reasons for the increase in gasoline and diesel consumption in 2023: Due to gradual expansion and improvement in the statistical standard, GAC Group will continuously manage and refine its statistical scope of environmental information.

¹⁵ Reasons for the sharp increase in clean energy consumption: Due to the construction of zero-carbon works and zero-carbon industrial parks by invested enterprises such as GAC AION, GAC Honda, GAC Toyota, and GAC Componse nt, the installed capacity of clean energy infrastructure has increased, leading to a significant increase in clean energy consumption compared to the previous year.

(III) Index of Reporting Standards

Content Index of HKEX ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Chapter of the Report
A. Environmental		
Aspect A1: Emissions	General Disclosure Emissions of waste gases and greenhouse gases, discharge of pollutants into water and soil, generation of harmful and non-harmful waste, etc.: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Persistence in Clean Production List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator A1.1 The types of emissions and respective emissions data.	Key Performance Table of GAC Group
	Key Performance Indicator A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility)	Key Performance Table of GAC Group
	Key Performance Indicator A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	Key Performance Table of GAC Group
	Key Performance Indicator A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	Key Performance Table of GAC Group
	Key Performance Indicator A1.5 Description of emission target(s) set and the steps taken to achieve them.	Persistence in Clean Production
	Key Performance Indicator 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.	List of ESG Policies/ Systems of GAC Group Persistence in Clean Production
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility).	Key Performance Table of GAC Group
	Key Performance Indicator A2.2 Water consumption in total and density (e.g. per unit of production volume, per facility).	Key Performance Table of GAC Group
	Key Performance Indicator A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Persistence in Clean Production
	Key Performance Indicator A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and the steps taken to achieve them.	Persistence in Clean Production
	Key Performance Indicator A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance Table of GAC Group
Aspect A3: Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Persistence in Clean Production

Subject Areas, Aspects, General Disclosures and KPIs		Chapter of the Report
Aspect A4: Climate Change	General Disclosure Policies on identifying and mitigation of significant climate-related issues which have and may have an impact on the issuer	Tackle Climate Change
	Key Performance Indicator 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.	Tackle Climate Change
B. Social		
Employment and Labor Practices		
Aspect B1: Employment	General Disclosure Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Grow Together with Employees
	Key Performance Indicator B1.1 Total workforce by gender, employment type (eg. full-time or part-time job), age group and geographical region.	Grow Together with Employees Key Performance Table of GAC Group
	Key Performance Indicator B1.2 Employee turnover rate by gender, age group and geographical region.	Grow Together with Employees Key Performance Table of GAC Group
	General Disclosure Concerning providing a safe working environment and ensuring employees are protected from occupational hazards (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Grow Together with Employees
Aspect B2: Health and Safety	Key Performance Indicator B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Grow Together with Employees Key Performance Table of GAC Group
	Key Performance Indicator B2.2 Lost days due to work-related injuries.	Key Performance Table of GAC Group
	Key Performance Indicator B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Grow Together with Employees
Aspect B3: Development and Training	General Disclosure Description of training activities.	Grow Together with Employees
	Key Performance Indicator B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Grow Together with Employees Key Performance Table of GAC Group
	Key Performance Indicator B3.2 The average training hours completed per employee by gender and employee category.	Grow Together with Employees Key Performance Table of GAC Group
Aspect B4: Labor Standards	General Disclosure Concerning the prevention of child labor or forced labor (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Grow Together with Employees
	Key Performance Indicator B4.1 Description of measures to review employment practices to avoid child and forced labor.	Grow Together with Employees
	Key Performance Indicator B4.2 Description of steps taken to eliminate violations when discovered.	Grow Together with Employees

