



**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**
2020
HKEx Stock Code : 00305

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



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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 2020 to 31 December 2020 (the "Year"). The ESG Report summarises the efforts and achievement made by the Group in corporate social responsibility and sustainable development over the past years.

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. The ESG Report presents our sustainable development approach and performance in the environmental and social aspects of our business of the Year. The above scope is defined by whether the Group has operational control over the entities and the significance of their influence on the Group's performance and assets.

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") and complied with the "Comply or Explain" requirement set out therein.

REPORTING PRINCIPLES

The content of the ESG Report is determined through the situation of stakeholder engagement and materiality assessment. These include identifying ESG-related issues, collecting and reviewing the suggestions of internal management and different stakeholders, assessing the relevance and materiality of issues, and compiling and validating the reported data. The ESG Report has covered a comprehensive range of material issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references and sources, as well as the conversion factors used in these KPIs, are stated in the ESG Report wherever appropriate. In addition, to facilitate the comparability of the ESG performance between years, the Group adopts consistent report format and calculation methodologies as far as practicable. In case of any changes in methodologies, the Group will present and explain in details in the corresponding sections.

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 regarding this Report, please contact us via email: info@wuling.com.hk.

CHAIRMAN'S STATEMENT

SHOULDER MISSIONS AND ASPIRATIONS, INSPIRE AND CREATE NEW VITALITY

In 2020, epidemic at home and abroad has continued growing, which has an adverse effect on the global economy, and the automotive market continued to decline. However, the Group insists on maintaining its strength, upholds the concept of new development, and adheres to the business policy of "Seeking Improvement in Stability and Striving for Achievements while Improving". The Group endeavours to implement different business measures on stable growth to achieve the annual business targets. First, we adopted epidemic coordination and management, and ensured stable production while preventing and controlling the epidemic. Second, we maintained the driving force for growth, and spared no effort to stabilise the production of the main business. Third, we promoted transformation and upgrading, and explored the corporate motivation of economic growth. Fourth, we implemented delicacy management, and practiced new strategies under difficult circumstances while smoothly managing various aspects. The Group has always been committed to rewarding shareholders, has actively shouldered social responsibilities, and has never forgotten its original aspirations. We have adhered to the corporate spirit of "Hard-Working and Self-Reliance", kept moving forward even in the face of difficulties, and actively improved epidemic prevention and control as well as promoted stable growth of the corporate.

The Group attaches great importance to both corporate development and fulfilling social responsibilities. At the beginning of 2020, the novel coronavirus epidemic was growing exponentially. The Group took the initiative to shoulder the dual responsibilities to combat the epidemic and promote the resumption of business and production, and made every effort to carry out two-front work. Fortunately, there were no confirmed or suspected cases within the Group, thereby we were able to resume operation and production, and the business kept growing steadily. Regarding epidemic prevention supplies,

we transformed immediately to produce masks and mask production machines to fully support and cooperate with epidemic prevention and control work. The Group also donated vehicles to frontline workers, governments and suppliers to carry out epidemic prevention work. In terms of manufacturing, the Group continues to promote industrial transformation and upgrading, and takes into account both environmental protection and corporate development. Meanwhile, we actively respond to the government's call and promote energy conservation and emission reduction. We vigorously develop new energy vehicles and products with new energy power systems, and use green and smart production to radiate the corporate vitality; and build beautiful industry ecology in an environmentally friendly and efficient manner. Concerning employees' development, the Group adheres to the objective of "Safety First, People-oriented", and attaches great importance to the protection of employees' rights and career development, so as to establish a good corporate culture. In addition, the Group is also committed to benefiting the society. We actively organise and participate in social welfare activities in respond to China's targeted poverty alleviation strategy, so as to contribute to the public.

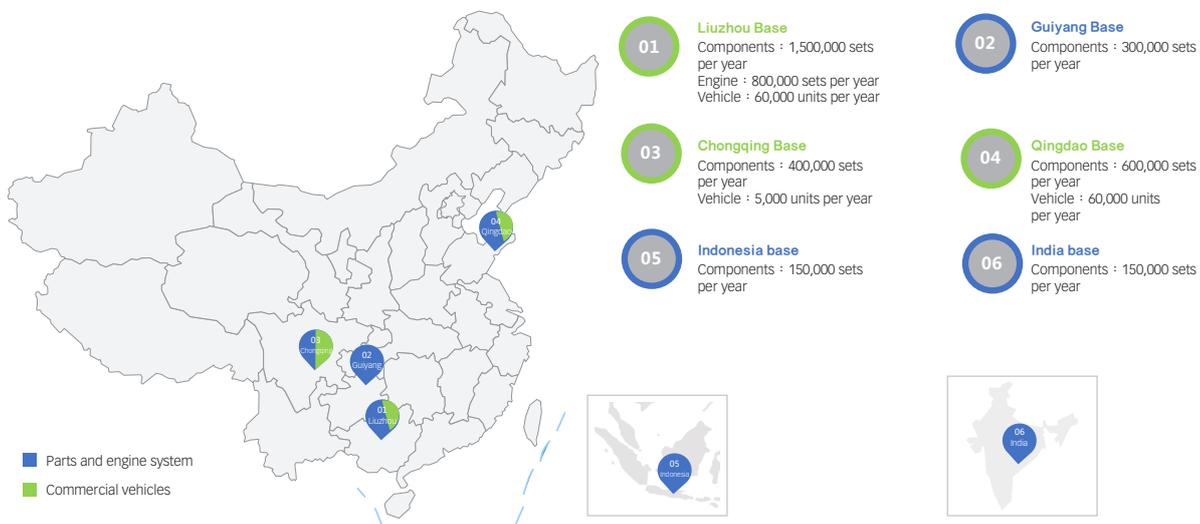
In the face of the new development trend, the Group has never forgotten its original aspirations, closely followed the requirements of national planning, withstood storms and pressures, kept promoting transformation and upgrading, made stable progress, and stabilise the business scale, so as to drive new business development by innovating green and low-carbon products, as well as reform and develop new energy power. The Group will continue to shoulder its missions and aspirations, inspire and create new vitality, and shine brighter in the future!

