



**WULING MOTORS
HOLDINGS LIMITED**
五菱汽車集團控股有限公司

(Incorporated in Bermuda with limited liability)

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2019

HKEx Stock Code : 305

Entering the Era of
HIGH PERFORMANCE
with **CLEAN ENERGY**



CONTENTS

2	ABOUT THE REPORT	21	HARMONIOUS WORKING
2	INTRODUCTION OF THE REPORT		ENVIRONMENT
2	SCOPE OF THE REPORT	21	EMPLOYEES' RIGHTS AND INTERESTS
2	REPORTING FRAMEWORK	22	CARING FOR OUR EMPLOYEES
2	INFORMATION AND FEEDBACK	23	EMPLOYEE DEVELOPMENT AND
3	CHAIRMAN'S STATEMENT		TRAINING
5	ABOUT WULING MOTORS	25	HEALTH AND SAFETY
5	CORPORATE PROFILE	28	OPERATING PRACTICES
6	CORPORATE SOCIAL RESPONSIBILITY	28	SUPPLY CHAIN MANAGEMENT
	OF WULING MOTORS	29	PRODUCT RESPONSIBILITY
6	BUSINESS PHILOSOPHY	32	ANTI-CORRUPTION
6	CULTURE OF WULING	34	COMMUNITY INVOLVEMENT
7	ESG GOVERNANCE	34	COMMUNITY INVESTMENT
7	STAKEHOLDER ENGAGEMENT	36	NURTURING THE NEXT GENERATION
10	ENVIRONMENTAL PROTECTION	38	CONTENT INDEX OF
10	BUILDING AN ENVIRONMENTALLY		ENVIRONMENTAL, SOCIAL AND
	FRIENDLY ENTERPRISE		GOVERNANCE REPORTING GUIDE
12	NEW ENERGY VEHICLES		
14	EMISSIONS AND WASTES		
	MANAGEMENT		
18	USE OF RESOURCES		

ABOUT THE REPORT

INTRODUCTION OF THE REPORT

Wuling Motors Holdings Limited (the "Company") and its subsidiaries (collectively the "Wuling Group", the "Group" or "We") are pleased to publish the Environmental, Social and Governance ("ESG") Report for the period from 1 January 2019 to 31 December 2019 (the "Year"). The ESG Report summarises the efforts and achievement made by the Group in corporate social responsibility and sustainable development over the past year. As for the information of corporate governance, please refer to the Corporate Governance Report of the 2019 Annual Report of the Company.

SCOPE OF THE REPORT

During the Year, the ESG Report focuses on the policies and measures of the Group's automotive businesses in the People's Republic of China (the "PRC") in respect of environmental management and social responsibility. The disclosure of the key performance indicators ("KPIs") of the Year keeps on focusing on the performance of the Group's member companies and offices, including Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), Liuzhou Zhuotong Automotive Components Company Limited ("Liuzhou Zhuotong"), Chongqing

Zhuotong Motors Industrial Company Limited ("Chongqing Zhuotong") and Shandong Branch of Liuzhou Wuling Motors Industrial Company Limited ("Shandong Branch") in the PRC, PT.LZWL Motors Limited ("Indonesian Company") located at Bekasi, Indonesia ("Indonesia"), and the office in Hong Kong. Besides, since the Group's production base at Guiyang in the PRC and India have minimal operations, their performance will not be disclosed in the ESG Report at this stage. The ESG Report presents our sustainable development approach and performance in the environmental and social aspects of our business of the Year.

REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

INFORMATION AND FEEDBACK

For detailed information about the Group's environmental, social and corporate governance, please refer to the official website (<http://www.wuling.com.hk>) of Wuling Motors Holdings Limited. Should you have any questions or suggestions, please contact us via email: info@wuling.com.hk.

CHAIRMAN'S STATEMENT

Cultivate and Develop New Driving Forces Bear Responsibilities and Have Aspirations

In 2019, the domestic economic growth rate continued to slow, and the development of the automotive industry declined for the second consecutive year. In spite of this, facing the severe situation of sustainably high supply chain costs, Wuling Motors adheres to the business policy of "Seeking Improvement in Stability and Striving for Achievements while Improving", continuously reforms and innovates various business measures, and seizes opportunities at every moment. We open up new businesses and new markets, facilitate the transformation and upgrading of products and smart manufacturing, and strive to overcome the difficulties caused by market downturn. We ensure that under the severe market circumstances, the Group's business during the Year still maintained an overall stable development. As a historic automobile manufacturing enterprise, the Group has always been committed to rewarding shareholders and benefiting the society. In the past decade, the Group has never forgotten its original aspirations, and has been focusing on the development of three major businesses, namely engines, automotive components and specialised vehicles. Adhering to our corporate spirit of "Hard-Working and Self-Reliance", the Group has been continuously enhancing its core business competitiveness through transformations and upgrades. First, we transformed automotive components from "commercial-oriented" to "passenger-oriented", so as to gradually transform middle-end products to high-end products. Second, we are committed to transforming traditional production into intelligent production to take product quality and management standards up a notch. Third, we have opened up for cooperation and broadened our development

direction. We have cooperated with many powerful companies in the world to introduce advanced technology and integrate excellent resources. Fourth, we promoted the transformation of single-point manufacturing to diversified industrial development to optimise resource allocation. Fifth, we promoted the "New Four Transformations of Vehicles"¹ in products, and developed more intelligent and environmentally friendly products to respond to the changes in the automotive industry.

The Group is fully aware of the importance of fulfilling its corporate social responsibilities while promoting the steady development of the enterprise. Therefore, the Group has been continuously deepening the degree of reform, transformation and upgrading, incorporating environmental protection and social responsibilities into its corporate development strategy, and striving to be a sustainable and outstanding enterprise. The Group has been optimising the management system of environmental protection, implementing energy-saving and emission-reduction measures during the production process, and striving to reach the "Green Factory" standard. We have also undergone the transformation of "green manufacturing" to "manufacturing green", actively introduced advanced technologies to launch new energy vehicles, and constructed green transportation. The Group has always been operating with the objective of "Safety First, People-oriented", prioritising employees' rights and interests, and attaching great importance to employee training, career development and work safety, so as to establish a good corporate atmosphere. In terms of caring for the society, the Group has actively undertaken corporate responsibility. We are an active member of major public welfare activities in the Country and Guangxi District, and we keep organising and

¹ "New Four Transformations of Vehicles" refers to electrification, networking advancement, intelligence transformation and sharing of vehicles.

CHAIRMAN'S STATEMENT

participating in charity events to dedicate love to different communities. Positioning at the starting line of this new era, the Group grasps opportunities at the moment, focuses on long-term development, deepens the degree of reform and innovation, and cultivates and develops new driving forces. We realise sustainable and high-quality development, and bear our responsibilities and aspirations, so as to shine brighter in the automotive industry.