Subject Areas, Aspects, General Disclosures and KPIs			Chapter of the Report
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Expand Partnerships List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator B5.1	Number of suppliers by geographical region.	Key Performance Table of GAC Group
	Key Performance Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Expand Partnerships Key Performance Table of GAC Group
	Key Performance Indicator B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator B5.4	Description of practices used to promoting the use of environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Expand Partnerships
Aspect B6: Product Responsibility	General Disclosure	Concerning the health and safety of the products and services provided, advertising, labeling, privacy matters, and remedial measures (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Crafting Quality Products
	Key Performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Crafting Quality Products Key Performance Table of GAC Group
	Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	Crafting Quality Products Key Performance Table of GAC Group
	Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	Highlighting R&D and Innovation
	Key Performance Indicator B6.4	Description of quality assurance process and recall procedures.	Crafting Quality Products
	Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Crafting Quality Products
Aspect B7: Anti-corruption	General Disclosure	Regarding the prevention of bribery, extortion, fraud, and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator 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.	Corporate Governance Key Performance Table of GAC Group
	Key Performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance List of ESG Policies/ Systems of GAC Group
	Key Performance Indicator B7.3	Description of anti-corruption training provided for directors and staff.	Corporate Governance Key Performance Table of GAC Group
Community			
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.	Contribute to a Harmonious Society
	Key Performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Contribute to a Harmonious Society
	Key Performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	Contribute to a Harmonious Society Key Performance Table of GAC Group

GRI Guidelines Content Index

General Standard Disclosure Items	Chapter of the Report
2-1 Organization Details	About GAC
2-2 Entities included in the sustainable development report	About This Report
2-3 Reporting period, frequency, and contact	About This Report
2-4 Restated information	Not involved
2-5 External verification	Not involved
2-6 Activities, value chain, and other business relationships	About GAC
2-7 Employees	Grow Together with Employees
2-8 Workers outside of employees	Grow Together with Employees
2-9 Governance structure and composition	Corporate Governance
2-10 Nomination and selection of the highest governance body	Corporate Governance
2-11 Chair of the highest governance body	Corporate Governance
2-12 Supervision of the highest governance body in managing impacts	Corporate Governance
2-13 Responsibility authorization for managing impacts	Responsibility Management
2-14 Role of the highest governance body in the sustainable development report	Responsibility Management
2-15 Conflicts of interest	Refer to the 2023 Annual Report
2-16 Communication of key concerns	Responsibility Management
2-17 Collective knowledge of the highest governance body	Corporate Governance
2-18 Performance evaluation of the highest governance body	Undisclosed
2-19 Compensation policy	Grow Together with Employees
2-20 Procedures for determining compensation	Undisclosed
2-21 Annual total compensation ratio	Undisclosed
2-22 Statement on sustainable development strategy	About This Report
2-23 Policy commitments	Undisclosed
2-24 Integration of policy commitments	Undisclosed
2-25 Procedures for remedying negative impacts	Undisclosed

GRI2: General Disclosures 2021

General Standard Disclosure Items			Chapter of the Report
GRI2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance
	2-27	Compliance with laws and regulations	Corporate Governance
	2-28	Membership of associations	Undisclosed
	2-29	Methods of stakeholder engagement	Responsibility Management
	2-30	Collective bargaining agreements	Undisclosed
GRI3: Material Topics 2021	3-1	Process for determining material topics	Responsibility Management
	3-2	List of material topics	Responsibility Management
	3-3	Management of material topics	Responsibility Management
GRI201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Undisclosed
	201-2	Financial impacts of climate change and other risks and opportunities	Tackle Climate Change
	201-3	Obligations under defined benefit and other retirement plans	Grow Together with Employees
	201-4	Government financial assistance	Not involved
GRI202: Market Performance 2016	202-1	Ratio of starting salary to local minimum wage by gender	Undisclosed
	202-2	Proportion of senior management hired from the local community	Undisclosed
GRI203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and supportive services	Highlighting R&D and Innovation
	203-2	Significant indirect economic impacts	Message from the Management
GRI204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Undisclosed
GRI205: Anti-corruption 2016	205-1	Operational sites where corruption risk assessments have been conducted	Corporate Governance
	205-2	Communication and training on anti-corruption policies and procedures	Corporate Governance
	205-3	Confirmed incidents of corruption and actions taken	Not occurred
GRI206: Anti-competitive Behavior 2016	206-1	Legal actions regarding anti-competitive behavior, antitrust, and anti-monopoly practices	Not occurred
GRI207: Taxation 2019	207-1	Tax policies	Undisclosed
	207-2	Tax governance, control, and risk management	Undisclosed
	207-3	Stakeholder engagement and management related to tax concerns	Undisclosed
	207-4	Country report	Undisclosed
GRI301: Materials 2016	301-1	Weight or volume of materials used	Key Performance Table of GAC Group
	301-2	Inputs used that are recycled	Key Performance Table of GAC Group on Persistence in Clean Production
	301-3	Recycled products and their packaging materials	Key Performance Table of GAC Group on Persistence in Clean Production