YUAN Zhijun
Chairman
16 July 2021

ABOUT WULING MOTORS

CORPORATE PROFILE

Wuling Group is principally engaged in the businesses of trading and manufacturing of automotive components, vehicle engine systems and commercial 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 vehicles and passenger vehicles. We also manufacture and supply different types of specialised vehicles, including new energy vehicles in China. The main production facilities of the Group are located in Liuzhou, Qingdao, Chongqing and Indonesia.¹



¹ Guiyang and India are not included in the reporting scope.

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 stringent 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.

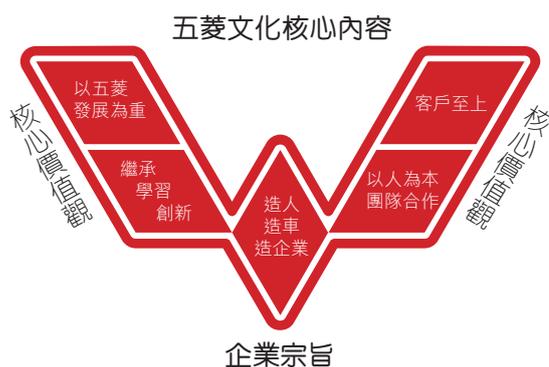
Meanwhile, our introduction of new energy vehicles is a key example of how we are building diversified and clean products for customers. As for our employees, which are our greatest asset and motive for growth, we have put in place

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 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



CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

BOARD STATEMENT

The Group believes that comprehensive ESG governance principles will effectively enhance the Group's investment value and bring long-term return to stakeholders. In order to effectively implement the concept of sustainable development, the Group has established an Environmental, Social and Governance Committee (the "Committee") during the Year. The Committee is responsible for formulating and overseeing the ESG strategies and management of the Group, identifying and assessing ESG-related risks, as well as providing anticipatory and mitigation plans. The Committee focuses on monitoring the ESG work progress and quality of the Group, setting the goals and strategies of sustainable development, as well as independently evaluating and analysing the scope and effectiveness of risk management measures and systems. To strengthen the ESG governance of the Group, the Committee regularly arranges meetings to review the implementation of each subsidiary on sustainable development, so as to ensure that policies and measures regarding sustainable development are effectively executed during daily operation of the Company.

Besides, the Committee has appointed an independent consultancy to assist in managing the ESG matters, carrying out data and information collection and analysis, and offering suggestions for improving the Group's ESG performance. The consultancy also assisted the Committee with the collection of the opinions on ESG matters among the Group's stakeholders and conducted materiality assessment. Each ESG issue is rated and prioritised by the level of concern of the stakeholders. The Committee and the board of directors will review the results of the assessment, so as to identify the Group's material ESG issues and formulate long-term development strategies.

In order to lead the Group's ESG progression effectively, the Committee continuously monitors the ESG work, keeps track of the latest rules on ESG disclosure of international organisations and the Stock Exchange, as well as ensures close cooperation between different departments, so as to jointly achieve the goals of compliant operations and bearing social responsibility. The Committee will also regularly review the plans and implementation of relevant work, and oversee the coordination and management of ESG matters, which is instrumental in setting ESG-related targets of the Group.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

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 targets.

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 conversation with regulatory authorities ◆ Dedicated reports ◆ Regular and irregular 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 ◆ Live promotional broadcasting
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 ◆ Return visit ◆ Customers' feedback



CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

Stakeholders	Requirements and Expectations	Means of Communication and Response
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
Industry	<ul style="list-style-type: none"> ◆ Formulation of industrial standards ◆ Promotion of industrial development 	<ul style="list-style-type: none"> ◆ Participation in industry forums ◆ 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 ◆ Volunteering activities

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.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

MATERIALITY ASSESSMENT

In order to formulate a clear direction and roadmap for ESG management, the Group has conducted materiality assessment during the Year to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on internal stakeholder surveys, opinions and analysis from the third-party ESG professional, as well as materiality maps provided by well-known external institutions². The results of the assessment have also been the reference for the Group to enhance its internal management, and will further engage more different stakeholders so as to collect their precious advice for the development of the Group. During the Year, the Group has identified 10 material ESG issues, which will be further discussed in the Report.

Material Issues	Relevant Sections
Exhaust gas and wastewater management	• Emission of Exhaust Gas, Emission of Wastewater
Greenhouse gas emissions	• Greenhouse Gas Emissions
Development in clean technology	• New Energy Vehicles
Employment Compliance	• Employees' Rights and Interests, Caring for Employees, Health and Safety
Occupational health and safety	• Health and Safety
Supply chain management	• Supply Chain Management
Product quality and safety	• Product Quality
Intellectual property protection	• Protection of Intellectual Property
Research and development	• Product Responsibility
Anti-corruption	• Anti-corruption

² The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).