YUAN Zhijun

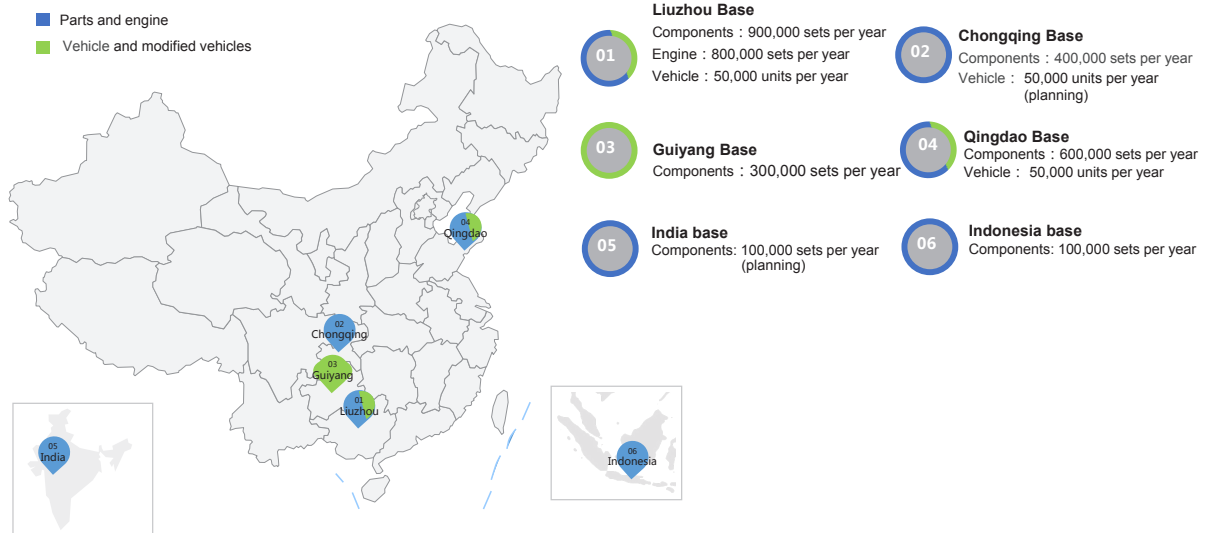
Chairman

14 August 2020

ABOUT WULING MOTORS

CORPORATE PROFILE

Wuling Group is principally engaged in the businesses of trading and manufacturing of automotive components, engines and specialised vehicles. The Group's corporate goal is to grasp the tremendous business opportunities arising from the rapid growth of the automobile industry in the PRC and Asia. We supply engines and automotive components for commercial-type mini-vehicles and passenger vehicles. We also manufacture and supply different types of specialized vehicles, including electric vehicles in China, with the main production facilities located in Liuzhou, Qingdao, Chongqing and Indonesia.



CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

BUSINESS PHILOSOPHY

The Group regards corporate social responsibility as an integral part of its business. Our core principle is "Safety First", which emphasises that safety comes before profits. We have adhered to this principle by following high safety standards in our daily operation and complying with the laws and regulations as required by the country and the industry. It is the foundation of our corporate philosophy to be a responsible and caring corporate citizen. Therefore, we strive to protect and lessen our impacts on the environment, give back to society in meaningful ways, take good care of our employees, and safeguard the interests of our stakeholders.

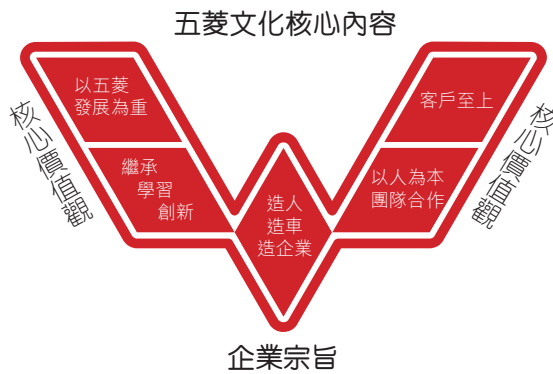
Meanwhile, our introduction of new energy vehicles is a key example of how we are building diversified and clean products for customers. As for our employees, which are our greatest asset and motive for growth, we have put in place employee programmes for their development and training, healthy living, work safety and welfare. In supporting our communities, our efforts are primarily focused on helping the underprivileged in the communities where we operate.

During the Year, the Group has implemented a variety of ESG initiatives. Looking ahead, we aim to create value for society, the environment, our employees, shareholders and other stakeholders through the implementation of our ESG initiatives.

CULTURE OF WULING

With our established corporate culture of perseverance for Wuling Group, from top to bottom, we adhere to our corporate spirit of Hard-Working and Self-Reliance and strive to provide quality goods to every customer through our united, efficient and harmonious team efforts.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS



- ◆ **Corporate Spirit**
Hard-Working and Self-Reliance
- ◆ **Corporate Mission**
Cultivating excellent staff, Manufacturing customers' favourite vehicles, and Building a responsible and sustainable enterprise
- ◆ **Core Values**
Wuling development foremost; Pursue learning and innovation; Customers First; and People-oriented, Teamwork.
- ◆ **Behavioural Guidance**
Core: Teamwork, High Efficiency, and Harmony
Responsible, pursue team success
Quick reaction and continual improvement for creating value for customers

ESG GOVERNANCE

In order to effectively follow the strategies in sustainable development and to generate long-term returns for stakeholders, the Group's Board of Directors (the "Board") shoulder the responsibilities of ESG governance. The Board is responsible for monitoring the formulation and reporting work of the Group's ESG strategies, as well as assessing and defining the Group's risks in the aspects of ESG, so as to ensure the establishment of appropriate and effective ESG risk management measures and an internal control system. Through the internal reviewing procedures, the Board regularly arranges independent assessments and analyses the effectiveness and comprehensiveness of the aforementioned system, so as to enhance the Group's ESG governance.

STAKEHOLDER ENGAGEMENT

The Group deeply understands that stakeholders' opinions can help improve the business operation and raise the performance of future business development; hence it strives to communicate with stakeholders. Through mutual communication with stakeholders via various effective communication channels, the Group can understand their requirements and expectations on sustainable development, and hence can help formulate and implement practical sustainable development policies and improvement work.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

The following table includes a list of our related stakeholders, their requirements and expectations to the Group, and our corresponding means of communication and response.

Stakeholders	Requirements and Expectations	Means of Communication and Response
Government and Regulatory Authorities	<ul style="list-style-type: none"> ◆ Compliance with the national policies, laws and regulations ◆ Cultivation of local economic development ◆ Promotion of local employment ◆ Regular fulfilment of tax obligations ◆ Production safety 	<ul style="list-style-type: none"> ◆ Regular submission of information ◆ Regular communication with regulatory authorities ◆ Dedicated reports ◆ Inspection and supervision
Shareholders	<ul style="list-style-type: none"> ◆ Returns ◆ Operation in compliance ◆ Rise in company value ◆ Information transparency and effective communication 	<ul style="list-style-type: none"> ◆ General meeting ◆ Company announcements ◆ Email, telephone and company's website ◆ Dedicated reports ◆ On-site inspection
Business Partners	<ul style="list-style-type: none"> ◆ Operation with integrity ◆ Fair competition ◆ Compliance with laws and fulfilment of agreements ◆ Mutual benefits and achievements 	<ul style="list-style-type: none"> ◆ Review and assessment meetings ◆ Business communication ◆ Discussion and exchange of opinions ◆ Negotiation and cooperation
Customers	<ul style="list-style-type: none"> ◆ Quality products and services ◆ Health and safety ◆ Compliance with laws and fulfilment of agreements ◆ Operation with integrity 	<ul style="list-style-type: none"> ◆ Customer service centre and hotline ◆ Customer opinion survey ◆ Customer meetings ◆ Social media platforms
Environment	<ul style="list-style-type: none"> ◆ Fulfilment of emission standards ◆ Energy saving and emission reduction ◆ Protection of ecosystem 	<ul style="list-style-type: none"> ◆ Communication with local environmental departments ◆ Communication with local residents ◆ Submission of reports ◆ Research and inspections

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

Stakeholders	Requirements and Expectations	Means of Communication and Response
Industry	<ul style="list-style-type: none"> ◆ Formulation of industrial standards ◆ Promotion of industrial development 	<ul style="list-style-type: none"> ◆ Mutual visit and inspection
Employees	<ul style="list-style-type: none"> ◆ Protection of rights ◆ Occupational health ◆ Remunerations and benefits ◆ Career development ◆ Humanity cares 	<ul style="list-style-type: none"> ◆ Employee meetings ◆ Company's internal publications and intranet ◆ Mailbox for employees ◆ Training and workshops ◆ Activities for employees
Community and the Public	<ul style="list-style-type: none"> ◆ Improvement of community environment ◆ Participation in charity affairs ◆ Information transparency 	<ul style="list-style-type: none"> ◆ Company's website ◆ Company announcements ◆ Interviews by media ◆ Social media platforms

Meanwhile, the Group has commissioned an independent third-party consultancy during the Year to assist in performing an internal trial materiality assessment on the Group's business operation situation and nature. Through inviting our internal stakeholders to complete a set of questionnaires, we understand their degree of concerns towards each material aspect, hence could preliminarily identify the corresponding material aspects for internal stakeholders. This internal investigation process will help the Group to conduct more effective materiality assessments for internal and external stakeholders in the future. The results of this materiality assessment for internal stakeholders also act as a reference for the Group's internal management.

