

C R A F T E D B Y



T H E D R I V E N

Guangzhou Automobile Group Co., Ltd.

Environmental, Social and Governance Report

About This Report

Overview

This is the annual Environmental, Social and Governance Report of Guangzhou Automobile Group Co., Ltd. (hereinafter referred to as "GAC"). It fully discloses the ideas, objectives, measures, achievements and future plans of GAC on major issues in respect of corporate social responsibility in 2020.

Basis of Preparation

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "Guide") of Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong and also referring to the core solution of the Guidelines of the Global Reporting Initiative (GRI) and the standard CASS CSR 4.0 of the Chinese Academy of Social Sciences.

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

Reporting Principles

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

- **Importance:** In preparing this report, GAC has invited a third-party professional institution to give a full consideration to the company's business characteristics and communicated with the stakeholders to identify the current major ESG issues and submitted the results to the board of directors for review and approval and finally confirmed the major issues, which are taken as the basis for the preparation of the report and receive a response from the report.
- **Quantitative:** GAC has established a mechanism for the collection and review of ESG data. Wherever applicable, the report discloses correlation data of previous years to allow the stakeholders to follow up the progress of ESG management.
- **Balance:** In this report, GAC has discussed the improvement space and plan on relevant issues, avoided omission or improper impact to the decision-making or judgement of stakeholders.
- **Consistency:** The quantized information provided in this report has been calculated and disclosed in a way basically consistent with that in previous years so that the stakeholders can analyze and evaluate the performance of different time. The changes and update of the scope of some data have also been noted for the reference of stakeholders.

Scope of the Report

The scope of this report covers five business segments of GAC, namely R&D, whole vehicles (cars and motorcycles), parts and components, commercial services, and finance, with a time span from January 1 to December 31, 2020 ("the current year", or "the reporting year"), with some information in other years to enhance comparability. Unless stated otherwise, RMB is taken as the currency unit in this report.

Title Description

In this report, "the company" or "we" refer to "Guangzhou Automobile Group Co., Ltd."; "GAC Group", "GAC", "the group" refer to the company and its subsidiaries. Unless stated otherwise, the terms used in this report shall have the same meaning as defined in the 2020 Annual Report of GAC.

Data Source and Reliability Statement

All data in this report come from Guangzhou Automobile Group Co., Ltd. and its subsidiaries or investment companies, which are reviewed and approved by the board of directors. Unless otherwise stated, the data of this report shall cover five business segments of Guangzhou Automobile Group Co., Ltd.: R&D, complete vehicles (automobiles, motorcycles), parts and components, trade services and finance. The period shall be January 1 to December 31, 2020 ("current year" and "report year").

Confirmation and Approval

This report has been confirmed by the management of GAC and was approved by the board of directors on March 25, 2021.

Obtaining and Responding to This Report

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

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Message from the Leadership

Dear friends:

The year 2020 will undoubtedly be unforgettable in history. Thanks to your care and support, GAC Group has not only survived the fight against epidemic, but also made outstanding achievements in maintaining stable operating performance, steady progress of major projects, and continuous upgrading of its brand value. Here, on behalf of GAC Group and all our employees, I would like to extend my sincere gratitude to you!

2020 is the intersection year of China's "Two Century Goals", the final year of building a moderately prosperous society in all respects, the end of the "13th Five-Year Plan" and the decisive victory of poverty alleviation, which is destined to be recorded in history. In this critical year, we encountered the unprecedented impact of the covid-19 pandemic, which also profoundly affected the global politics, economy and society. Facing the unprecedented challenges brought by the pandemic to the automobile industry and relevant enterprises, GAC Group adhered to the guidance of the Thought of President Xi Jinping on Socialism with Chinese Characteristics for a New Era, and always united to take science-based and targeted measures and fight the epidemic with confidence, achieving both economic and social benefits.



Zeng Qinghong

Chairman of GAC Group



Feng Xingya

President of GAC Group

Production of vehicles
in million

2.0348

Sales of vehicles
in million

2.0438

Sales of new energy vehicles grew by
YoY

42.9%

In the Fortune Global 500 List ranked

206th

The Innovative Guangzhou Automobile (IGA) program
created direct economic benefits of nearly
in ¥ billion

1.26

Investment in charity and public welfare
in ¥ million

146



1

In 2020, we resolutely implemented the guiding principles from General Secretary Xi Jinping's major speeches on coordinating and promoting pandemic prevention and control as well as economic and social development, and bravely shouldered the heavy responsibilities in the fight against the pandemic and the resumption of work and production.

2

During the pandemic, the group did its best to support the frontline of the fight against the pandemic through cross-industry production of masks and a cumulative donation of RMB 31.78 million, including 1.23 million (pieces) of medical supplies, such as medical masks and protective clothing. Meanwhile, it only took five days to assemble the first medical mask production line, producing over 100 million medical masks through 12 machines, giving full play to the role of GAC Group as a leading state-owned enterprise. In the promotion of economic and social development, the Group overcame all difficulties and made a concerted effort to fully implement the strategy of ensuring stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations and the strategy of ensuring security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments, which was one of the first batch of auto companies in China to resume work and production. Through the joint efforts of all employees, the Group's production and operation gradually improved, and its economic efficiency stabilized and rebounded, finally realizing the production of 2.0348 million vehicles and sales of 2.0438 million vehicles, a year-on-year increase of 0.54% and a decrease of 0.89% respectively, which were 2.5% and 1% better than the industry. The market share increased by 0.4%, and the growth of production and sales was above the average of the industry. In terms of annual ranking of production and sales, the group rose to 4th in the industry, which was the highest since the establishment of the Group, putting the state-owned economy on more solid footing.