General Standard Disclosure Items			Chapter of the Report
GRI302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Table of GAC Group on Persistence in Clean Production
	302-2	Energy consumption outside the organization	Key Performance Table of GAC Group on Persistence in Clean Production
	302-3	Energy intensity	Undisclosed
	302-4	Reduction of energy consumption	Key Performance Table of GAC Group on Persistence in Clean Production
	302-5	Reduction of energy demand for products and services	Persistence in Clean Production
GRI303: Water Resources and Wastewater 2018	303-1	Interaction with water as a shared resource	Not involved
	303-2	Management of wastewater-related impacts	Persistence in Clean Production
	303-3	Water withdrawal	Not involved
	303-4	Wastewater discharge	Persistence in Clean Production
	303-5	Water consumption	Persistence in Clean Production
GRI304: Biodiversity 2016	304-1	Operating sites owned, leased, or managed in areas adjacent to protected areas and outside protected areas with significant biodiversity	Not involved
	304-2	Significant impacts of activities, products, and services on biodiversity	Not involved
	304-3	Protected or restored habitats	Not involved
	304-4	Species listed in the IUCN Red List of Threatened Species and national protection registers affected by operations	Not involved
GRI305: Emissions 2016	305-1	Direct (Scope1) GHG emissions	Key Performance Table of GAC Group on Persistence in Clean Production
	305-2	Energy indirect (Scope 2) GHG emissions	Key Performance Table of GAC Group
	305-3	Energy indirect (Scope 3) GHG emissions	Undisclosed
	305-4	GHG emissions intensity	Undisclosed
	305-5	Reduction of GHG emissions	Persistence in Clean Production
	305-6	Emission of ozone-depleting substances (ODS)	Undisclosed
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Persistence in Clean Production
GRI306: Waste 2020	306-1	Generation of waste and significant waste-related impacts	Persistence in Clean Production
	306-2	Management of significant waste-related impacts	Persistence in Clean Production
	306-3	Waste generated	Key Performance Table of GAC Group
	306-4	Waste transferred from disposal	Undisclosed
	306-5	Waste sent to disposal	Undisclosed

General Standard Disclosure Items				Chapter of the Report
GRI308: Supplier Environmental Assessment 2016	308-1	New suppliers selected using environmental assessment criteria		List of ESG Policies/Systems of GAC Group on Corporate Governance on Partnership Expansion
	308-2	Negative environmental impacts in the supply chain and actions taken		List of ESG Policies/Systems of GAC Group on Corporate Governance on Partnership Expansion
GRI401: Employment 2016	401-1	New employee hiring rate and employee turnover		Key Performance Table of GAC Group on Corporate Governance on Growing Together with Employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Grow Together with Employees
	401-3	Parental leave		Key Performance Table of GAC Group on Corporate Governance on Growing Together with Employees
GRI402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes		Undisclosed
	403-1	Occupational health and safety management system		Ensuring health and safety
	403-2	Hazard identification, risk assessment, and incident investigation		Not involved
	403-3	Occupational health services		Undisclosed
	403-4	Occupational health and safety affairs: worker participation, consultation, and communication		Undisclosed
	403-5	Occupational health and safety training for workers		Ensuring health and safety
	403-6	Promotion of worker health		Undisclosed
	403-7	Prevention and mitigation of occupational health and safety impacts directly related to business		Undisclosed
	403-8	Workers covered by the occupational health and safety management system		Undisclosed
	403-9	Work-related injuries		Key Performance Table of GAC Group on Ensuring Health and Safety
GRI403: Occupational Health and Safety 2018	403-10	Work-related health issues		Not involved
	404-1	Average hours of training per employee per year		Key Performance Table of GAC Group on Corporate Governance on Growing Together with Employees
	404-2	Programs for upgrading employee skills and transition assistance programs		Grow Together with Employees
GRI404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews		Undisclosed
	405-1	Grow Together with Employees		Grow Together with Employees
GRI405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of men and women		Undisclosed
	406-1	Incidents of discrimination and corrective actions taken		Not occurred
GRI406: Anti-discrimination 2016				
GRI407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not involved
GRI408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor		Not involved