ENVIRONMENTAL PROTECTION

Environmental protection is a priority to the Group. We are conscientious about the potential impacts that our business actions have on the environment and hence we strive to reduce the corresponding impacts by adopting a number of measures. The Group ensures that the member companies and their respective departments will observe and comply with the applicable national laws and regulations regarding environmental protection, including but not limited to the Environmental Protection Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and has implemented environmental management work in accordance with the requirement of ISO14001:2015 Environmental Management System. During the Year, Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have devoted approximately RMB 21.12 million in environmental protection (2018: around RMB 8.27 million). Looking ahead, we will keep on strengthening our environmental protection efforts as well as developing up-to-date programmes to care for the environment.

BUILDING AN ENVIRONMENTALLY FRIENDLY ENTERPRISE

The Group introduces and promotes advanced technologies, carries out energy-saving and emission reduction projects such as the improvement of key equipment efficiency, waste heat utilisation, motor efficiency improvement, green lighting, water-saving technology transformation, wastewater treatment, and transformation of coating exhaust gas treatment technology, and is committed to establishing Wuling Group as an environmentally friendly enterprise. Among the Group, Wuling Industrial has been successfully listed as a national-level green factory by the Office of the Ministry of Industry and

Information Technology of the PRC during the Year by improving the performance of infrastructure, management systems, investment on energy and resource, and environmental emissions. We increase the proportion of clean energy used in the energy structure, reduce energy resource consumption, and reduce greenhouse gases and sewage discharge. The Group uses energy-saving and emission-reduction technologies to establish an energy monitoring system that integrates energy monitoring equipment installation and data collection, energy monitoring platform, and reporting systems to fully grasp energy data and control energy usage.

In addition to introducing green elements to infrastructure construction, management systems establishment and energy resource investment, we gradually practice automated production and intelligent manufacturing to earnestly develop clean production. We use multiple robots on the production line to implement automatic spraying. We are also committed to building a green supply chain from green production, supplier management, green logistics, green recycling and green packaging. Therefore, Wuling Industrial analyses and examines the impact of suppliers' product life cycles and different stages in the supply chain to implement a green supply chain. At the same time, in the product design process, we will consider the resources, energy consumptions and environmental impacts in the entire production cycle from raw materials, components and vehicle production, automobile use phase to production waste recycling, so as to achieve green manufacturing.

In the future, we will continue to focus on the green development model of high efficiency, energy saving, environmental protection, non-toxicity and harmlessness. We strive to enhance the green technology service capabilities, promote green manufacturing, and provide customers with green, energy-saving and efficient products.

ENVIRONMENTAL PROTECTION



Automatic spraying line



Specialised vehicle assembly production line



Smart logistics

ENVIRONMENTAL PROTECTION

NEW ENERGY VEHICLES

In response to the global call for environmental protection, the Group proactively expands the market of green products, providing our customers with quality and environmentally friendly options and hence building a green city. As the traditional automotive industry is undergoing the transformation to new energy vehicles, the Group grasps the opportunity to accelerate the development of new driving forces, launching

electric buses, new energy logistics vehicles, electric cruisers, electric sightseeing cars and 5G intelligent driving sightseeing cars in succession. As a nationally renowned automotive manufacturer, the Group strives to construct a new energy logistic chain in the city, and meanwhile demonstrates the determination to arrange a new energy market, hence to fulfil the promise of green transportation and achieve the aim of providing appropriate new energy products to society.

Pure Electric Logistics Vehicles

New Energy Logistics Vehicles

During the Year, Wuling Industrial participated in the “2019 the 4th China New Energy Logistics Vehicle Performance Challenge” organised by EV Partner and Chongqing Vehicle Test & Research Institute Co., Ltd. The competition evaluation includes the performance of new energy logistics vehicles in scenarios applicable to logistics distribution, as well as technical indicators such as energy consumption, cruising range, power performance, braking performance and safety. Through participating in the national competition in the field of new energy logistics vehicles, Wuling Industrial officially launched a new generation of new energy logistics vehicles. Wuling Industrial has comprehensively upgraded the new energy logistics vehicles' cargo-carrying capacity, endurance and practical functions of configuration, in order to provide users with a more technological and high-quality products, as well as bringing a better driving experience. At the end, our new energy logistics vehicles received the “User Experience Award”, “User Evaluation Award” and “Award of Outstanding Cruising range”.



ENVIRONMENTAL PROTECTION

Pure Electric Shared Sightseeing Car

5G Intelligent Driving Sightseeing Car

The Group officially launched a 5G intelligent driving sightseeing car and commercialised it in Donghai Banbianshan Tourist Resort in the Zhejiang Province of the PRC as a trial. This scenic spot is the first 5G autopilot experience scenic spot in Zhejiang Province. While China Telecom Ningbo Branch provides network solutions, Huawei Technologies Co., Ltd. provides key technologies and products for 5G networks, and Wuling Industrial provides intelligent driving vehicles. Wuling Industrial provides customers with multiple security measures for autopilot sightseeing cars in terms of technology, network, on-site safety officers, and vehicle maintenance and guarantees to ensure the safe and stable operation of vehicles. Technically, Wuling Industrial combines an independent sensing system and a 5G network communication sensing system to make sightseeing cars equipped with track navigation, automatic obstacle avoidance and parking buffering, while achieving quietness, zero pollution and zero emissions when travelling.



The use of 5G smart driving sightseeing cars in scenic spots

ENVIRONMENTAL PROTECTION

EMISSIONS AND WASTES MANAGEMENT

In order to reduce the amount of emissions and wastes generated from business operation, the Group endeavours to strictly comply with the relevant national laws and regulations on emissions prevention and control. In addition, the Group has installed and adopted effective systems in collecting and handling emissions and wastes, which include exhaust gas, wastewater and other hazardous and non-hazardous industrial wastes generated from the manufacturing process.

Emission of Exhaust Gas

The types of industrial exhaust gas generated by the Group mainly include welding smoke, casting smoke, and exhaust gas from machine testing, coating and electrophoresis processes. Welding smoke is emitted after being treated by the fume treatment system. Casting sand smoke is emitted after being treated by bag filter. Casting core smoke is emitted after being absorbed by alkaline scrubber. Exhaust gas from machine testing is emitted after being treated by the three-way catalytic converter. Exhaust gas from

electrophoresis is emitted after being burnt under high temperature by the regenerative thermal oxidizer. In addition, hermetic robots are for automatic paint spraying in the coating production line. After treating paint exhaust gas through purifying devices, most of the air is circulated back into the system, and the remaining exhaust gas is discharged into the regenerative thermal oxidizer for incineration together with the oven exhaust gas, so as to achieve zero emission of the paint spraying exhaust gas. Emission of the treated exhaust gas was emitted in compliance with the national and local standards. Furthermore, Wuling Industrial's welding fume extraction system also helps reduce welding emissions.

Member companies of the Group, including Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have conducted testing of exhaust gas during the Year. The major testing indicators of the exhaust gas of the Group covered particulates, sulphur dioxide, nitrogen oxides, toluene and xylene, in which we have primarily complied with the secondary emission limit for new pollution source of air pollutant under the Integrated Emission Standard of Air Pollutants (GB16297-1996).

The testing results of the Group's major exhaust gas in the PRC of the Year are as follows:

Air Pollutants	Emission Concentration (mg/m ³)
Particulates	Less than 120
Sulphur dioxide	Less than 550
Nitrogen oxides	Less than 240
Toluene	Less than 40
Xylene	Less than 70

ENVIRONMENTAL PROTECTION

Apart from the aforementioned industrial exhaust gas, the Group generates exhaust gas in the use of vehicles. We have adopted measures to maintain the performance of the vehicles, including regular examinations and maintenance, and avoiding engine idling, hence to maintain the proper functioning of vehicles and to control their emissions of exhaust gas.

The data of exhaust gas emitted by vehicles of the Group are as follows:

Exhaust Gas from Vehicles	2019	2018
Nitrogen oxides (kg)	298	393
Sulphur oxides (kg)	1	1
Particulates (kg)	25	28

Emission of Wastewater

The industrial wastewater generated by the Group was treated by the sewage treatment station in the factories. For example, the sewage treatment station in the automotive components production base of Wuling Industrial mainly handles the paint spraying wastewater and the electrophoresis wastewater. After separating various types of wastewater and sending them back to the balancing reservoir, "physicochemical" and "biochemical" treatment, which make use of physical chemistry and microorganisms, are used to handle the wastewater. The treated wastewater will first pass through filtration device, and then enter external sewage treatment plants through the municipal sewage drainage system for further treatment, and will be discharged after meeting the relevant discharge standards. Through optimising the production process, the Group has reduced the production of industrial wastewater. For example, we have improved the product washing process in some of the working unit, carried out the wiping and drying procedures manually instead of non-stop running the washing machines during the production process, so as to reduce the amount of industrial wastewater and the use of water.