3

4

In 2020, we resolutely implemented the new development concept, to lead high-quality development and promote the company to further realize quality, efficiency, and driving force revolution.

The Group unwaveringly promotes independent innovation, and GAC R&D Center has completed the design of the GPMA architecture platform with independent intellectual property rights and the world's advanced level. It has released a new generation of powertrain platform, "Mega Wave Power", and the thermal efficiency of the engine set a new record in the public certification of the China Automotive Technology & Research Center. Its fuel cell vehicles have met the demonstration operating conditions, and major progress and breakthroughs have been made in the research and development of projects like power batteries, integrated electric drives, and graphene. GAC AION has achieved independent brand operation and has been fully built into a high-tech electric car brand, which reflects the Group's confidence and determination to develop renewable energy business and promote green development of energy saving and emission reduction under the new situation. In 2020, the whole group has added a cumulative of 1,961 patents, including 823 invention patents. The cumulative patent applications are 8,040, including 2,753 invention patents. It continues to carry out Innovative Guangzhou Automobile (IGA) program, with a cumulative direct economic impact of more than RMB 8.1 billion.



1

In 2020, we resolutely implemented the deployment requirements of the Party Central Committee on winning the battle against poverty, and completed the task of poverty alleviation in a comprehensive and high-quality manner.

Since its establishment, the Group has invested more than RMB 2.97 billion in taking targeted measures in poverty alleviation and other public welfare undertakings, and has assisted 20 villages, 1,259 poor households and 5,676 poor people to get rid of poverty. In the battle against poverty, we attached great importance to the leading role of party building. Since 2016, the Group and its affiliated investment companies have organized more than 120 field researches on poverty alleviation, and organized more than 10,000 party members and cadres of various primary-level party organizations to carry out the assistance work in impoverished villages. The Group also made full use of the industrial chain, supply chain and talents, based on the actual situation of poverty-alleviation units and targets, to effectively build the benign interactive pattern with mutual support, coordination and organic connection between targeted poverty alleviation and rural revitalization through industrial poverty alleviation, consumption poverty alleviation, and education poverty alleviation, etc., in order to effectively consolidate the results of poverty alleviation.

4

Courage is shown only in difficulties; success is gained through hard work. The new journey of comprehensively building a modern socialist country is about to begin, and the Group has established its "14th 5-year Plan" and the long-term goal for 2035. We will continue to be guided by the Thought of President Xi Jinping on Socialism with Chinese Characteristics for a New Era, unswervingly implement the new development concept, seize the opportunity to build a new development pattern, vigorously promote

high-quality development, explore opportunities in crises and break new ground in changes, and strive to build a world-class company which wins customers' trust, ensures staff's well-being, and meets social expectation. We will actively respond to the ninth meeting of the Central Financial and Economic Affairs Commission chaired by President Xi Jinping, "to incorporate the peaking of carbon emissions and carbon neutrality into the overall layout of building an ecological civilization", and answer the call of President Xi Jinping, "to unswervingly implement the new development concept, adhere to the systematic concept, handle well the relationship between development and emission reduction, between overall and partial, and between short-term and medium-to-long-term. Led by the comprehensive green transformation of economic and social development, with the green and low-carbon development as the key, to accelerate the formation of an industrial structure, production method, lifestyle, and spatial pattern that saves resources and protects the environment, and to unswervingly follow the green and low-carbon high-quality development path with ecology as the priority." Let's stay true to our original aspirations and jointly create a splendid future for a modern socialist country under the "14th 5-year Plan"!



Chairman of GAC Group



President of GAC Group

About GAC

Overview

1 Founded in June 1997, Guangzhou Automobile Group Co., Ltd. (hereinafter referred to as "GAC") is headquartered in Zhujiang New Town, Tianhe District, Guangzhou City. It's a large state holding corporation listed in Hong Kong and Shanghai Stock Exchanges. At present, it has about 94,000 employees and has promoted employment for nearly 800,000 people in the upstream and downstream industrial chains. In 2020, GAC was included in the Fortune Global 500 List for the eighth time, ranked 206th.

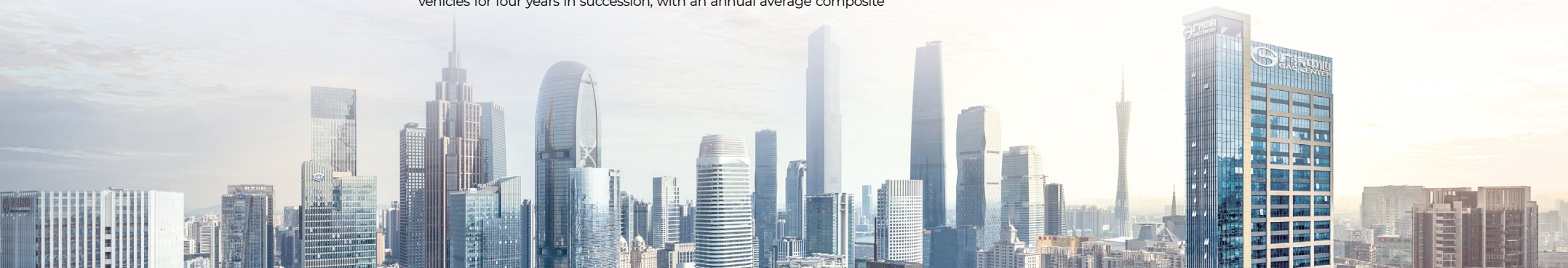
2 The main business of GAC Group covers six segments, including auto R&D, vehicles, components, commercial services, financial services and mobility. Under the Group, there are more than twenty renowned enterprises and R&D facilities such as GAC R&D Center, GAC Motor, GAC AION, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, HYCAN, GAC Hino, GAC BYD, Wuyang-Honda, GAC Components, GAC Toyota Engine, Shanghai Hino Engine, GAC Business, Tong Fang Global Logistics, Da Sheng Technology(DS), GAC-SOFINCO, Urtrust Insurance, GAC Capital, China Lounge Investment, GAC Finance, CATL GAC, On Time Mobility. We are producing and selling dozens of famous brand auto products such as Motor, AION, Accord, Odyssey, Camry, Highlander, Jeep, Outlander, Hycan and Hino.