General Standard Disclosure Items			Chapter of the Report
GRI409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not involved
GRI410: Security Practices 2016	410-1	Security personnel trained in human right policies or procedures	Undisclosed
GRI411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous people	Not occurred
GRI413: Local Communities 2016	413-1	Operations with local community engagement, impact assessment and development programs	Contribute to a Harmonious Society
	413-2	Operations with significant actual and potential negative impacts on local communities	Not involved
GRI414: Supplier Social Assessment 2016	414-1	New suppliers selected using social assessment criteria	Expand Partnerships
	414-2	Negative social impacts in the supply chain and actions taken	Undisclosed
GRI415: Public Policy 2016	415-1	Political contributions	Not involved
GRI416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Crafting Quality Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not occurred
GRI417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Undisclosed
	417-2	Incidents of non-compliance concerning products and services information and labeling	Not occurred
	417-3	Incidents of non-compliance concerning marketing communications	Not occurred
GRI418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	Not occurred

China Academy of Social Sciences CASS ESG 5.0 Content Index

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
P1	Report Specifications	P1.1 Quality assurance	About This Report
		P1.2 Information description	About This Report
		P1.3 Reporting system	About This Report
P2	Executives' Oration	P2.1 Situation analysis and strategic considerations on ESG work	Message from the Management
		P2.2 Progress of annual ESG work	Message from the Management
P3	Responsibility Focus	3.1 Significant events of annual ESG work	Message from the Management
P4	Corporate Profile	P4.1 Basic information	About GAC
		P4.2 Strategy and culture	About GAC Corporate Governance
		P4.3 Business profile	About GAC
		P4.4 Significant changes in the organizational scale, structure, ownership or supply chain during the Reporting Period	About GAC
G1	Corporate governance	G1.1 Diversified composition of the Board of Directors	Responsibility Management
		G1.2 Board of Directors independence	Responsibility Management
		G1.3 Legality and compliance system	Responsibility Management
		G1.4 Legality and compliance training performances	Corporate Governance
		G1.5 Anti-unfair competition	Corporate Governance
		G1.6 Complaint and reporting mechanism	Corporate Governance
		G1.7 Anti-commercial bribery and anti-corruption systems	Corporate Governance
		G1.8 Anti-corruption training performances	Corporate Governance
		G1.9 Corruption incidents and responses	Corporate Governance
		G1.10 Information transparency	Corporate Governance
		G1.11 Punishment incidents due to violation of information disclosure requirements	Not occurred during the reporting year

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
G2	ESG governance by the Board of Directors	G2.1 Managerial policies of the Board of Directors on ESG	Responsibility Management
		G2.2 Leadership mechanism of the Board of Directors on ESG work	Responsibility Management
		G2.3 Identification of ESG risks and opportunities by the Board of Directors	Responsibility Management
		G2.4 Board of Directors reviews of ESG objectives	Responsibility Management
		G2.5 Executive compensation linked to ESG	Corporate Governance Grow Together with Employees
G3	ESG management	G3.1 Departments responsible for ESG work	Responsibility Management
		G3.2 ESG strategies	Responsibility Management
		G3.3 ESG work system	Responsibility Management
		G3.4 Involvement in ESG researches or industrial ESG standards	Responsibility Management
		G3.5 Identification of ESG materiality issues	Responsibility Management
		G3.6 Communications with stakeholders	Responsibility Management
		G3.7 ESG information disclosure channels	Responsibility Management
		G3.8 ESG assessment system	Responsibility Management
		G3.9 ESG training	Responsibility Management
		G3.10 ESG training performances	Responsibility Management
		G3.11 ESG honors	About GAC
E1	Environmental management	E1.1 Environmental management system	Persistence in Clean Production
		E1.2 Environmental management objectives	Persistence in Clean Production
		E1.3 Input in environmental protection	Transmission of Green Culture
		E1.4 Mechanism for early warning and emergency response of environmental protection	Persistence in Clean Production
		E1.5 Policies on environmental assessment of new projects	Persistence in Clean Production
		E1.6 Qualification for environmental management system certificate	Persistence in Clean Production
		E1.7 Environmental protection training and education	Persistence in Clean Production Transmission of Green Culture
		E1.8 Researches and developments and applications of environment-friendly products or technologies	Expand layout of new energy ecosystem
		E1.9 Violations of laws and regulations on environmental protection and punishments	Not occurred during the reporting year