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 Caused 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 19.92 million in environmental protection (2019: around RMB 21.12 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 and transformation of coating exhaust gas treatment technology, and is committed to establishing Wuling Group as an environmentally friendly enterprise. We will continue to 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. During the Year, Wuling Industrial replaced the lighting system in the car park of the building with solar light bulbs, which are estimated to save around 15,000 kWh of electricity every year. In the meantime, Wuling Industrial has completed the installation of the first photovoltaic power station in Liuzhou industrial zone during the Year, which is the largest corporate photovoltaic power station in the city. It can generate more than 4 million kWh of electricity annually, which can effectively reduce greenhouse gas emission generated by electricity consumption.

In addition to introducing green elements to infrastructure construction, management systems establishment and energy resource investment, we continued to 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.

ENVIRONMENTAL PROTECTION

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



Assembly Line of Specialised Vehicles



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 its 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

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 "2020 the 3rd China (Chengdu) New Energy Vehicle Industry Exhibition", and it gathered hundreds of elites from the new energy vehicle industry. At the exhibition, Wuling Industrial displayed 4 new models of new energy logistics vehicles, including refrigerated van, pickup truck, container truck, etc., attracting many potential customers to inquire about the new products. Meanwhile, Wuling EV50 was presented the "Best User Evaluation Award" by the exhibition organiser for its good reputation and high-quality service. Wuling Industrial encourages innovation, and has continuously improved the new energy logistics vehicles' cargo-carrying capacity, endurance and practical functions of configuration, in order to bring users a better driving experience, and finally received the "Technology Innovation Award".



New Energy Refrigerated Van



The Best User Evaluation Award

ENVIRONMENTAL PROTECTION

Pure Electric Shared Sightseeing Car

5G Intelligent Driving Sightseeing Car

After launching the 5G intelligent driving sightseeing car last year, the Group added a new trial operation spot at Liyuan Resort in Nanning during the Year. Wuling Industrial carried out technical upgrades on the basis of maintaining multiple security guarantees for sightseeing cars in terms of technology, network, on-site safety officers, and vehicle maintenance and guarantees. Wuling Industrial installed a remote control handle for driving of the intelligent sightseeing car, through which the car can be started, forwarded, reversed, turned and stopped. In addition, to enhance the Global Positioning System (GPS) signal of the intelligent sightseeing car in the park, Wuling Industrial revised the navigation algorithm, and finally greatly improved the accuracy of signal transmission. Besides, Wuling Industrial actively responds to epidemic prevention and control, and has installed an intelligent temperature measurement system for the sightseeing car. Once passengers are detected to have abnormal body temperatures, the system will send voice prompts immediately.



The use of 5G smart driving sightseeing cars



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. During the Year, Wuling Industrials installed activated carbon treatment system in small parts spray painting area and paint mixing room to effectively filter out pollutants in exhaust gas.

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, maintaining correct tyre pressure 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 (Note 1)	2020	2019
Nitrogen oxides (kg)	303	298
Sulphur oxides (kg)	1	1
Particulates (kg)	27	25

Note:

- The calculation is based on the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions for China Electronic Equipment Manufacturing Enterprises (Trial)" issued by the National Development and Reform Commission of the PRC and the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

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 Caused 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 Regulations 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	2020	2019
Total non-hazardous wastes produced (tonnes) (Note 1)	53,199	74,682
Intensity of non-hazardous wastes (tonnes/RMB million revenue)	3.46	5.25
Total hazardous wastes produced (tonnes) (Note 2)	1,013	1,107
Intensity of hazardous wastes (tonnes/RMB million revenue)	0.07	0.08

Notes:

- The calculation is based on the actual weight of non-hazardous wastes generated by the Group, including edge materials, scrap metals, non-ferrous metals, auto parts, packaging materials, waste wood, waste paper cartons, plastics and general garbage. Other non-hazardous wastes such as general garbage and food waste are transferred to Links Cleaning CO. Limited for further treatment, so the data on these non-hazardous wastes are currently not disclosed.
- The calculation is based on the actual weight of hazardous wastes.

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	2020	2019
Total greenhouse gas emissions (tonnes CO ₂ e)	141,758	151,036
Scope 1 — Direct emissions (tonnes CO ₂ e) (Note 1)	10,766	10,021
Scope 2 — Energy indirect emissions (tonnes CO ₂ e) (Note 2)	130,245	139,982
Scope 3 — Other indirect emissions (tonnes CO ₂ e) (Note 3)	747	1,033
Intensity of greenhouse gas emissions (tonnes CO ₂ e/RMB million)	9.22	10.61

Notes:

- Scope 1 — Direct emissions refers to the direct emissions from the businesses the Group owns or controls. The calculation is based on the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions" issued by the National Development and Reform Commission of the PRC and the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
- Scope 2 — Energy indirect emissions refers to the indirect greenhouse gas emissions from the Group's purchased or obtained electricity. The Group's energy indirect greenhouse gas emissions come from purchased electricity only. The calculation is based on the emission factors from the "Average Carbon Dioxide Emission Factors of China Regional Power Grid 2011 and 2012" issued by the National Development and Reform Commission of the PRC.
- Scope 3 — Other indirect emissions covers other indirect emissions generated outside of the Group. The calculation is based on the International Civil Aviation Organization Carbon Emissions Calculator and the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

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 sixteenth 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, bauhinia, erythrina, white magnolia 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 106 tonnes of carbon dioxide equivalent.



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 RMB5.03million (2019: RMB5.59 million). The Group also actively promotes digitalisation in supply chain. We have established an open supplier chain coordination platform, which enables us to build relevant systems for managing the procurement, and thereby achieving systematic management of the entire chain and lowering operation cost of the supply chain. This helps the Group to expand its business, carry out data analysis and provide financial service in supply chain. We carry out data mining to support the Group's decision making and thereby build the supply chain ecosystem in the industry. In the meantime, we have created a

platform for the exchange of experience, where improvement measures on technologies, knowledge on cost reduction, quality improvement, maintenance skills 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.