3 During the "13th 5-year Plan", we have firmly implemented the Thoughts of President Xi Jinping on Socialism with Chinese Characteristics for the New Era, actively lived up to the new development concept, basically realized our goals of "13th 5-year Plan". We achieved a comprehensive leapfrog development in terms of business scale, overall strength and development quality. Our auto sales volume increased from 1.30 million vehicles at the end of the "12th 5-year Plan" to 2.04 million vehicles at the end of "13th 5-Year Plan", having exceeded the threshold of 2 million vehicles for four years in succession, with an annual average composite

growth rate of 9.5%. Our market share grew from 5.3% to 8.1%, and our gross revenue of statistic caliber exceeded RMB 300 billion for four years in succession.

In the face of the "14th 5-year Plan", we have confirmed an overall development strategy of "1615", namely to realize one goal (we expect that by the end of the "14th 5-year Plan", our auto production and sales volume will reach 3.50 million vehicles, our overall business revenue will exceed RMB 600 billion, and pre-tax profit will exceed RMB 66 billion, and we will continue to be listed among the Fortune Global 500 and the top 100 Enterprises of China, and the production and sales scale of our new energy vehicles will account for over 20% of the auto production and sales of the Group); solidify six segments (we will strengthen and solidify our six segments, namely R&D, vehicles, parts & components, commercial services, finance and mobility service); highlight one focus (we will fully improve our independent innovation capability and achieve a high-quality development of the Group); and improve five aspects (we will fully improve ourselves in five aspects, namely electrification, intelligence & connectivity, ride-sharing, digitization and internationalization).

4 Looking into the future, GAC will strive to achieve an auto production and sales volume of 5 million vehicles and an overall business revenue of over RMB 1 trillion by 2035. And we aim to become a world-class company which wins customers' trust, ensures staff's well-being, meets social expectation, and keeps creating value for a better mobile life of human beings.



Main Affiliates

R&D



Vehicle



Commercial services



Financial services



Components



Mobility



Others



Notes: 1. Guangzhou Automobile Industry Group Co., Ltd. holds 53.13% of the shares of Guangzhou Automobile Group Co., Ltd.

2. Limited by space, only the main enterprises invested are listed here.

Honors and Responsibilities



- 1
 - **National Civilized Organization**
The Central Spiritual Civilization Construction Steering Committee
 - **A Loving Enterprise of National Charity Federation**
China Charity Federation
 - **An Enterprise with Special Contribution to Overall Well-off of China in 2020**
China Forum on Overall Well-off
 - **Special Innovation Project of "China's Award for Political Integrity Innovation"**
Special Committee for Political Integrity and Governance Research of Chinese Research Council of Modern Management, Political Integrity and Governance Research Center of Tsinghua University
 - **Outstanding Enterprise for Spreading Sustainable Brand**
Chinese Institute of Business Administration, Social Responsibility and Sustainable Development Commission
- 2
 - **An Excellent Work in Social Welfare Feature Films and Deeds of GAC**
Organizing Committee of Social Responsibility Conference
 - **Honor Award--A Model Company for Social Responsibility and Contribution in 2020**
Organizing Committee of Social Responsibility Conference
- 3
 - **Social Responsibility & Epidemic Fighting Heroes in China's Automobile Industry--Excellent Epidemic Fighting Responsible Enterprise**
China Automobile News
 - **Second Prize in the Award for Science and Technology of Chinese Automobile Industry "Development and Industrialization of Key Technologies for Midsize SUV"**
China Society of Automotive Engineers
 - **Special Prize in the Award for Science and Technology of Chinese Automotive Industry "Key Technologies and Applications for the Intelligent and Connected Automobile Cloud Control System"**
China Society of Automotive Engineering
- 4
 - **The 21st China Gold Award for Appearance Design of Automobile**
China National Intellectual Property Administration, World Intellectual Property Organization
 - **An Invention Patent "A Kind of Intake Manifold and Automobile Engine" in the 21st China Award of Excellence for Patents**
China National Intellectual Property Administration
 - **The "Establishment and Application of a Quality Assessment System for the Design and Development of New Car Model Projects" Won a Second Prize in the Award for Quality and Technology from China Association for Quality**
China Association for Quality
 - **Gold Cup in the 2019 Guangdong Kapok Cup for Poverty Relief**
Guangdong Provincial Leading Group for Poverty Alleviation and Development
 - **A Loving Organization in the Fight against Covid-19**
Guangdong Provincial Zhong Nanshan Medical Foundation
 - **First Prize in the Award of Guangdong for Science and Technology "Independent R&D and Industrialization of Key Technologies for Class A Purely Electric Passenger Vehicles"**
Guangdong Provincial People's Government
 - **The 7th Guangdong Gold Award for Patents of Automobile**
Guangdong Provincial People's Government
 - **The 7th Guangdong Silver Award for Invention Patent "A Design Method of Engine"**
Guangdong Provincial People's Government
 - **An Energy-saving Advanced Enterprise of Guangdong**
Guangdong Provincial Department of Industry and Information
 - **An Environment Education Base of Guangdong**
Guangdong Provincial Department of Ecological Environment
 - **Top 100 Enterprises in Overall Innovation of Guangdong in 2020**
Guangdong Provincial Department of Science and Technology
 - **A Second Prize in the Award for Science and Technology from Guangdong Provincial Mechanical Engineering Society "Key Technologies and Applications for the Platform-based Development of GPMA Body Performance"**
Guangdong Provincial Mechanical Engineering Society
 - **A Third Prize in the Award for Science and Technology from Guangdong Provincial Mechanical Engineering Society "Research, Development and Application of Key Technologies for the Electric Control System of New Energy Vehicles"**
Guangdong Provincial Mechanical Engineering Society