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
E2	Resource utilization	E2.1 Energy management system	Persistence in Clean Production
		E2.2 Energy consumption	Key Performance Table of GAC Group
		E2.3 Energy consumption intensity	Key Performance Table of GAC Group
		E2.4 Policies on clean energy use	Persistence in Clean Production
		E2.5 Clean energy consumption	List of ESG Policies/ Systems of GAC Group
		E2.6 Policies on reducing the use of packaging materials for finished products	Key Performance Table of GAC Group
		E2.7 Total amount of packaging materials used for finished products	Persistence in Clean Production
		E2.8 Proportion of recycled packaging materials for finished products	Key Performance Table of GAC Group
		E2.9 Policies on water resource use	Persistence in Clean Production
		E2.10 Fresh water consumption	Persistence in Clean Production
		E2.11 Water consumption intensity	Key Performance Table of GAC Group
		E2.12 Water saving amount	Key Performance Table of GAC Group
		E2.13 Volume of water recycled	Persistence in Clean Production
		E2.14 Measures for green office	Key Performance Table of GAC Group
		E2.15 Green office performances	Persistence in Clean Production
E3	Emissions	E3.1 Policies on reducing waste water discharge	Persistence in Clean Production List of ESG Policies/ Systems of GAC Group
		E3.2 Waste water discharge	Persistence in Clean Production Key Performance Table of GAC Group
		E3.3 Policies on reduction of waste gas emission	Persistence in Clean Production List of ESG Policies/ Systems of GAC Group
		E3.4 Waste gas emission	Persistence in Clean Production Key Performance Table of GAC Group
		E3.5 Management policies on exhaust gas emissions	Persistence in Clean Production List of ESG Policies/ Systems of GAC Group
		E3.6 General waste discharge	Persistence in Clean Production Key Performance Table of GAC Group
		E3.7 General waste discharge intensity	Persistence in Clean Production Key Performance Table of GAC Group
		E3.8 Hazardous waste discharge	Persistence in Clean Production Key Performance Table of GAC Group
		E3.9 Hazardous waste discharge intensity	Persistence in Clean Production Key Performance Table of GAC Group
		E3.10 Waste recycling performances	Key Performance Table of GAC Group

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
E4	Ecological safety protection	E4.1 Impact of business operation on biodiversity and ecology	Contribute to a Harmonious Society
		E4.2 Biodiversity protection actions	Contribute to a Harmonious Society
		E4.3 Ecological remediation governance	Contribute to a Harmonious Society
E5	Tackle Climate Change	E5.1 Governance mechanism for tackling climate-related risks and opportunities	Tackle Climate Change
		E5.2 Impact of climate-related risks and opportunities on the operation	Tackle Climate Change
		E5.3 Climate-related risks management	Tackle Climate Change
		E5.4 Objectives and performances around climate-related risks and opportunities	Tackle Climate Change
		E5.5 Direct GHG emissions	Key Performance Table of GAC Group
		E5.6 Indirect GHG emissions	Key Performance Table of GAC Group
		E5.7 GHG emissions intensity	Key Performance Table of GAC Group
S1	Employment	S1.1 Compliance with labor standards	Grow Together with Employees
		S1.2 Diversity and equality of opportunity	Grow Together with Employees
		S1.3 Staff composition	Grow Together with Employees
		S1.4 Labor contract signing rate	Grow Together with Employees
		S1.5 Employee turnover rate	Key Performance Table of GAC Group
		S1.6 Democratic management	Grow Together with Employees
		S1.7 Remuneration and benefit system	Grow Together with Employees
		S1.8 Social insurance coverage rate	Key Performance Table of GAC Group
		S1.9 Number of per capita days of paid annual leave	Key Performance Table of GAC Group
		S1.10 Employee care	Grow Together with Employees
		S1.11 Employee satisfaction	Grow Together with Employees Key Performance Table of GAC Group
S2	Development and training	S2.1 Career development access	Grow Together with Employees
		S2.2 Job training system	Grow Together with Employees
		S2.3 Input in job training	Grow Together with Employees
		S2.4 Job training performances	Grow Together with Employees