The Group also promotes digital transition in the industry through the platform, in which we enhanced the operation mechanism, shared data and resources, utilised different roles and approaches. We focused on promoting new model of smart production, and connecting the chain of data in different steps of production among enterprises. In the meantime, we encouraged enterprises to explore the value of data, achieve synergy in different aspects such as design, production, logistics and warehousing, and establish a production and operation management system that is led by large scale customisation and able to respond to consumers' needs effectively and promptly. Furthermore, we spare no effort in developing smart production unit, smart production line, smart production plants and smart factories. With demonstration and promotion and sharing technologies, we guided enterprises to use advanced technologies and intelligent equipment and promote the intelligent transformation of equipment, so as to foster the attainment of higher level in smart production among the industry.

ENVIRONMENTAL PROTECTION

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 analysing 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.

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

Energy Consumption	2020	2019
Total energy consumption (MWh)	264,133	276,998
Intensity of energy consumption (MWh/RMB million revenue)	17.17	19.46
Energy consumption from the use of natural gas (MWh) (Note 1)	50,586	46,601
Energy consumption from the use of liquefied natural gas (MWh) (Note 1)	—	1,018
Energy consumption from the use of gasoline (MWh) (Note 2)	758	958
Energy consumption from the use of diesel oil (MWh) (Note 3)	195	200
Energy consumption from the purchased electricity (MWh) (Note 4)	212,594	228,221

Notes:

- The calculation is based on the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions" issued by the National Development and Reform Commission of the PRC.
- The calculation is based on the national standard "Gasoline for Motor Vehicles" (GB17930-2016) and "Land Transport Enterprises — Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)" issued by the National Development and Reform Commission of the PRC.
- The calculation is based on the national standard "Automobile diesel fuels" (GB19147-2016) and "Land Transport Enterprises — Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)" issued by the National Development and Reform Commission of the PRC.
- The calculation is based on the actual purchased electricity consumption of the Group.

ENVIRONMENTAL PROTECTION

To conserve energy, we have implemented green lighting in the workplace. This involves installing 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, and has also compiled the environmental management handbook and organised training on environmental education for employees in the Year. This helps to achieve full

participation of employees in environmental protection and conservation. To deepen employees' understanding of relevant environmental laws and regulations, the Group also provided training on ecological laws and regulations for the main person in charge, management personnel and production unit managers during the Year.

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 (Note 1)	2020	2019
Total water consumption (m ³)	1,393,857	1,736,260
Intensity of water consumption (m ³ /RMB million revenue)	90.61	121.95

Note:

- The calculation is based on the actual water consumption of the Group.

ENVIRONMENTAL PROTECTION

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 are committed to using less disposable materials and opt for recyclable alternatives, as well as 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 (Note 1)	2020	2019
Total plastic used (unit)	195,262	572,499
Intensity of plastic used (unit/RMB million revenue)	12.69	40.21
Total plastic used (roll)	38,560	164,346
Intensity of plastic used (roll/RMB million revenue)	2.51	11.54
Total plastic used (kg)	98,179	160,465
Intensity of plastic used (kg/RMB million revenue)	6.38	11.27
Total wood used (unit)	91,267	121,497
Intensity of wood used (unit/RMB million revenue)	5.93	8.53
Total paper cartons used (square metre)	364,627	686,626
Intensity of paper cartons used (square metre/RMB million revenue)	23.70	48.23

Note:

- The calculation is based on the actual packaging materials of the Group.



ENVIRONMENTAL PROTECTION

DEALING WITH CLIMATE CHANGE

Climate change is a current challenge faced by the globe. With the aim to counter the extreme weathers and natural disasters brought by climate change, the Group is actively preventing and preparing for the potential risks it brings, and keeps track of international trends as well as relevant policies and regulations issued by the national government and the governments of the regions where the business operates, so as to identify potential climate-related risks and opportunities that may have potential impacts on the Group's business.

During the Year, the Group has identified different physical risks. The Group may face the impacts brought by the increased severity of extreme weather events, changes in precipitation patterns and rising sea levels in the future. This is likely to threaten the Group's business and influence its financial performance. To be specific, more frequent natural disasters cause damage to the facilities, leading to higher maintenance cost, or projects have to be postponed, resulting in lower production capacity, etc. These have both direct and indirect impacts on the stable operation of the Group. In addition, climate change may render various transition risks, including policy and market risks such as the transition to lower-carbon technology and shifts in consumer preferences. As consumers' expectations on existing services increase, the operating costs (such as investment in technology development) of the Group will increase accordingly.

In response, the Group has carried out risk identification, formulated the "Contingency Plan for Environmental Emergencies" and established an emergency response unit with clearly defined responsibilities to better adapt to and deal with climate-related risks. The Group classifies different types of environmental emergencies and takes actions in response according to the severity of the incident. In the process of risk assessment, we also engage professionals on risk management and sustainable development in discussion as far as possible, so as to identify climate-related risks more comprehensively. On the other hand, in order to eliminate safety hazards caused by extreme weathers, we inspect and conduct maintenance for the structure of the plants regularly, as well as provide comprehensive insurance for the Group's assets. The Group also implements the internationally recognised environmental management systems ISO 14001:2015, and requires suppliers to take precautions against climate-related risks, so as to manage and monitor climate-related risks. Moreover, the Group will issue safety warnings based on the information provided by local governments and notify employees immediately, and adopt special work arrangements when necessary so as to ensure employees' health and safety.