- **Gold Award for Excellent Industrial Designs of China**
Ministry of Industry and Information Technology of China
- **An Employee Service Demonstration Site of Guangdong**
Guangdong Provincial Federation of Trade Unions



- **No.1 Chinese brand in J.D. Power Initial Quality Study (IQS)** J.D.POWER
- **An Award for Active Contribution to Fighting against Covid-19**
Hubei Provincial Chamber of Commerce

- **No. 1 Independent Chinese Brand in the J.D. Power Customer Satisfaction Index of China's Automobile** J.D.POWER



- **World Intelligent Vehicle Conference 2020--Award for Intelligent Manufacture**
Organizing Committee of World Intelligent Vehicle Conference
- **An Enterprise with Outstanding Contribution of Social Responsibility to Guangdong-Hong Kong-Macao Greater Bay Area in 2020**
Guangzhou Municipal Civil Affairs Bureau, Guangzhou Daily Group, Guangzhou Municipal Charity Association

- **The Best Manufacturer of New Energy Vehicles** Sohu Auto
- **Award for Internet of Vehicles Technologies and Applications of China** Securities Daily
- **New Energy Brand Most Worth Expecting** Carso2o



- **The No. 1 in the mainstream car market according to the survey of Initial Quality Study (IQS)** J.D.Power
- **The No. 2 in SSI (Sales Satisfaction Index) of the segmented market of mainstream cars of China in 2020** J.D.Power
- **The No. 1 among joint venture brands according to the Chinese Automobile Customer Satisfaction Index (CACSI) in 2020**
China Association for Quality
- **The No. 2 in Green Development Index of Automobile Enterprises in 2020**

Energy Saving and Green Development Assessment Center of Automobile Industry

- **An Environment Education Base of Guangdong**
Guangdong Provincial Department of Ecological Environment
- **An Enterprise with Excellent Performance in Public Welfare Project Innovation of Guangdong-Hong Kong-Macao Greater Bay Area in 2020**
Guangzhou Municipal Civil Affairs Bureau, Guangzhou Daily Group, Guangzhou Charity Association



- **The No. 1 for Sales and After-sales Customer Service Satisfaction Degree Successively according to the Survey of Chinese Automobile Customer Satisfaction Index (CACSI)**
China Association for Quality
- **The No. 1 in terms of "After-sale Service Satisfaction Degree" according to the Survey of CAACS**
China Automotive Maintenance and Repair Trade Association

- **An Enterprise with Excellent Performance in Public Welfare Project Innovation of Guangdong-Hong Kong-Macao Greater Bay Area in 2020**
Guangzhou Municipal Civil Affairs Bureau, Guangzhou Daily Group, Guangzhou Municipal Charity Association

- **"Award of Excellence for Coping with the Epidemic" in the ai Quality Workplace Selection in 2020** People Network
- **Award for Green Development Enterprises of the Year 2020**
Southern Weekly



- **Special Award for Intelligent Manufacture and Technical Innovation Achievements of China's Automobile Industry**
China Association of Plant Engineering
- **A Demonstrative Honest Enterprise of China for Product and Quality Service—Jeep**
China Association for Quality Inspection

- **A Standard Organization for Regulated Management of Hazardous Wastes in Changsha in 2020**
Changsha Municipal Bureau of Ecological Environment

- **Jeep Compass takes the second place among the compact SUVs in the IQS of China**
JD Power China

1

2

3

4



- **Public Welfare Enterprise of Social Responsibility of the Year**
General TV Ranking List of Chinese Automobiles

- **Annual Award for Marketing Innovation** Netease



- **Ranked 36th among the top 500 machinery enterprises of China in 2020**
China Machinery Enterprise Management Association
- **Ranked 68th among the top 100 auto parts and components enterprises of the world and ranked 7th among the top 100 auto parts and components enterprises of China in 2020**
China Automobile News
- **Ranked 8th among the top 30 auto parts and components manufacturers of China**

China Association of Automobile Manufacturers

- **Provincial Enterprise Technology Center (Re-selected)**
Guangdong Provincial Commission of Economic Information Technology
- **Provincial Engineering Technology Center (Re-selected)**
Guangdong Provincial Department of Science and Technology

1



- **Award of Excellence in the Annual CSUA Golden Dragon Award in 2020**
China Computer Users Association
- **Top 100 Outstanding Dealers of China in 2020**
China Automobile Dealers Association