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
S3	Occupational health and safety production	S3.1 Occupational health management	Grow Together with Employees
		S3.2 Qualification for occupational health and safety management system certificate	Grow Together with Employees
		S3.3 Number of new occupational diseases	Grow Together with Employees
		S3.4 Work safety management system	Grow Together with Employees
		S3.5 Safety publicity, implementation and training	Grow Together with Employees
		S3.6 Check and remediation of hidden perils	Grow Together with Employees
		S3.7 Emergency management system	Grow Together with Employees
		S3.8 Safety production input	Grow Together with Employees Key Performance Table of GAC Group
		S3.9 Work safety training performance	Grow Together with Employees Key Performance Table of GAC Group
		S3.10 Number of safety production accidents	Grow Together with Employees Key Performance Table of GAC Group
		S3.11 Number of work-related injuries/fatalities	Grow Together with Employees Key Performance Table of GAC Group
		S3.12 Lost days due to work-related injury.	Key Performance Table of GAC Group
S4	Responsibilities to customers	S4.1 Product/service quality management	Crafting Quality Products
		S4.2 Product percent of pass	Crafting Quality Products
		S4.3 Responsible marketing	Crafting Quality Products
		S4.4 Loss stoppage and compensation mechanism	Crafting Quality Products
		S4.5 Active response to customer complaints	Crafting Quality Products
		S4.6 Information security and privacy protection	Crafting Quality Products
		S4.7 Customer satisfaction	Crafting Quality Products
		S4.8 Resolution rate of complaints	Crafting Quality Products
		S4.9 Negative customer health and safety incidents during the Reporting Period	Not occurred during the reporting year

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
S5	Responsible supply chain management	S5.1 ESG management system for the supply chain	Expand Partnerships List of Supplier Hiring and Management System of GAC Group
		S5.2 ESG review and assessment for suppliers	Expand Partnerships List of Supplier Hiring and Management System of GAC Group
		5.3 Number of suppliers reviewed	Undisclosed
		S5.4 Number of suppliers involved in the termination of cooperation due to non-compliance	Undisclosed
		S5.5 Number of potential suppliers denied due to non-compliance	Undisclosed
		S5.6 ESG training system for suppliers	List of Supplier Hiring and Management System of GAC Group
		S5.7 ESG training performances of suppliers	Expand partnerships
v1	Value for the country	V1.1 Philosophy of and policy on serving major national strategies	Expand layout of new energy ecosystem
		V1.2 Fields of contributions to major national strategies	Expand layout of new energy ecosystem
		V1.3 Actions and measures for serving major national strategies	Expand layout of new energy ecosystem
		V1.4 Effect of serving major national strategies	Expand layout of new energy ecosystem
V2	Industry value	V2.1 Technical innovation system and mechanism	Highlighting R&D and Innovation
		V2.2 Actions and measures for technical innovation	Highlighting R&D and Innovation
		V2.3 Input in R&D	Key Performance Table of GAC Group
		V2.4 Major technical innovation achievements	Highlighting R&D and Innovation
		V2.5 Drive for coordinated development of the upstream and downstream industrial chain	Expand Partnerships
		V2.6 Guarantee for safety and stability of the industrial chain and the supply chain	Expand Partnerships
		V2.7 Involvement in the establishment of industrial standards	Corporate Governance
		V2.8 Strategic cooperation mechanism and platform	Expand Partnerships

No.	Scope of Responsibility	CASS-ESG 5.0 Index	Chapter of the Report
V3	Value for people's well-being	V3.1 Actions and measures for driving the employment	Grow Together with Employees
		V3.2 Number of newly employed people	Grow Together with Employees
		V3.3 Involvement in the infrastructure construction	Key Performance Table of GAC Group
		V3.4 Fields of charity actions	Contribute to a Harmonious Society
		V3.5 Create a branded charity program	Contribute to a Harmonious Society
		V3.6 Total amount of charitable donations	Contribute to a Harmonious Society
		V3.7 Volunteer service performance	Contribute to a Harmonious Society
V4	Environmental value	V4.1 Strategies for and objectives of carbon peaking and carbon neutrality	Tackle Climate Change
		V4.2 Action plans and paths of carbon peaking and carbon neutrality	Tackle Climate Change
		V4.3 Effect of less carbon and reduction of carbon	Tackle Climate Change
		V4.4 Actions and measures for the green ecology protection	Contribute to a Harmonious Society
		V4.5 Progress and effect of the green ecology protection	Contribute to a Harmonious Society
A1	Future Plan	The Company's planning for social responsibility work	Message from the Management
A2	Key Performance Table	Centralized presentation of key data of the enterprise's annual social responsibility	Key Performance Table of GAC Group
A3	Report Evaluation	Evaluation on the Report by social responsibility experts or industrial experts, stakeholders or professional institutions	Responsibility Management
A4	Reference Index	Adoption of the disclosed indicators as required in the guideline	About This Report
A5	Feedback	Reader questionnaire or reader feedback channel	Feedback Form