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 the 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. If child labour or forced labour is found, the Group will immediately stop his/her work and investigation will be conducted to identify the breach to prevent recurrence. 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.

HARMONIOUS WORKING ENVIRONMENT

During the Year, the data relating to the Group's labour force are as follows:

Employment Indicators ³	2020	2019
Total number of employees	9,545	10,135
<i>By Gender</i>		
Male	7,447	8,266
Female	2,098	1,869
Ratio of female employees at or above managerial level (%)	26	23
<i>By Age Group</i>		
Below 18 years old	11	NA
Between 18 and 20 years old	145	NA
Between 21 and 30 years old	3,011	NA
Between 31 and 40 years old	3,305	NA
Between 41 and 50 years old	2,520	NA
Between 51 and 60 years old	545	NA
Over 60 years old	8	NA
<i>By Employment Type</i>		
Part-time	367	NA
Full-time	9,178	NA
<i>By Geographic Region</i>		
Employees stationed in Liuzhou	7,517	7,976
Employees stationed in other provinces or cities (including Qingdao, Chongqing, Hong Kong and Indonesia)	2,028	2,159
Employee turnover rate (%)	16	12
<i>By Gender</i>		
Male	17	NA
Female	11	NA
<i>By Age Group</i>		
Below 18 years old	9	NA
Between 18 and 20 years old	22	NA
Between 21 and 30 years old	23	NA
Between 31 and 40 years old	14	NA
Between 41 and 50 years old	11	NA
Between 51 and 60 years old	8	NA
Over 60 years old	0	NA
<i>By Geographic Region</i>		
Employees stationed in Liuzhou	17	NA
Employees stationed in other provinces or cities (including Qingdao, Chongqing, Hong Kong and Indonesia)	13	NA

³ The Group starts to disclose the number of employees and employee turnover rate by gender, age group and employment type from the Year.

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 and housing provident fund for employees. In addition, the Group provides extra 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 approximately 1,600 single 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 etiquette workshops for female employees and giving out birthday cakes on employees' birthdays and so on, to foster harmony in the workplace and demonstrate corporate spirit. During the Year, we have also organised various sports activities to allow employees to exercise while increasing their sense of belonging to the Group.

HARMONIOUS WORKING ENVIRONMENT



Sports activities



Birthday rewards



Etiquette workshops for female employees

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.



Giving out benefits packages

HARMONIOUS WORKING ENVIRONMENT

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:

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



Leadership training



Management skills training for management trainees

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. During the Year, the Group launched a 4-month training for young cadres, and invited outstanding internal and external tutors to deliver lectures on 5 themes, which were the cadre's responsibility, industry and frontier technology, enhancement of management skills, aesthetic improvement and innovation. We adopted a diversified teaching mode, and endeavoured to cultivate young elite cadres with excellent comprehensive quality, so as to support the transformation of the corporation and facilitate high-quality development. Furthermore, the Group also encourages its employees to participate in external training. The Group subsidises the tuition fee of external education institutions (such as universities, colleges and trade schools) for employees who meet the criteria standard of the Group.

HARMONIOUS WORKING ENVIRONMENT

During the Year, the data of employee training of the Group are as follows:

Training Indicators ⁴	2020	2019
Average training hours per employee (Percentage of trained employees)	47(100%)	49(95%)
<i>By Gender</i>		
Average training hours of male employees (Percentage of trained employees)	47(100%)	NA (95%)
Average training hours of female employees (Percentage of trained employees)	47(100%)	NA (98%)
<i>By Employee Category</i>		
Average training hours of senior employees and employees above managerial level (Percentage of trained employees)	46(99%)	NA
Average training hours of intermediate employees (Percentage of trained employees)	41(100%)	NA
Average training hours of junior employees (Percentage of trained employees)	49(100%)	NA
Average training hours of other employees (Percentage of trained employees)	92(100%)	NA

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.

⁴ The Group began to disclose the average training hours of employees and percentage of trained employees by gender and employee category from the Year.

HARMONIOUS WORKING ENVIRONMENT

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 the Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Guideline of China Occupational Safety and Health Management System. The Group also improves the management system of occupational health and safety by following the international standard of ISO 45001:2008 Occupational Health and Safety Management Systems and the Occupational Health and Safety Management Systems Requirements (GB/T45001-2020), realizing the highest standard of occupational health and safety in the workplace.

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, including safety production, fire safety, occupational health and environmental supervision. The safety committee arranges a work meeting every season to listen to the safety work reports of each department, thereby reviewing the operation of the Group on health and safety as well as environmental management, discussing corresponding strategies, and monitoring the implementation of relevant measures of each subsidiary. 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.



Meeting of the safety committee

HARMONIOUS WORKING ENVIRONMENT

Upgrading Fire Service Facilities in Specialised Vehicles Painting Unit	Upgrading New Energy Battery Repository	Upgrading Lightning Protection in Buildings of Production Plants
<ul style="list-style-type: none"> Replaced with fire extinguishing and evacuation equipment of longer lifespan; Installed combustible gas monitoring system according to regulations and requirements; Expanded the coverage of fire extinguishing system. 	<ul style="list-style-type: none"> Improved the layout of repository by maintaining necessary safety distance between batteries; Introduced emergency supplies for new energy batteries, such as foam extinguisher, insulating rod, fire blanket and fire bucket; Improved safety warning signs placed on-site. 	<ul style="list-style-type: none"> Upgraded lightning protection of power units and information system; Repaired lightning arresters that are faulty or not meeting the requirements; Enhanced the lightning protection of newly installed facilities on rooftop.