During the Year, member companies of the Group, including Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have conducted wastewater testing. The major testing indicators of the wastewater of the Group covered pH value, suspended solids, chemical oxygen demand and five-day biochemical oxygen demand, in which we have primarily complied with the maximum discharge concentration applicable for type I pollutants and tertiary standard of maximum discharge concentration applicable for type II pollutants under the Integrated Wastewater Discharge Standard (GB8978-1996).

ENVIRONMENTAL PROTECTION

The testing results of the Group on its major wastewater in the PRC of the Year are as follows:

Water Pollutants	Discharge Concentration
pH value	Between 6 to 9
Suspended solids	Less than 400 mg/L
Chemical oxygen demand	Less than 500 mg/L
Five-day biochemical oxygen demand	Less than 300 mg/L

Management of Wastes

The Group's waste production includes non-hazardous wastes and hazardous wastes. The non-hazardous wastes include general garbage and industrial wastes. We strictly comply with Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and related regulations, and transfer the general garbage to local environmental hygiene department for further treatment after centralised collection. With respect to the industrial wastes, the Group collects and reuses the recyclable

industrial wastes, such as off cut materials, shaved metal, non-ferrous metals, auto-parts, packaging materials, waste woods, waste paper cartons and other recyclable industrial solid wastes. The types of hazardous wastes generated by the Group include paint residue, sludge, activated carbon, phosphorous slag, waste solvent, waste mineral oil, waste emulsion and paint buckets. All hazardous wastes are regularly collected and are safely stored in temporary warehouse in accordance with the Regulation on the Safety Management of Hazardous Chemicals and Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), and are treated by units with operation permits for hazardous wastes treatment.

The data of wastes generated by the Group are as follows:

Wastes	2019	2018
Total non-hazardous wastes produced (tonnes) ²	74,682 ³	65,667
Intensity of non-hazardous wastes (tonnes/RMB million revenue)	5.25	4.34
Total hazardous wastes produced (tonnes)	1,107	1,141
Intensity of hazardous wastes (tonnes/RMB million revenue)	0.08	0.08

² Data related to the Group's non-hazardous wastes include the amount of recyclable wastes, such as scrap metal and waste paper cartons, since other non-hazardous wastes, such as general waste, are collected and disposed by the local environmental hygiene department, no disclosure can be made at this stage.

³ During the Year, the reason of the increase in non-hazardous waste includes: i) the increase in productivity of Shandong Branch's business, and ii) the coverage of non-hazardous waste data expanded to Indonesian Company since the Year.

ENVIRONMENTAL PROTECTION

Greenhouse Gas Emissions

The Group's emissions of greenhouse gas during operation process mainly cover three scopes of emissions, including direct emissions from fossil fuel

combustion, energy indirect emissions from purchased electricity, and other indirect emissions from business travels, fresh water and sewage treatment by government authorities, and waste paper disposal at landfills.

The data of greenhouse gas emissions of the Group are as follows:

Greenhouse Gas Emissions	2019	2018
Total greenhouse gas emissions (tonnes CO ₂ e)	151,036 ⁴	128,544
Intensity of greenhouse gas emissions (tonnes CO ₂ e/RMB million)	10.61	8.50

As a responsible corporate citizen, the Group spares no effort in reducing greenhouse gas emissions. We have installed natural gas burners in some of the working units to indirectly reduce the amount of purchased electricity through the application of clean energy. This is the fifteenth year of our trees planting work for environmental greening. We continue planting trees and resurfacing turf around our community, so as to

create a better living environment for the community. During the Year, we planted a number of osmanthus, eucalyptus, banyan and other trees in the community where the Group operates and replanted withered plants in the community. The trees planted have helped reduce the Group's greenhouse gas emissions by 100 tonnes of carbon dioxide equivalent.

⁴ During the Year, the Group's greenhouse gas emission by scope are as follows: Scope 1 — direct emission: 10,021 tonnes CO₂e, Scope 2 — energy indirect emission: 139,982 tonnes CO₂e and Scope 3 — other indirect emission: 1,033 tonnes CO₂e. Moreover, the major reason of the increase in greenhouse gas emission includes: i) the increase in natural gas consumption due to the increasing demand of heat treatment in Liuzhou Zhuotong and the rise in productivity of Shandong Branch's business, and ii) the increasing number of business travels of subsidiaries.

ENVIRONMENTAL PROTECTION

USE OF RESOURCES

In regard to the use of resources, the Group always acts in accordance with the principles of rational use and efficiency enhancement. Through the creation of standard documents, the formulation of training courseware of standards and tools, the construction of 3 levels in Built-in Quality (BIQ) will be fully promoted. Guided by the flow of value, the Group also actively promotes the application of Industrial Engineering ("IE") tools based on our manufacturing systems. Various types of IE tools are applied in the flow of information, technology and logistics to carry out comprehensive consideration and improvement, so as to reduce various types of wastage during the production process, as well as to greatly enhance the accuracy of delivery period and the pace of production. During the Year, the actual benefits generated by the application of IE tools have reached RMB 5.59 million (2018: RMB18.53 million). In the meantime, we have created a platform for the exchange of experience, where improvement measures on the same technology, cost reduction, quality improvement, maintenance and others with promotion values are included. This enables different regions, bases and member companies to draw on successful experience, which can be promptly applied in their production and operation to facilitate the Group's work in cost reduction and efficiency enhancement.

Energy Management

Based on the Group's principles of adequate, reasonable and efficient use of energy resources, it strives to raise efficiency, use energy-saving equipment and apply innovative energy-saving technologies.

We have established energy-saving management programmes aiming at energy saving, consumption reduction, environmental pollution reduction and economic efficiency enhancement, and have implemented numerous procedures for optimising energy consumption and reducing electricity consumption. Under such programmes, each department is responsible for managing of their energy consumption. This encompasses the execution of the energy quota as well as target setting for electricity and water saving. Each department is also responsible for analyzing its own energy consumption, so as to develop and implement control measures, and take corrective measures when necessary. Apart from energy-saving management programmes, we have also established an energy management system that manages the energy consumption of power system, fire control system, compressed air system and steam system.

ENVIRONMENTAL PROTECTION

The data of energy consumption of the Group are as follows:

Energy Consumption	2019	2018
Total energy consumption (MWh)	276,998	229,255
Intensity of energy consumption (MWh/RMB million revenue)	19.46	15.16
Energy consumption from the use of natural gas (MWh)	46,601	34,280
Energy consumption from the use of liquefied natural gas (MWh)	1,018	Not applicable ⁵
Energy consumption from the use of gasoline (MWh)	958	916
Energy consumption from the use of diesel oil (MWh)	200	105
Energy consumption from the purchased electricity (MWh)	228,221	193,953

To conserve energy, we have implemented green lighting in the workplace. This involves the use of energy-saving light bulbs in our office and manufacturing facilities, and utilising natural light whenever possible. Furthermore, we encourage our employees to switch off the lighting and air-conditioning systems in the areas of the workplace that are not in use and to switch off computers, printers and other office equipment before getting off work, so as to develop energy saving habits among our employees. We carry out regular inspections of our equipment to ensure its proper functioning and safety. Furthermore, through monitoring our monthly electricity consumption and overseeing the operation of lighting by the designated employees of each department, it is ensured that our electricity consumption is in line

with our electricity management goals. In the meantime, the Group instils the concept of resource consumption reduction and environmental conservation through organising training related to carbon verification, energy management and environmental and energy laws and regulations. This helps to achieve full participation of employees in environmental protection and conservation.

During the Year, the Group has made improvements in the equipment and technologies adopted in some working units according to the annual energy saving and consumption reduction work plan. This aims at optimising their energy efficiency and reducing electricity consumption. Examples are as follows:

The Shandong branch analyses the frequency of robot welding point grinding. It optimises the setting of welding point grinding frequency according to the actual situation. Machine waiting time is reduced, which improves production line efficiency and conserves energy.