- **Award for Outstanding Management Elites of the Industry**
Guangdong Provincial Automobile Dealers Association

- **Class AAA Enterprise for Harmonious Labor Relations in Guangzhou**
Guangzhou Municipal Bureau of Human Resource and Social Security, Guangzhou Municipal Federation of Trade Unions

2

3



- **Top 10 China's Investors for Exit in 2020** FOF Weekly
- **Top 10 VC Investors of Growth in China in 2020**
China Venture Research Institute

- **Top 20 Best Investors of Advanced Manufacture of China in 2020**
China Venture Research Institute

- **Top 20 PE Foundation Initial Partners Most Welcomed by Fund of Funds in China in 2020** FOF Alliance

4



- **Class A Tax-payer of Tax Payment Credit in 2019**
Guangzhou Taxation Bureau of the State Administration of Taxation

- **Excellent Institution for Data Quality of Business Credit System and Excellent Institution for Data Quality of Personal Credit System in 2019**
Guangdong Branch of the Credit Reporting Center of People's Bank of China



- **Excellent Organization for Statistics of Industrial Data in 2020**
China National Association of Financial Companies



- **Stable Qualified Products in National Quality Inspection**
China Association for Quality Inspection

- **An Honesty Demonstrative Enterprise for Product and Service Quality in China**
China Association for Quality Inspection

Chronicle of Events of GAC in 2020

Early February

In order to prevent and control the epidemic and resume operation and production, GAC developed and manufactured mask machines and officially began mass production of face masks on February 20. GAC Component was responsible for the production of masks. Throughout the year, the maximum daily production of masks was 1 million, with an accumulated output of over 100 million masks.

March 3

GAC Motor GE3, the first electric car for exporting produced by GAC Motor hit the market in Israel, which meant that GAC officially entered the market of Israel.

March 20

Li Keqiang, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, the Premier of the State Council and the head of the Central Committee's Leading Group for the Fight against the Covid-19, made a video link with the heads of the Working Teams sent by the Offices of the CPC Central Committee and the State Council to Guangdong and Henan to inspect the resumption of work and production there. Premier Li told them to help solve the urgent difficulties and problems for the enterprises while carrying out the inspection and research. Zeng Qinghong, the chairman of the board of the Group, made a report on the work and production resumption of GAC in the video link.

March 30

GAC inked a strategic cooperation agreement with Guangzhou Institute of Respiratory Health to co-develop a series of epidemic prevention products. Both sides held a strategic cooperation deepening event on December 8. Zhong Nanshan, an academican of Chinese Academy of Engineering and a winner of the Medal of the Republic, was appointed as a health and epidemic prevention consultant of GAC. Both sides jointly developed electronic integrated filter and biological fragrance with traditional Chinese culture style of 24 solar terms.

April 1

GAC Honda officially completed the absorption and merger of Honda Automobile (China) Co., Ltd., which added the Guangzhou Development Zone factory into its production system and realize the "production of vehicles in four lines".

April 10

the second anniversary of HYCAN, the first intelligent electric SUV-- HYCAN 007 was officially released into the market.

April 17

GAC7WDCT (seven-speed wet double clutch transmission), independently developed by GAC R&D Center, won a title of "Top 10 Transmissions of the World" when the event was held for the third time.

At the end of April

GAC Digital Accelerator (GDA) project was launched. As the subject to implement the project, DS Technology found the right path of implementation for the digital transformation of the business of GAC and its independent brands and developed an operation map.

May 16 and September 26

GAC Business held "GAC Business Automobile Purchase Festival", where a total of 7,691 vehicles were sold, which created a record high.

June 1

Han Zheng, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and the Vice-premier of the State Council, paid an inspection trip to GAC FCA to learn about the operation and work and production resumption status of foreign-funded and foreign trade enterprises. Han Zheng encouraged the automobile industry to foster and strengthen its own brands, enhance its brand awareness and influence, and strive to develop new energy vehicles on the basis of joint venture and operation.

June 28

The 23rd anniversary of the company, GAC held a live-streaming event of "June 28 Super Brand Day" to promote the brands and poverty relief products of all enterprises invested, which was watched by a total of more than 59 million audiences.

July 6

GAC Hino held a million-kilometer club event in Guangzhou, where a total of 400 heavy-duty trucks were sold.



1

July 8

The commencement of the GAC-Mitsubishi new energy vehicle project and the completion ceremony of the R&D Center Building were held. The project will release the first model of new energy vehicle co-developed by GAC and Mitsubishi, which is scheduled for mass production in 2021.

July 27

The total production of GAC Toyota reached 5 million vehicles. With this opportunity, GAC Toyota carried out a high-load greeting activity and handed out surprise gifts to all staff and employees.

July 28

The GAC Tech Day 2020 was held online with a theme of "Feel and Create the Future", which showcased several industry-leading "black" technologies such as the first hydrogen-fueled battery passenger vehicle of GAC--AION LX FuelCell, GAC 3DG graphene production technology and super-fast battery.

August 6

On Time Mobility entered into Foshan to deeply boost the inter-city connection.

2

August 10

GAC was included in the list of Fortune Global 500 for the eighth time and ranked 206th.

August 20

GAC BYD obtained 3C certificate for its purely electric garbage dump truck and purely electric compression garbage truck. Meanwhile, it also had the production capacity of pure electric passenger vehicles and pure electric special vehicles

August 28

Urtrust Insurance disclosed its semi-annual report of 2020, which revealed that its business revenue was about RMB 95 million, with a growth of 15.1% from last year; its net profit attributable to the parent company was RMB 42.483 million, with a growth of 45.33% year on year.