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:

Health and Safety Indicators	2020	2019	2018
Cases of death (case)	Nil	Nil	Nil
Percentage of work-related fatalities (%)	0	0	0
Cases of work injuries (case)	10	12	9
Loss of working days due to work injuries	12	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.



HARMONIOUS WORKING ENVIRONMENT

During the Year, the Group won the title of Outstanding Enterprise (Unit) in "Ankang Cup" Competition of Liuzhou 2020. Wuling Industrial also actively improves its working environment and standards in health management and services through refining the corporate management system constantly. By meeting the needs in employees' health, Wuling Industrial realizes the balance between business development and employees' health. In December of the Year, the Healthy Enterprise Assessment Taskforce of Liuzhou came to Wuling Industrial and conducted on-site evaluation. After procedures such as employee interviews, visits to canteens and production units, Wuling Industrial was honoured the title of "Healthy Enterprise" in Liuzhou during the Year, demonstrating the Group's remarkable achievement in occupational health and safe production.

Respond to the Novel Coronavirus Epidemic

In the face of the novel coronavirus epidemic, the Group has put great efforts on epidemic prevention and anti-epidemic work and has actively supported local government's epidemic prevention policies. The Group has formulated a series of guidelines for epidemic prevention and control as well as emergency plans, to ensure the production plants can operate normally, while the health of employees is also guaranteed. In order to respond to the novel coronavirus epidemic effectively, we have established emergency working groups for different aspects, such as the team of epidemic prevention and control, team responsible for supplies and team for providing care to employee, as well as an emergency leading group for handling daily and emergency items related to the epidemic respectively. In order to prevent the outbreak of the epidemic within the plants, the Group has taken various measures to enhance the health protection for employees:

1. Enhance publicity and education to raise awareness

The Group distributed epidemic prevention and control handbooks to employees and organised relevant training, so as to popularise the basic knowledge on the novel coronavirus. We also led employees to study the methods of epidemic prevention and control, thereby increasing their attention to the epidemic and heightening their awareness of prevention.

2. Guarantee for employees' health

The Group strictly implemented personal hygiene measures, including body temperature screening and wearing masks, and cancelled gathering activities, such as conferences and centralised training, so as to reduce cross flow of population. We also attached great importance to employees returned from places where the epidemic is relatively severe, including Hubei Province, and they were required to report their health conditions to relevant personnel every day. If employees find any abnormal health conditions, they should go to the local hospitals for examination and treatment immediately. In the meantime, to ensure environmental hygiene, we carried out regular disinfection of plants areas and non-operating premises such as dormitories, canteens and toilets, and enhanced indoor ventilation. Besides, external personnel were restricted to enter the plants privately, thereby preventing the spread of the virus from outside. Each department was required to update the epidemic figures before 17.00 p.m. every day, and the validated figures were reported level by level, and finally released to public to maintain the transparency of the epidemic situation.

HARMONIOUS WORKING ENVIRONMENT

3. Guarantee for the provision of epidemic prevention supplies

The Group properly arranged the reserve of different supplies, including masks, disinfectants and hand sanitizers, and provided masks with better protection or other supplies to employees based on the development of the epidemic and the needs of their positions. We guaranteed to provide adequate supplies for employees living in the plants, and inspected water and electricity supply conditions of the dormitories to ensure a comfortable living environment.

The Group keeps track of the epidemic, attaches great attention to prevention and control, and carries out regular summary reports, so as to ensure the effective implementation of relevant measures. With the Group's determination to fight the epidemic and the concerted efforts of its employees, the Group has successfully ridden out the difficult time of the outbreak of the novel coronavirus.



Training on the knowledge of epidemic prevention and control

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, including the Development and Management Control Programme for Parts

Suppliers and the Development Procedures for Potential Production Material Suppliers, to standardise and unify the assessment procedures, standards and requirements for potential suppliers of materials procurement, as well as continuously explore potential suppliers, thus ensuring 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 identify both environmental and social risks in the supply chain and strictly regulate the performance of suppliers, the Group has 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. We prioritise suppliers with certifications of internationally recognised standards regarding environmental and social risks management, including the certification on ISO14001 Environmental Management Systems, ISO26000 Guidance on Social Responsibility, etc. During the bidding and acceptance processes, we also review the environmental performance of the suppliers and set out the requirements for

environmental protection and energy conservation. If a certain supplier fails to meet our standards or relevant laws and regulations, 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

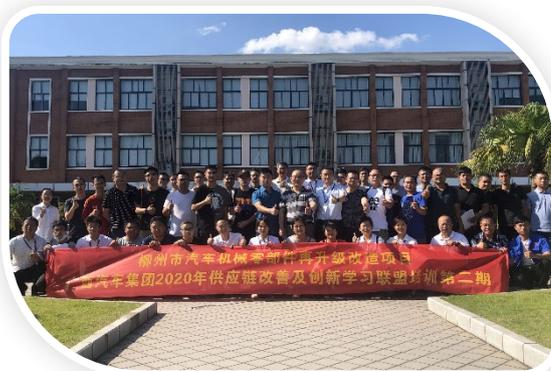
In addition, the Group has incorporated the idea of environmental protection into supply chain management and procurement. In the process of procurement, we give priority to suppliers geographically closer to us to reduce carbon footprint in the transportation. Under the premise of meeting the production demands, we also consider products having less impact on the environment, such as products with energy efficiency labels, less packaging materials or even

recyclable products. Meanwhile, we advocate the use of eco-friendly packaging materials, encourage employees to pay attention to the shelf life of products, and use products that were purchased earlier to avoid unnecessary wastage. During the Year, all suppliers were subject to the above supplier management procedures, and the number of suppliers of the Group by geographical region is as follows:

Number of Suppliers by Geographical Region ⁵	2020
Northern China	70
Central China	111
Eastern China	167
Southern China	178
Northeast China	1
Overseas	10

During the Year, the Group carried out three phases of specific enhancement and training programmes for Wuling's suppliers. A total of 33 suppliers participated in the programmes, and each phase was conducted in two days. The first phase, which is specifically designed for the general managers of the supplier, mainly focuses on helping the senior management of the suppliers to master the thinking and methods for cost reduction and efficiency enhancement in the supply chain, such as the value chain synergy system, cost reduction analysis and optimisation of

value chain, and cost reduction methods in research and development, cost maximisation in production and materials, and value analysis and value engineering (VAVE) tools. The other two phases are designed for the executive personnel of the suppliers, helping the suppliers to enhance the production and operation efficiency and the overall managing ability of frontline production managers through using the best operation method and improving ways of working. The training programmes received enthusiastic and positive feedback from supply chain partners.



Training on supply chain improvement and innovation study



Ability improvement training for front-line management of supply chain production

⁵ The Group began to disclose the number of suppliers by geographical region from the Year.



OPERATING PRACTICES

"Optimising and stabilising industrial supply chain" is one of the key issues discussed on the 2020 National People's Congress and the Chinese People's Political Consultative Conference ("two sessions"). During the Year, the instability and uncertainty of the supply chain of automotive industry have exacerbated due to the epidemic and downward pressure on the automotive industry. Hence, Guangxi Automobile Group has established a "Learning alliance on supply chain improvement and innovation" with 33 local suppliers. Wuling Group has also actively participated in it, and played a leading role in helping suppliers in the industry, thereby reducing the manufacturing and operating costs, and building green supply chain jointly.

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 the Product Quality Law of the People's Republic of China, and adopt 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. 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 Group's quality management adheres to the principles of zero defects and "Three NOs"⁶ 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 0.0057%. Also, Wuling Industrial has sold a total of 115,411 specialised vehicles and new energy logistics vehicles during the Year, the percentage of the vehicles recycled due to safety reasons to the total number of vehicles sold is 0.000095%.

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. During the Year, Wuling Liuji was shortlisted in the 17th Top 100 National Auto Parts Suppliers List, and was entitled the "Outstanding Engine Supplier", reaffirming the Group's strength and advantages.

⁶ "Three NOs" are no acceptance, no delivery and no manufacturing of deficient products.

OPERATING PRACTICES

Valuing Customer Feedback

The Group attaches great importance to customer satisfaction, thus collecting feedback from our customers is crucial for understanding 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 comments from end-customers through automotive dealers. We also welcome customers to provide opinions and suggestions through phone calls, letters and e-mails. The Sales Department will analyse and handle the feedback received and promptly respond to the customers. The Sales Department will also report the valuable suggestions and information to relevant departments to help formulate corrective measures.

In order to enable customers to enjoy high-quality customer service, the Group has established a 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 an important 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 of specialised vehicles, we operate 400 service stations in the PRC, supervised by 8 regional service managers, and have maintained a high level of customer service. In addition, we also regularly provide after-sales customer service personnel with relevant 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.

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 secrets on operation, transaction, management and technology 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 the 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.

OPERATING PRACTICES

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 the Patent Law of the People's Republic of China and the 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 2 invention patents, 73 design patents and 82 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, and awarded the Guangxi Science

and Technology Award issued by the People's Government of Guangxi Zhuang Autonomous Region. The Group also limits the use of labels, and no one can use the Group's label without prior permission from the Group.

During the Year, the laboratory of Wuling Industrial has officially passed the review of the China National Accreditation Service for Conformity Assessment (CNAS), and obtained the CNAS laboratory accreditation certificate. This indicates that our laboratory has obtained international recognition and is allowed to carry out testing or calibration services within the scope of authority. This will facilitate Wuling Industrial to develop new vehicles, increase the opportunities for communication between Wuling Industrial and international conformity assessment agencies, and enhance the corporate's reputation and competitiveness.



Airbag explosion laboratory



On-site review

OPERATING PRACTICES

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 the 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, honesty, anti-fraud 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 anti-

corruption 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, 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.

During the Year, the Group organised training on employee's integrity, including business training on discipline inspection and supervision as well as lectures on anti-corruption and integrity, 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.



Lecture on anti-corruption and integrity



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 Anchi Town and Bendong Village in Sanfang Town, and promoting new rural construct of "Rule of Law, Ecology, Harmony and Happiness". During the Year, the Group's 5 targeted poverty-stricken villages have all successfully achieved poverty alleviation, and the impoverished population has dropped to zero. After that, we continued on work related to rural revitalisation, kept consolidating the achievements of poverty alleviation, integrated internal and external resources of the enterprise, and increased the extent of assistance.

During the Year, the Group stepped up its support under the goal of "Strengthen the establishment of conduct, Strengthen the guidance on research, Strengthen and drive the industry, Strengthen resource management". In the Year, we sent 10 employees to the targeted poverty-stricken villages to assist in poverty alleviation work. We conducted on-site investigation and research regularly and directly supervised poverty alleviation work. We also visited and gave a total of RMB 45,000 of scholarship to 75 university freshmen. In the meantime, the Group's Party branch actively organised more than 20 Party building and education activities with the poverty-stricken villages and gave out 75 school supply kits. In addition, the Group organised multiple training sessions on poverty relief during the Year, and the total number of participants was 996. Training for provincial cadres recorded 599 participants in total.