The water in the reservoir of Shandong Branch will be drained to the canal automatically when it reaches the warning line, which hinders effective use of water. Through improving the water supply system of the reservoir, the water in the reservoir will be given priority for the vehicle rain test, therefore making good use of resources and reducing water wastage.

⁵ In 2018, there was no energy consumption from the use of liquefied natural gas.

ENVIRONMENTAL PROTECTION

Water Resources Management

The Group aims to conserve and recycle water whenever possible during its business operation process. The Group encourages its employees to be cognizant of the water consumption in the workplace. We adopt various measures for water conservation. For instance, our water piping

systems are checked regularly to ensure they are operating properly and to prevent leakage of water in all areas of the workplace. In addition, Wuling Industrial has installed automatic sensors in the water consuming appliances of the bathroom to save water. We also monitor our monthly water consumption to control our water consumption and to ensure it is in line with our water management goals.

The data relating to water consumption of the Group are as follows:

Water Consumption	2019	2018
Total water consumption (m ³)	1,736,260 ⁶	1,486,787
Intensity of water consumption (m ³ /RMB million revenue)	121.95	98.33

Materials Usage

The Group pays serious attention to the effective use of raw materials and packaging materials. We would assess the materials usage prior to

procurement to prevent wastage of resources caused by excessive stock. Meanwhile, we commit to making good use of materials through recycling the reusable materials generated from our production, activities or services.

The data relating to the packaging materials used by the Group during the Year are as follows:

Use of Packaging Materials ⁷	2019	2018
Total plastic used (Unit)	572,499	159,698
Intensity of plastic used (Unit/RMB million revenue)	40.21	10.56
Total plastic used (Roll)	164,346	52,600
Intensity of plastic used (Roll/RMB million revenue)	11.54	3.48
Total plastic used (kg)	160,465	353,924
Intensity of plastic used (kg/RMB million revenue)	11.27	23.41
Total wood used (Unit)	121,497	100,481
Intensity of wood used (Unit/RMB million revenue)	8.53	6.65
Total paper cartons used (square metre)	686,626	912,557
Intensity of paper cartons used (square metre/RMB million revenue)	48.23	60.35

⁶ During the Year, the reason of water consumption increase includes: i) the ascending productivity of Shandong Branch's business and its increasing number of people staying in dormitories, and ii) rising demand of water usage due to the construction of new factory in Liuzhou Zhuotong.

⁷ The use of packaging materials of the Group in 2018 included only the data from Wuling Industrial, Chongqing Zhuotong, Shandong Branch and Liuzhou Zhuotong, while the performances of Wuling Liuji and Indonesian Company are covered since the Year.

HARMONIOUS WORKING ENVIRONMENT

EMPLOYEES' RIGHTS AND INTERESTS

Employees are valuable assets of the Group, hence the Group attaches great importance to the rights, interests and welfare of our employees. The Group strives to hire and retain the talents by offering our employees rewarding career opportunities, ideal promotion plans, competitive remuneration and a harmonious working environment.

Hiring New Employees

The Group strictly complies with the laws and regulations relevant to labour policy, such as Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China and Provisions on the Prohibition of Using Child Labour, in the formulation and implementation of internal system for recruitment and resignation, as well as in the employment and

management of employees. We formulate an annual recruitment plan according to the demand for manpower. We also consider both internal and external candidates' vocational qualifications, which are assessed based on criteria such as their product knowledge, technical skills and academic qualifications, to ensure that they enjoy equal employment opportunities irrespective of their gender, race and religion, among others. When candidates are employed, a labour contract will be signed by both parties after consultation. We also conduct identity verification and prohibit any employment of child labour or forced labour. Upon the receipt of employees' resignation notice, the human resources department will conduct an exit interview with the employees to understand their reasons of resignation and suggestions for the Group, which act as a reference for the continual improvements for the Group.

The data relating to the Group's labour force during the Year are as follows:

Indicators	2019	2018
Total number of employees	10,135	11,005
Ratio of female employees (%)	18	19
Ratio of female employees at or above managerial level (%)	23	20
Number of employees stationed in Liuzhou	7,976	7,132
Number of employees stationed in other provinces or cities (including Qingdao, Chongqing, Hong Kong and Indonesia)	2,159	3,873
Employee turnover rate (%)	12	10 ⁸

⁸ The Group's employee turnover rate in 2018 included only the data of Wuling Industrial, Wuling Liuji and Liuzhou Zhuotong.

HARMONIOUS WORKING ENVIRONMENT

Employee Benefits

In order to retain top talents and to enhance employees' work performance, the Group has implemented a series of internal systems for the allocation and grading on remuneration, as well as employees' performance management, so as to provide them with competitive remuneration. Employees' remuneration is composed of two parts, namely job salary and performance-based salary. Job salary refers to the stable return for their labour work, while performance-based salary is distributed according to factors such as the performance of business operation, the performance of respective departments, and individual completion of production. In addition, we conduct an annual performance appraisal for employees in an open, fair and just manner. The results of the appraisal will be linked to remuneration rewards, training and promotion, so as to enhance our employees' work initiative. The Group also provides a year-end bonus to reward employees for their contribution.

The Group thoroughly understands the benefits of work-life balance to employees. Hence, the Group arranges work for our employees in compliance with the laws, implements standard working hours, non-standard working hours and integrated working hours according to the nature of different work positions, as well as provides them with leaves to ensure that they have sufficient rest. When overtime work is needed based on operational needs, the Group will make compensation on leaves or provide overtime salary according to the standards stipulated in the national regulations. In compliance with the relevant national laws and regulations on social insurance, we also make contributions to various social insurance charges, housing provident fund and enterprise annuity for employees.

CARING FOR OUR EMPLOYEES

The Group cares for our employees' welfare. As such, we have created a spectrum of caring programmes for our employees for their personal and career development, so as to maintain a strong and healthy workforce.

To cope with the needs of business expansion and care for its employees, the Group has persistently improved its logistic facilities. For instance, public rental housing and dormitories in the industrial area far away from downtown Liuzhou have been rented and furnished with domestic appliances for employees to cater for their needs. Such facilities currently accommodate a total number of 1,224 employees. We also provide transportation for employees who work in the new industrial districts in Chongqing and Liuzhou which are far away from the downtown, so as to provide them with a convenient and safe commuting journey.

The Group encourages employees to pursue a work-life balanced lifestyle. Hence, we have launched communication platforms for our employees and organised various social events, such as New Year Symphony Concert, Literary Evening and so on, to foster harmony in the workplace. During the Year, we have also organised Staff Sports Day to allow employees to exercise while increasing their sense of belonging to the Group.

HARMONIOUS WORKING ENVIRONMENT



Apart from organising festive activities and distributing festival gifts, we have also established the Wuling Caring Fund through our labour union to provide financial aid to employees in dire needs or facing financial difficulties. In addition, in order to care for our employees' children, we distribute red packets to employees' only child on Children's Day every year. The red packets are meant for caring and providing the children some pocket money for purchasing useful items such as educational materials and medical supplies.

EMPLOYEE DEVELOPMENT AND TRAINING

To unearth the potential of employees, the Group carries out appraisals on employees on a monthly, semi-annual and annual basis. Performance-based remuneration aligns with the results of appraisals to ensure rewards to employees are commensurate with their performance. The results of appraisals will also be used as important references for training, transfer of working positions, promotion, recruitment, ranking adjustment and evaluation of the employees. Besides, in order to further enhance the technical standard and relevant knowledge of the job positions of employees, the Group has also specifically designed training programmes suitable to different grades of employees. The training programmes designed for the 3 different levels of employees are as follows:

HARMONIOUS WORKING ENVIRONMENT

Training Programme for Managers

- Training of the requisite basic management skills and the provision of related structured courses are provided to the managerial level employees such as directors, supervisors and senior management personnel. For example, Tsinghua University offers advanced automotive industry seminar, middle to high level personalised training, talents of the Group training programme, and other courses covering the topics such as corporate governance and financial management.

Training Programme for Professional Level Employees

- Training for professional level employees encompasses investment analysis and decision making, recruitment and interviewing skills, enhancement of sales skills, auditing, management accounting, qualification requirements of engineer and management for production planning training. As for the professional employees served under the technical areas, specific trainings are provided, focusing on the enhancement of techniques and skills in industrial robotic application and automation aspects.