August 29

The second phase of the production capacity expansion project of GAC Toyota New Energy Automobile was commenced. After it is put into operation, it will contribute a local output value of over RMB 50 billion each year.

4

September 7

GAC Capital and GAC R&D Center invested with a third-party strategic partner to establish Guangzhou Juwan Technology Research Co., Ltd., which was the first incubator of technical innovation established by GAC and signified that GAC had reached a new level in the high-tech industrialization and application.

September 10

The Auto Town of GAC's Industrial Park for Intelligent and Connected Internet New Energy Vehicles signed a cooperation of school-running with the Middle School Affiliated to Guangzhou University, which signified that the said town had introduced a provincial level famous school to improve its supporting facilities.

Starting from September 15

GAC deeply integrated the business of its independent brands by establishing an operation management committee which was run with the Vehicle Business Unit and making related personnel appointment and arrangement.

September 23

GAC FCA unveiled a new version of its corporate culture with an aim to strengthen its core force with "culture", provide the customers with products and services beyond their expectation, create bigger values for all coworkers, shareholders, partners and the society and fully reflect that the company attaches more importance to the views and demands of customers.

→

1

September 24

GAC Motor released its "Golden Triangle Strategy" of marketing service, which focused on increasing the values of products, technology and services, with an aim to create more values for customers and dealers and empower GAC Motor.

September 26

At the Beijing Auto Show, GAC officially released GAC Digitization Accelerator (GDA) project to confirm its three-year goal of digital transformation and the path of its implementation. GAC Motor released its new generation of power technology "Mega Wave Power".

October 24

The 7th Honda China Region Skill Olympic Competition was held. The team of Wuyang-Honda had won four golds, six silvers, two bronzes and nine prizes of excellence.

October 30

The 8 millionth vehicle of GAC Honda was officially delivered off the production line, less than six months after its production reached 7 million.

2

November 14

The No. 1 plot of Yongda Group promoted by Guangyue Assets Administration achieved important results. The new scheme of adjustment finished its publicity, which provided a strong guarantee for the grant of the plot.

November 20

At the Guangzhou International Auto Show, GAC unveiled its "1615" strategy for the "14th 5-year Plan" and announced its "Twin Stars" plan with its two independent brands GAC Motor and GAC AION. GAC Motor officially released its new brand slogan, "Smarter Drive, Better Life". GAC AION announced to be run independently, which became a second independent brand of GAC after GAC Motor.

November 21

The 10th anniversary of GAC-SIFINCO, it won a title of "Best Automobile Finance Company" for a second time. That year, the number of its retail customers exceeded 2 million.

November 22

GAC held a "November 22 GAC Car Purchasing Live-streaming" event at the main venue of Guangzhou Auto Show, which lasted eight hours and was attended by nearly 3,000 dealers nationwide of its nine brands and watched by 32.6596 million person-times.

4

December 15

GAC Toyota Engine's TNGA project officially realized mass production of the 1.5L engine, taking a firm step towards its production system of a million sets.

December 22

The second phase of the safe disposal center of wastes of Guangzhou undertaken by GAC was completed, which occupies a land of 500 mu and meets the standard of "Leading at Home, Better than European Standard" and can dispose 183,000 tons of hazardous wastes.

December 28

The main plant of CATL GAC Power Battery Co., Ltd. was capped officially, which was a phased fruit in GAC's strategic deployment in the core parts and components of its new energy automobile industrial chain.

December 29

The second plant of GAC Aisin Automatic Gearbox Co., Ltd. and Guangzhou Qisheng Powertrain Co., Ltd. was completed. A completion ceremony was held in the GAC's Industrial Park for Intelligent and Connected New Energy Vehicles. It was an important measure for GAC to strengthen the independent control capacity of its industrial and supply chains.

Together We Fight against the Epidemic

In 2020, the unexpected epidemic affected everyone. When facing the epidemic outbreak, the GAC Group acted rapidly, fighting against the epidemic with joint effort of all social sectors. On the one hand, GAC Group actively undertook the enterprise social obligation by supporting front-line medical and anti-epidemic workers in many fields in multiple ways, including charitable donations and providing vehicles for traveling; on the other hand, the Group always put employees' safety and health in the first place, implementing work and production resumption on the basis of protecting employees' health and safety, and taking the responsibility of the state-owned enterprise.

Providing Help to Anti-epidemic Front Line

GAC Group integrated all kinds of anti-epidemic goods and materials to support the epidemic prevention and control, helping front-line workers with the implementation of anti-epidemic works.

Donating funds and materials adding up to in ¥million	Including cash in ¥million	Including medical materials, mask production lines and automobiles in ¥million	Donating funds and materials in batches	Organizations received the donation in numbers
31.78	15.80	15.98	85	117



GAC Group donates the first batch of masks and funds to Zhong Nanshan Medical Foundation



Yu Jun (first right), a member of GAC Group's Executive Committee, represents the Group to donate to Guangzhou Healthcare Commission

In the severely afflicted areas, GAC Group gave full play to the advantage of the enterprises, donating working vehicles to hospitals and epidemic prevention and control command center, providing convenience for traveling of medical workers and volunteers.