The Group actively improved the ways of working, implemented the industry model of "Corporation, Cooperatives, Farmers, Poor and Households", and took advantage of local superior resources and industrial foundations, so as to help villagers explore development paths, expand the market size, enhance corporate management, and build brand effect. We combined the needs of each village with the progress of corporate development, organised a task-force team to provide the programmes in the villages with guidance on planning, market positioning, the standards for food processing, etc. To improve product quality, we also encouraged local management and technicians to participate in training provided by the Group, which were related to marketing, product development, plant management, etc. Currently, a total of 15 cooperatives were established in the 5 poverty-

COMMUNITY INVOLVEMENT

stricken villages. The revenue of the cooperatives' 16 projects, which were on passion fruits, blueberries and black wood ears etc., reached RMB 8,929,000 and helped 1,046 impoverished people. During the Year, the Group helped develop 14 new key projects, maintenance of 4 km of road, 5 public service projects and 4 new industry development projects.

In addition, to enrich and invigorate villagers' spiritual and cultural life, part of the funds was used for the industrial development of Jiangmen Village, the improvement of the education centre for the Party members, and the construction of cultural buildings and stages. At the same time, we greatly encouraged poverty alleviation by consumption, and promoted the sales of agricultural product in different ways, such as online and offline platforms (including live-streaming sales), targeted procurement, signing procurement contracts for agricultural products, etc. During the Year, the Group purchased a total of over RMB 6,000,000 of special agricultural products from the targeted poverty-stricken villages, and signed a procurement contract with RMB 1,109,000, so as to promote the production and effectiveness of the places of origin.

Besides, the Group promotes integrity and attaches great importance to employees' discipline. Funds for poverty alleviation are dedicated for specific purposes. The progress and details of the use of fund for targeted poverty alleviation projects have to be reported to the Group's commission for discipline inspection on odd-numbered months. During the Year, the Group also launched monthly warning education through typical cases related to corruption and integrity in poverty alleviation work to caution employees against breaching the laws. We maintained good communication with voluntary inspectors of targeted poverty-stricken villages

through telephone and return visits and conduct on-site inspection and supervision when necessary. To encourage the village secretaries on enhancing poverty alleviation projects, we followed up the work and issues of every poverty-stricken village continuously and proposed related improvement measures.



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. During the Year, the Group has created a youth charity action called "1 Youth" with its innovative poverty alleviation approach. In collaboration with the teaching staff of Guangxi University of Science and Technology, we organised "Little Wish" campaign to collect stationery and books for primary school kids in mountain areas. The Group has also led a number of young volunteers to join the "City Building" activity in Liuzhou. 8 volunteers have accumulated more than 48 service hours in traffic persuasion launched by Communist Youth League of the City in July during the Year. Moreover, around 20 young volunteers participated in the "Passion for Youth, Donate for the Party" blood donation event held by Communist Youth League of the City. Amid the heavy rain on that day, volunteers actively came to the Liuzhou City Sports Center to donate and show their passion.

The Group have co-organised the Wuling young volunteer activities with the "Wuling community" under the theme "Learn from the Spirit of Lei Feng and Demonstrate Your Passion for Charity" for seven consecutive years. The Wuling young volunteers, youngsters in the community and volunteers from Wuling Hospital jointly carry out charity services, such as providing public services, promoting the idea of environmental friendliness and voluntary medical treatments for the residents in the community. In March of the Year, the Group organised 16 team youth league branches, in which 119 young volunteers participated in the "Learn from the Spirit +++of Lei Feng" charity event, including services such as tree planting, cleaning pallets, vehicles and safety helmets, separating garbage, landscaping smoking areas, hairdressing, cleaning eyeglasses, promoting the prevention of carbon monoxide poisoning, and repairing home appliances. This "Learn from Lei Feng" event has more than 500 participants and received support from residents in the "Wuling community".



COMMUNITY INVOLVEMENT

Caring for Children

To enrich children's childhood under the epidemic, the Group organised a picture book contest with the theme of vehicles on the International Children's Day during the Year to provide kids with a platform to showcase their potential and talents. Classified by different age groups, children created their own "user manual" picture book based on the Group's 3 models of vehicles, including fire engines, sightseeing vehicles and recreational vehicles. The children's works were then exhibited on the "Little Rookie Vehicle Expert" Picture Book Award Ceremony and Car Exhibition. This event received enthusiastic support from the employees, and more than 450 children from Liuzhou, Qingdao and Chongqing participated. More than 300 works were judged by professional panel of judges, and a number of works were awarded. Through this contest on the theme of vehicles, children could gain a better understanding on the products of the Group where their parents work for and feel the love of their family with enhanced parent-child interactions.

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 12 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, mutual recruitment of teachers, as well as work-study alternation training. 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.

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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 ➤ 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 ➤ 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 ➤ Greenhouse Gas Emission
Aspect A4: Climate Change	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those may impact, the issuer, and the actions taken to manage them.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Dealing with Climate Change

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ESG Indicators	Descriptions	Sections
Social		
Employment and Labour Practices		
Aspect B1: Employment	<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 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</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 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</p> <p>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</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 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

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ESG Indicators	Descriptions	Sections
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 ➤ Serious Attention to 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 ➤ Nurturing the Next Generation ➤ Connecting with the Teenagers in the Community ➤ Caring for Children ➤ Student Internships



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