Training Programme for Assembly Line Workers and Production Workers

- Training for technicians involves the aspects of production knowledge enhancement, basic knowledge of safety and quality and technical standards of job positions, among others, to broaden and improve their skills.



HARMONIOUS WORKING ENVIRONMENT

The Group values the development potential of its employees and continues to explore opportunities for employees to learn and train. Hence, in accordance with the internal policies for employee training, new employee and pre-job training for transferred employee, vocational skills training and qualification identification, we have developed a diversified employee training plan to help them improve their individual values. The structure of our training consists of company and departmental level. The company level provides employees in managerial level or with high potentials with training on corporate management skills, and provides new recruits and

trainees with training relating to the Group's operational flow, development strategies, and new knowledge and development of the applications of new products and technologies. The departmental level provides training specifically targeting at the corresponding professional knowledge and working skills of respective department. Furthermore, the Group also encourages its employees to participate in external training. The Group subsidizes the tuition fee of external education institutions (such as universities, colleges and trade schools) for employees who meet the criteria standard of the Group.

The data of employee training of the Group are as follows:

Indicators	2019	2018
Percentage of trained employees (%)	95	95
Percentage of trained female employees (%)	95	95
Percentage of trained male employees (%)	98	97
Average training hour of each employee (hour)	49	53

Upon the completion of training, the Group will evaluate the results of the training from different perspectives with indicators such as employees' level of proficiency in course knowledge and skills, employees' changes in behaviours before and after training, the training's degree of influence on the company's performance and employee turnover rate, and so on. This helps optimise the course content of the training, and hence improving employees' performance.

HEALTH AND SAFETY

Health and safety are of paramount importance to the operation of the Group. The Group strictly complies with the laws and regulations, as well as industrial standards related to occupational health and safety. These include Production Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and Guideline of China Occupational Safety and Health Management System (GB/T33000-2016). The Group also improves the management system of occupational health and safety by following the international standard of OHSAS18001 Occupational Health and Safety Management and the Occupational Health and Safety Management Systems Requirements (GB/T28001-2011), realizing the highest standard of occupational health and safety in the workplace.

HARMONIOUS WORKING ENVIRONMENT

The Group has established a safety committee based on the safety approach of "Safety First, People-oriented, Total Involvement, Continual Improvement". The committee conducts safety assessments in a timely manner to comprehensively monitor health and safety issues. We actively carry out random inspections on

safety as well as rectification and reform on projects with potential dangers, promote the random inspection of equipment in terms of its safety and appropriateness, and hence significantly reduce the chances of accidents caused by operations of equipment.

Modification in Safety Isolation Protection of Injection Molding Machine's Robotic Arm in Plastic Part Plant

- Installed protective net in the area of activity for injection molding machine's robotic arm, so as to separate its area of activity from staff operation area, hence reduced staff's risk of mechanical injuries.

Modification of Burner to Prevent Natural Gas Leakage

- Installed filter and alarm for double leakage in front of burner to eliminate the risk of natural gas leakage.

Modification of Oil Depot in Dedicated Vehicle Depot

- Adopted modification in fireproofing, anti-explosion and separation, as well as regulated the storage and management of chemicals in accordance to safety production standardisation, so as to eliminate safety risks.

HARMONIOUS WORKING ENVIRONMENT

We also continue promoting the Three Simultaneities work of the safety technologies, and raising our employees' awareness and management of production safety by organising safety education and training for all staff. In terms of prevention of occupational disease, we

regularly carry out body check for employees in positions with occupational hazards and provide them with personal protection equipment, so as to monitor and reduce the risks of suffering from occupational disease.

The data of health and safety of the Group are as follows:

Indicators	2019	2018
Cases of death (case)	Nil	Nil
Cases of work injuries (case)	12	9
Loss of working days due to work injuries	12	11

The Group has introduced automation equipment in the production process, which includes approximately 1,000 robots, to enhance product quality. The automation rate in certain areas exceeds 60%. We use robots to transport components in the automatic press line, to automatically weld on the welding line, to automatically spray paint during the painting process, which help reduce employees' risks of injury and exposure to toxic and hazardous substances during handling, welding and paint spraying. The investment of automation equipment effectively reduces the quality issues caused by mistakes or negligence of employees, and hence ensures the quality of products and improves the stability, consistency and efficiency of production.

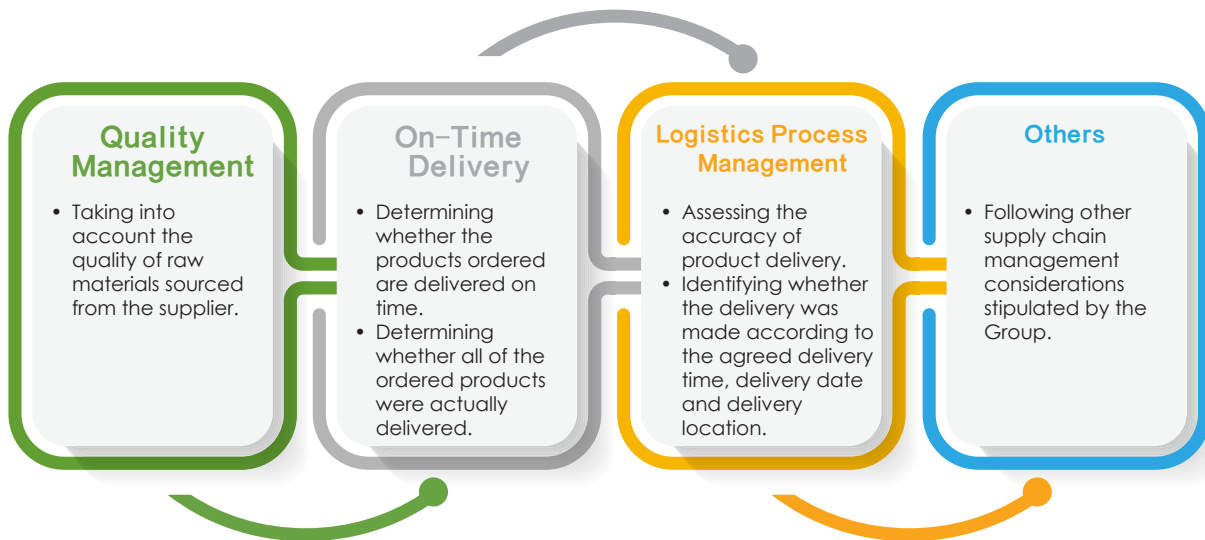
Wuling Industrial has been recognized by the State Administration of Work Safety as a first-class enterprise in production safety standardisation. The standard in the management work of production safety of Wuling Industrial has been assessed in different areas, such as the preparation of safety operation procedures, potential emergency measures and drills, monitoring of occupational hazards factors, and the establishment of a potential safety hazard investigation and management system, etc. After reviewing relevant documents, records, personnel inquiries and on-site assessment and verification of Wuling Industrial by the assessment team, Wuling Industrial has successfully met the requirements of the national first-class enterprise in production safety standardisation. This shows the outstanding achievements of the Group in occupational health and production safety.

OPERATING PRACTICES

The Group adheres to the principle of providing quality products and services throughout the entire flow, from the production of components and generators, the assembly of vehicles to the sales of vehicles. Through the continual improvements in the flow of production and after-sale services, the Group strives to meet the expectations of its customers.

SUPPLY CHAIN MANAGEMENT

The Group has established a stringent process for choosing suppliers to ensure that the purchased materials are up to the Group's standards to secure a smooth production process. The Group applies a systematic method to select its suppliers based on the following capabilities of the suppliers:



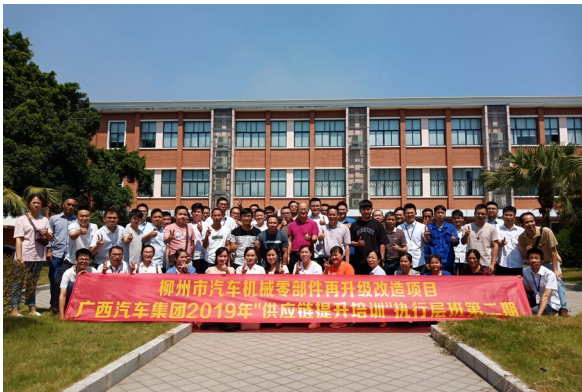
In order to strictly regulate the performance of suppliers, we have also developed a set of standards for our suppliers. We also continuously assess the stability and consistency of the supply process and monitor the quality of our products. If a certain supplier fails to meet our standards, we will actively negotiate with the supplier on the quality issues and ways of improving the quality, and we will terminate the business cooperation if

the problems cannot be effectively resolved. For example, if a supplier loses its safety license, we will stop cooperating with that supplier. During the period of business cooperation with the supplier, the Group will conduct a monthly or seasonal evaluation of the supplier, and an integrated evaluation of performance will be carried out annually to ensure the products will not be affected by the quality issues of the suppliers' products.