Automobiles for epidemic prevention donated by GAC Group

Donator	Recipient	Donated materials	Quantity (set)
1	GAC Motor	Front-line epidemic prevention units in Yichang City, Hubei Province.	working vehicle 30
		Front-line epidemic prevention units in Guangzhou City, Guangdong Province.	working vehicle 20
		Wuhan Tongji Hospital and Wuhan Jinyintan Hospital, Hubei Province	working vehicle 6
2	GAC Mitsubishi	China Social Welfare Foundation Mango V Foundation epidemic prevention units	working vehicle 6
3	GAC FCA	Epidemic prevention work of Hunan Province Charity Federation.	working vehicle 2
4	GAC Honda	Southern Medical University Nanfang Hospital	working vehicle 1
	Wuyang-Honda	Hubei Wuhan Tongji Hospital and Wuhan Union Hospital	electric bicycles 46

Designated Donation of Epidemic Prevention Working Vehicles from GAC Motor

During the epidemic outbreak, GAC Motor donated a total of 56 sets of epidemic prevention working vehicles with the cost of RMB 9.08 million to the front line anti-epidemic units in cities including Guangzhou, Wuhan, Yichang. All these vehicles were contributed to designated hospitals for COVID-19 by local Healthcare Commission or Centers for Disease Control and Prevention, providing support in the anti-epidemic battle.



GAC Motor donates working vehicles to all levels of first level anti-epidemic units in Guangzhou, Guangdong Province



GAC Motor escorts Guangdong medical team supporting Hubei

Designated Donation of Electric Bicycles to Wuhan Hospital from Wuyang-Honda



Wuyang-Honda donates electric bicycles to Wuhan Hospitals

On February 1, 2020, in order to prevent the epidemic spread, the public transit system in Wuhan city was stopped. To efficiently solve the problem of short-distance traveling for Wuhan medical workers, and improve hospitals' working efficiency, Wuyang-Hongda under GAC Group conducted designated donation of 46 sets of electric bicycles to the two designated hospitals, Wuhan Union and Tongji hospital, providing traveling convenience to medical workers. After the long journey of 16 hours and 1050 km, the staff of GAC Group delivered the electric bicycles to the two hospitals in time.

Producing Relief Goods and Material

During the epidemic outbreak, society's need for anti-epidemic materials rose rapidly in a short time. GAC Group promptly undertook the enterprise's responsibility, actively developed and produced anti-epidemic masks to support epidemic prevention.

1

- GAC Group responded to the government's call, rapidly mobilizing materials and producing epidemic prevention materials, including mask machines and masks. The team completed the production and delivery of 41 sets of mask machines within one month, with cumulative production of masks exceeding 0.1 billion.

2

- According to the new demands in the market under the epidemic prevention, enterprises in different fields under GAC Group continued to upgrade the products, so as to satisfy the needs of healthy using of the car in the market, and protect the safety of car owners. The Group started the research and development of "integrated filtered antivirus" healthy cabin technology timely, and provided free upgraded service for car owners from Hubei Province. The Group also developed a series of anti-epidemic products, including N95 level efficient air condition filter, "UV sterilization lamp" and traditional Chinese medicine aromatherapy system in a short time.

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The anti-epidemic is not only limited during the outbreak, but also focuses on preventive measures. In 2020, GAC Group and Academician Zhong Nanshan Guangzhou Institute of Respiratory Health established long term cooperative relationship. With the aim of creating healthy products, both parties are jointly improving the application of virus defense and disinfection devices in the field of medication and automobile.

Within 1 month, produce and deliver mask machines in numbers

41

Cumulative mask production in numbers

100,000,000+

Maintaining Enterprise Operation

When facing the epidemic, GAC Group has always had faith and implemented strategies so as to maintain the steady operation of the enterprise. By carrying out online business, protecting clean environment and implementing employees care, the Group generally guaranteed employees' health during the resumption of work and production, and made corresponding annual production operation plans based on the actual situation, assisting cooperating partners in resuming and increasing production, so as to achieve excellent performance.

Protecting Employees' Health

During the epidemic outbreak, it is the Group's most primary responsibility to try best to protect employees' health and safety as an employer, which is also the basic requirement to maintain business. After the epidemic, GAC Group rapidly established an emergency response mechanism for epidemic prevention, making all kinds of epidemic prevention and control work plan, and implementing various measures to guarantee the smooth resumption of work and production.

At the beginning of the epidemic, GAC Group carried out online business, which effectively reduced the transmission risk caused by employees gathering in the office. The Group also ensured the efficiency of remote collaborative work by establishing and promoting an effective intelligent remote business system. Additionally, the Group conducted overall disinfection in the public area, and was equipped with sufficient disinfection products, so as to make sure the working environment of every employee in the office is safe.

During the epidemic outbreak, there was no mass epidemic among the Group employees. The total number of confirmed cases is 3 people, all of whom have already been cured.



Workshop of Self Made Masks in GAC Group

Promoting Online Business

- The GAC R&D Center under GAC Group started the research and development of digital office mode, rapidly establishing the remote business system including intelligent meeting management system, cloud desktop system, and online collaborative tool chain.