CAAM Automotive Disclosure Guidelines

Dimension	Theme	CAAM Automotive Disclosure Index	Chapter of the Report
Environmental	E1 Environmental Management	E1.1 Environmental protection strategy and planning	Persistence in Clean Production
		E1.2 Environmental management system	Persistence in Clean Production
		E1.3 Environmental protection	Persistence in Clean Production
	E2 Climate Change	E2.1 Climate risk management	Tackle Climate Change
		E2.2 Greenhouse gas emissions	Key Performance Table of GAC Group on Tackling Climate Change
	E3 Resource Use	E3.1 Energy management	Key Performance Table of GAC Group on Persistence in Clean Production
		E3.2 Water resource management	Key Performance Table of GAC Group on Persistence in Clean Production
		E3.3 Other resource management	Key Performance Table of GAC Group on Persistence in Clean Production
	E4 Emission Management	E4.1 Waste gas emissions	Key Performance Table of GAC Group on Persistence in Clean Production
		E4.2 Wastewater emissions	Key Performance Table of GAC Group on Persistence in Clean Production
		E4.3 Hazardous waste emissions	Key Performance Table of GAC Group on Persistence in Clean Production
		E4.4 Non-hazardous waste emissions	Key Performance Table of GAC Group on Persistence in Clean Production
		E4.5 Other emissions	Key Performance Table of GAC Group on Persistence in Clean Production
	E5 Natural Resource Conservation	E5.1 Biodiversity and ecological protection	Assisting in climate change, contributing to a harmonious society
	Social	S1 Product Responsibility	S1.1 Product safety
S1.2 Product quality			Crafting Quality Products
S1.3 Technological innovation			Highlighting R&D and Innovation
S2 Customer Relations		S2.1 Customer rights and interests	Crafting Quality Products
		S2.2 Responsible marketing	Expand Partnerships
S3 Employee rights and interests		S3.1 Recruitment and employment	Key Performance Table of GAC Group on Corporate Governance on Growing Together with Employees
	S3.2 Compensation and benefits	Grow Together with Employees	

Dimension	Theme	CAAM Automotive Disclosure Index	Chapter of the Report	
Social	S3 Employee rights and interests	S3.3 Democratic management and communication	Grow Together with Employees	
		S3.4 Employee training and development	Grow Together with Employees	
		S3.5 Occupational health and safety	Grow Together with Employees	
	S4 Supply Chain Management	S4.1 Supplier management	Expand Partnerships	
		S4.2 Dealer management	Expand Partnerships	
	S5 Community Engagement	S5.1 Community engagement	Contribute to a Harmonious Society	
		S5.2 Community welfare	Contribute to a Harmonious Society	
	Governance	G1 Organizational Overview	G1.1 Strategy and culture	Responsibility Management
			G1.2 Organizational structure and operational areas	About GAC
			G1.3 Main business	About GAC
G1.4 Scale and influence			About GAC	
G1.5 Major changes in the organization and its supply chain			Not involved	
G2 Corporate Governance		G2.1 ESG governance structure	Responsibility Management	
		G2.2 ESG strategies	Responsibility Management	
		G2.3 ESG performance assessment	Responsibility Management	
		G2.4 ESG risk management	Responsibility Management	
		G2.5 Compliance with business ethics	Corporate Governance	
		G2.6 Stakeholder communication	Responsibility Management	

Feedback Form

Dear readers,

Thank you for reading the 2023 Environmental, Social and Governance Report of GAC Group. GAC Group sincerely hopes that you could evaluate this Report and provide valuable comments to help the Group make continuous improvement.

Should you have any comments or suggestions on this Report 2023 of GAC Group, please feel free to give feedback to the Group in the following ways:

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Your evaluation on the Report: (please tick in the corresponding position)

Questions	Excellent	Good	Normal	Poor	Unfamiliar
Do you think the Report highlights important environmental, social and governance information of GAC Group?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the Report discloses clear, accurate and complete information and indicators?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think content arrangement and style design of the Report make reading easy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
What do you think about GAC Group's performance in serving customers and protecting customers' interests?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which part of the Report are you most interested in?

What more information do you think you need to know is not reflected in the Report?

What suggestions do you have for the subsequent reports the Group will issue?



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