OPERATING PRACTICES

During the Year, the Group carried out three phases of specific enhancement and training programmes for Wuling's suppliers. A total of 186 suppliers participated in the programmes, and each phase was conducted in two days. The first phase is designed for the general managers of the supplier, which mainly focuses on innovative

thinking, leadership and enhancing team building ability. The other two phases are designed for the executive personnel of the supplier, which lecture on on-site management capabilities and comprehensive quality control respectively. The training programs received enthusiastic and positive feedback from supply chain partners.



PRODUCT RESPONSIBILITY

Product Quality

The Group's operational objective is to provide customers with quality products and services. Hence, we strictly comply with the quality related laws and regulations, such as Product Quality Law of the People's Republic of China, and adopts the two major standards, namely ISO9001 Quality Management System and IATF16949 Automotive Quality Management System, as the foundation for the formulation of quality management system for a comprehensive evaluation of product quality. Our plants in the PRC and Indonesia have complied with the standards and passed the

certification review of IATF16949 Automotive Quality Management System. The Group's philosophy of quality management is based on prevention and an emphasis on continual improvements. Hence, we have established a committee of product quality and safety to monitor the quality and safety issues of the Group's products, to take actions in handling and solving problems about product quality, as well as to conduct an annual test on key components, such as rear drive shaft, rear twist beam, brake caliper, bumper, dashboard and exhaust gas system. The key components are qualified in the test results every year.

OPERATING PRACTICES

The Group's quality management adheres to the principles of zero defects and "Three NOs"⁹ to check the quality of the products and ensure that there will not be any product defects. Product inspections are carried out during the processes of purchase, production and completion to ensure that products that have not been inspected or fail to pass the inspection are not in the production site, not reordered or not delivered. This provides a basis for preventing quality defects. The Group has established a product traceability system, which helps in the investigation, analysis and confirmation of defective products. If any recall of defective products is needed, we will stop the sales of the defective automotive products and recall the products according to the product recall procedures, so as to secure the safety of our consumers. During the Year, the Group's defect rate of components was 110 ppm. Also, the Group was not involved in any cases in which the products had to be recycled due to safety issues during the Year.

Facing the innovation and dynamic changes in the global automotive industry, we actively break through, continue to maintain and develop existing components and engines by taking advantages of traditional business. Wuling Industrial was once again shortlisted in the "2019 Top 100 Global Auto Parts Suppliers List" released by Automotive News in the Year, which is one of the seven Chinese companies on the list.

Valuing Customer Feedback

The Group strives to maintain customer satisfaction, while collecting feedback from our customers is crucial for investigating customer satisfaction. To this end, we set up front-line service stations to collect customer feedback on product design, product quality and customer service, and collect feedback from end-customers through automotive dealers. We also welcome customers to provide opinions and suggestions through phone calls, letters and e-mails. Upon receipt of customer feedback, the Sales Department will analyse and handle the feedback and promptly respond to the customers. The Sales Department will also report the valuable suggestions and information to relevant departments to find out the reasons and formulate corrective measures.

In order to enable customers to enjoy high-quality customer service, the Group has established a 24-hour customer service hotline and a huge service network for customer service such as pre-sales, after-sales, complaints and enquiries in the PRC. These act as a bridge of communication between the Group and its customers. At the same time, the Group realises normative, professional and standardised management of external information communication. Regarding the business segment of specialised vehicles, we operate 233 service stations in the PRC, supervised by 6 regional service managers, and have achieved a high level of customer satisfaction. In addition, we also regularly provide customer service personnel with after-sales training, such as knowledge related to vehicle maintenance to improve customer service quality. During the Year, the Group received no major complaints about products or services.

⁹ "Three NOs" are no acceptance, no delivery and no manufacturing of deficient products.

OPERATING PRACTICES

Clients' Rights and Interests

The Group has a high regard for safeguarding the data and privacy of different parties. As such, we strictly require our employees to comply with the policy of confidentiality. Without written permission from the Group, employees are not allowed to disclose any commercial secrets or confidential information in any forms, such as customer information, blueprints, products or pictures. To ensure an effective protection of the Group's confidential information and customer privacy, staff working in positions which have contact with the Group's sensitive information are required to sign a confidentiality agreement, so as to undertake that they will not disclose any of the Group's confidential information to third parties.

We regulate the content of advertisements and comply with the relevant laws and regulations such as Advertising Law of the People's Republic of China. Through conducting strict reviews on the content of advertisements, we ensure there is no misrepresentation, false statement or infringement in the content.



Protection of Intellectual Property

Being motivated by technological innovation and aiming to master core technologies, the Group actively engages in product research and development work. We strictly comply with the laws and regulations related to intellectual property, such as Patent Law of the People's Republic of China and Trademark Law of the People's Republic of China, so as to establish an internal management system on intellectual property to ensure that the rights on patents and trademarks are not violated, and hence to secure the competitive edges and reputation of the Group. During the Year, the Group successfully obtained 3 invention patents, 29 design patents and 48 utility model patents authorized by the Country. At the same time, Wuling Industrial has been entitled as Top 100 High-tech Enterprise in Guangxi by Guangxi High-tech Enterprise Association. The Group also limits the use of labels, and no one can use the Group's label without prior permission from the Group.



OPERATING PRACTICES

During the Year, the Group completed the “China VI” vehicle emission standard upgrade for all Wuling modified vehicles and Wuling passenger car products. Through the research and development of prototype remodelling, vehicle basic calibration and vehicle driving calibration, the Group completed the analysis and solutions of the technical route of the vehicle that meets the “China VI” vehicle emission standard. We carried out the “China VI” upgrade for three major engine

production platforms to meet passenger vehicle's “China VI” vehicle emission standard and phase IV fuel consumption regulations. We also made adjustments according to the requirements of different customers to meet their needs. In addition, we developed new platform engine technology, implemented the transformation and upgrade of engine platform products, and introduced lightweight design to help improve fuel economy and reduce costs.



Wuling passenger car products (left) and refrigerated trucks (right) that have completed the upgrade to “China VI” vehicle emission standard

ANTI-CORRUPTION

The Group regards the high standards of ethical and honest behaviours as the foundation of healthy development. We strictly comply with the laws and regulations such as Criminal Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China and Anti-Unfair Competition Law of the People's Republic of China. The Group has also established an internal management system to monitor the integrity performance and to construct a corporate culture of integrity, so as to regulate the behaviours of employees. Employees are required to sign an undertaking for integrity, anti-corruption, antifraud and discipline, so that they are alerted to comply with the national and the Group's regulations related to integrity. We have also set up a reporting system to enable the Group's

commission for discipline inspection to monitor the reporting through e-mails and telephone calls, as well as to set up a report box in the canteen to encourage employees to report corruption to us through different channels. The identity of the reporting persons will be kept confidential. If any violations of the anti-corruption rules are found, we will act according to the anticorruption rules and discipline measures of the Regulation of the Communist Party of China on Disciplinary Actions, and take actions or necessary disciplinary actions based on the severity of the violations. In the meantime, we strive to maintain integrity in cooperation relationship with our business partners, and hence we have signed agreements of integrity with our business partners. Both parties need to agree to maintain a style of integrity and self-discipline in business activities, as well as adhere to the principles of obeying the law,

OPERATING PRACTICES

maintaining fairness and integrity, so as to prevent any behaviours against the law and to assure the legal rights of both parties. A monitoring department is also established to conduct integrity reviews and to visit the business partners to investigate and understand the implementation of the integrity work.

The Group continues organising training on employee's integrity, such as job training in integrity risks prevention and activities in educational month, so as to strengthen employees' ideological education on integrity and their awareness of self discipline. During the Year, no major corruption lawsuit cases of the Group were observed.



COMMUNITY INVOLVEMENT

The Group understands the importance of giving back to the society. We invest our time, energy and resources on making improvements in our communities. Our efforts are focused on helping those who are underprivileged or disadvantaged, as well as making improvements to the living conditions within our communities. Supporting and nurturing young people is also one of our core initiatives due to their key role in shaping the future of our country.

During the Year, we continued to cooperate with employees, business partners, community members and other volunteers to carry out a number of community care activities. In the coming years, we wish to continue to work hand-in-hand with our volunteers to develop and implement community care programmes that make a difference.

COMMUNITY INVESTMENT

Targeted Poverty Alleviation

The Group has been committed to supporting the targeted poverty alleviation work in villages. Since 2015, we have been continually supporting 5 targeted poverty-stricken villages, which are Bangyang Village, Baizhao Village and Longcen Village in Baiyun Town, Jiangmen Village in Anzhen Town and Bendong Village in Sanfong Town, and promoting new rural construct of "Rule of Law, Ecology, Harmony and Happiness". During the Year, we continued to implement targeted

poverty alleviation work, integrated internal and external resources of the enterprise, and increased the extent of assistance. Following the completion of the poverty alleviation of Bendong Village, Jiangmen Village and Baizhao Village, Bangyang Village and Longcen Village reached the target of poverty alleviation on time during the Year. The Group's 5 targeted poverty-stricken villages have been successfully achieved poverty alleviation.

During the Year, the Group's focus of assistance was to improve the construction of the poverty alleviation industry by utilising local superior resources and industrial foundations. This helped villagers explore development paths, actively expanded the scale of the agricultural and aquaculture industry, and expanded the tourism industry to achieve industrial diversification. During the Year, a Wuling Market poverty alleviation store was opened to sell agricultural products from the 5 targeted poverty-stricken villages that received assistance. At the same time, we actively carried out agricultural product exhibitions and sales activities on online platforms for promotion and sale. In addition, Bangyang Village and Jiangmen Village have established two private brands, and their annual sales have reached considerable levels. During the Year, the Group purchased a total of over RMB3,000,000 of special agricultural products from the targeted poverty-stricken villages as employee welfare and the purchase of ingredients used in employee canteens, sharing the industrial results of poverty alleviation with employees.

COMMUNITY INVOLVEMENT



Caring for the Underprivileged Children

In the diversified poverty alleviation from "poverty alleviation" to "education sponsorship + wisdom support", the labour union of the Group have cooperated with Guangxi Automobile Group Co., Ltd. to carry out targeted poverty alleviation work, and the employee charity day activity "Dream Together" has been carried out for the third year. Since 2017, the Group's labour union has raised

nearly RMB120,000 in public welfare poverty alleviation funds through charity sales and fundraising, and invited 104 teachers and students from 5 villages receiving assistance in Rongshui County to visit the enterprise and learn. The funds raised will help the children to leave the village, blend in the city, widen their horizons and set goals, and to let children feel the love of Wuling's staff. By learning about the history and spirit of the Company, children can be more familiar with advanced technology and culture.

COMMUNITY INVOLVEMENT



NURTURING THE NEXT GENERATION

Connecting with the Teenagers in the Community

Connecting with young people is one of our core community care initiatives, which allows us to inspire them to unearth their full potential. The Group has gathered young volunteers in cooperation with various youth organisations, hospitals and schools in the PRC to carry out a range of charitable activities. We have co-organised the Wuling Young Volunteer United Action Day with the Wuling community under the theme "Learn from the Spirit of Lei Fung and Demonstrate Your Passion for Charity" for five consecutive years. The Wuling young volunteers, youngsters in the community and volunteers from Wuling Hospital jointly carry out charity work, such as providing convenience services, promoting the idea of environmental friendliness and voluntary medical treatments for the residents in the community. In addition, we have gathered young employees to participate in the Community Sports Day and to take part in badminton matches.

The Group's committee has also led a number of young volunteers to join the "City Building" activity in Liuzhou, and 5 of them have accumulated more than 30 service hours in traffic persuasion. On March 10, 2019, the Group organised 18 team youth league branches, in which 113 young volunteers participated in the "Learn from the

Spirit of Lei Fung" charity event. A total of 11 "Learn from Lei Fung" activity stations were open at the same time to motivate residents in the community and young players to actively participate in it. This "Learn from the Spirit of Lei Fung" activity incorporated the Group's innovative poverty alleviation approach to create a youth charity action called "1 Youth", which advocates the idea of "1 person claiming a small wish, donating 1 children's book or attending a lesson on charity for the children". On the day of the event, the Group collected a total of more than 450 donated children's books, and jointly organised the Rongshui Agricultural Products Exhibition with the Rongshui Tuan County Committee to facilitate targeted poverty alleviation and spread love over the Rongshui Mountain Area. In addition, the Group and the Wuling community also carried out care and handy services, which include imparting basic knowledge of carbon monoxide and home appliance maintenance, organising car washing stations, using old newspapers to exchange environmentally friendly potted plants, and providing photo lamination services. More than 1,000 people participated in this event and received support from residents. In addition, a volunteer team of more than 10 people visited the nursing home of Wuling Hospital to give talent shows for more than 30 elderly people and help with the cleaning up, which received strong support from the hospital.

COMMUNITY INVOLVEMENT



Student Internships

The Group strongly believes in the significance of nurturing the younger generation. As such, we have developed an internship programme which aims at equipping young adults with the skills and knowledge that are required in the workplace. Another goal of the student internship is to locate outstanding, talented students to join our full-time team. Each year, we recruit high calibre students from colleges, technical schools and universities in the PRC to participate in our internship programme.

We have developed a systemic procedure to select candidates as interns, and suitable candidates are selected according to the Group's management policy for interns. The chosen interns are placed in various departments within the Group according to their strengths as well as their area of interests.

During the Year, we have signed a cooperation arrangement with 11 post-secondary institutions to offer a total of 25 training courses, covering the professions in equipment maintenance, robots, welding, digital control, moulding and electric. Through establishing the school-enterprise cooperation mode of "Utilising Quality Resources, Creating a Platform of Nurture, Building Featured Brands", we proactively explore in the work of modern apprenticeship, new apprenticeship, construction of training base, as well as mutual recruitment of teachers. The cooperation allows us to offer a total of 16 business courses to complete the construction of training base for welding, robots, vehicles, after-sales, precise production and business culture, and these courses help cultivate the skills of the professionals and production staff that are needed for business development. We also have an in-depth cooperation with institutions in arranging students for internships in the enterprises, and students graduated with outstanding results will be provided with employment opportunities and be invited to work for the Group on a full-time basis.

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Environmental		
Aspect A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Emissions and Wastes Management <ul style="list-style-type: none"> ➤ Emission of Exhaust Gas ➤ Emission of Wastewater ➤ Management of Wastes ➤ Greenhouse Gas Emissions
Aspect A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Use of Resources <ul style="list-style-type: none"> ➤ Energy Management ➤ Water Resources Management ➤ Materials Usage
Aspect A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Emissions and Wastes Management <ul style="list-style-type: none"> ➤ Greenhouse Gas Emission

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Social		
Employment and Labour Practices		
Aspect B1: Employment	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➢ Employees' Rights and Interests <ul style="list-style-type: none"> ➢ Hiring New Employees ➢ Employee Benefits ➢ Caring for our Employees
Aspect B2: Health and Safety	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➢ Health and Safety
Aspect B3: Development and Training	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➢ Employee Development and Training
Aspect B4: Labour Standards	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➢ Employees' Rights and Interests <ul style="list-style-type: none"> ➢ Hiring New Employees

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Social		
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices ➤ Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices ➤ Product Responsibility ➤ Product Quality ➤ Valuing Customer Feedback ➤ Clients' Rights and Interests ➤ Protection of Intellectual Property
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Operating Practices ➤ Anti-Corruption
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.	Community Involvement ➤ Community Investment ➤ Targeted Poverty Alleviation ➤ Caring for the Underprivileged Children ➤ Nurturing the Next Generation ➤ Connections with the Youth Community ➤ Student Internships

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