The vehicle enterprises under GAC Group actively implement

- various online marketing activities and innovative selling modes, making full use of advanced digital measures, including the existing "VR car tour" and "intelligent display halls"

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Protecting Clean Environment

- Make disinfection plans "adjusting according to districts", determine disinfection frequency according to the level of infection risk, and establish work standing book
- Make sure of internal environment hygiene and disinfection work, including public areas such as working areas, factory areas, dining halls, dormitories and stairways
- Public areas are equipped with medical epidemic-preventing products such as sanitizer, disinfectant, and alcohol spray
- Strictly manage the personnel in and out, requiring every employee and visitor to take temperature and wear masks

Implementing Employee Care

- Compile epidemic prevention knowledge handbook, so as to continuously popularize knowledge about epidemic prevention and control, and safety on work resumption
- Organize employees to take psychological classes on Wechat so as to adjust to a positive and healthy mentality
- Hold online contest of epidemic prevention knowledge, so as to enhance employees' anti-epidemic and safety awareness

On Time Mobility ensures public travel and vehicle safety

During the COVID-19 outbreak in 2020, On Time Mobility actively assisted scientific prevention, setting up a public benefit disinfection station at taxi stand in Guangzhou Railway Station, and providing free disinfection service to the passing taxi and other vehicles from other online car-hailing platforms. It disinfected nearly 48 thousand cars annually, which further lowered the possibility of cross-infection among taxi passengers, providing safety protection for user travel. Additionally, On Time Mobility also released a free car rent public project towards front-line epidemic prevention units including COVID-19 designated hospitals, which satisfied the demands of epidemic prevention workers using the cars.



On Time Mobility Public Benefit Disinfection Station

Recovering Stable Operation

On the basis of safe resumption and increase of production, GAC Group strictly implemented “Ensuring stability on six key fronts” and “Maintaining security in six key areas”, and made stable and positive annual production operation plan and targets. The Group carried out activities of “Increasing revenue and reducing expenditures, reducing costs and enhancing efficiency”. All vehicle enterprises under the Group responded actively, and continuously kept the stable resumption of operation, by the principle of “Not causing one single epidemic case, and not missing the opportunity of producing one more vehicle”.

- Convened themed conference of operation redemption, and research on making redemption operation measures.
- The Group management led related personnel to go to local front line stores for market survey.
- Made operation target responsibility management measures, so as to implement the operation target management responsibility to each executive level.
- Provided subsidy towards each different type of car based on the government subsidy, according to the policy of promoting automobile consumption by the Guangzhou government.
- Provided necessary material assistance and policy measures to help specially engaged stores to pull through.

GAC Group actively assisted industry chain suppliers in pulling through the difficulties, and optimized the components supply system. By “one enterprise one policy” and “one component one policy”, the Group actively provided coordination to solve the production problems for components suppliers, coordinating the resumption of work and production among 521 component suppliers in 14 cities and provinces, and timely started overseas component emergency management system, with early response to outage risks including measures like deploying global inventory and using home-made parts instead.

The GAC Group enhances the close communication with dealers, pushing all brand dealers to strictly follow local government requirements and implement entity responsibility in epidemic prevention and control, so as to create a safe purchasing environment for customers. The related enterprises of GAC Group adjust sales pace and supply and demand plan according to market change, helping dealers to adjust operation strategy with the principle of “One store one strategy” according to the practical situation, in order to reduce burdens and increase efficiency for dealers and enhance their operating confidence.

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Corporate Administration and Governance

1.1 Corporate Governance

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1.1.1 Corporate Governance

In strict compliance with the relevant corporate governance requirements such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance of Listed Companies, the Stock Listing Rules of Shanghai Stock Exchange, the Stock Listing Rules of the Stock Exchange of Hong Kong and its appendix Corporate Governance Code, GAC constantly improves its corporate governance structure, regulates the operation of its general meeting of shareholders, board of directors and board of supervisors in an orderly manner, discloses information in accordance with the laws to establish a modern corporate governance system with scientific norms, effective check and balance and efficient operation.

In 2020, in accordance with the latest regulations of the State Council on the period of notification for holding a shareholders' general meeting of a listed company and the pilot work plan for the construction of a compliance management system, GAC revised its Articles of Association in May and November and also revised the rules of procedure of the shareholders' general meeting accordingly to ensure that the company's system meets the requirements of domestic and foreign supervision and strengthen the construction of its compliance management system. Besides, it completed the by-election of directors in accordance with relevant laws and regulations such as the Company Law and the Rules of Dual Listing. And based on the company's policy of diversifying the board of directors, after a comprehensive consideration of the candidates' factors such as background and experience, it completed the re-election

to replace the independent directors that had finished a continuous term of six years.

GAC strictly abides by the regulatory rules and requirements of both stock exchanges, and makes an overall consideration of the disclosure rules of both stock exchanges for A and H shares. Continuously observing the principles of being "truthful, correct, complete, timely and fair", it has insisted on ensuring the consistency and synchronization of market information disclosure of both stock exchanges, and has won the highest evaluation "Class A" of the year for information disclosure with Shanghai Stock Exchange for five years in succession. Meanwhile, under the unfavorable conditions that the epidemic situation has seriously affected the investors' offline research and communication activities, we have adopted a combination of "online" and "offline" methods to maintain daily communication with investors and ensure the high quality of communication between the company and the capital market. In 2020, GAC received 16 visits from investors, held telephone communication for 76 times, attended online and offline investor summits for 15 times and 3 times respectively, organized online release and communication sessions of annual performance for 4 times, having communicated with investors and analyzers of 2,200 person-times in total, nearly double the same period of last year. Meanwhile, it made 100 replies to the e interaction platforms launched for small and medium-sized investors, with a response rate of 100%.

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Key data of the enterprise's governance

New regulations in items

29

Revised (abolished) regulations in items

83

Existing management regulations in items

193

Reception of visits from investors in items

16

Reception of investors and analyzers in person-times

2,200

Proposals reviewed in items

80

Telephone communication with investors in items

76

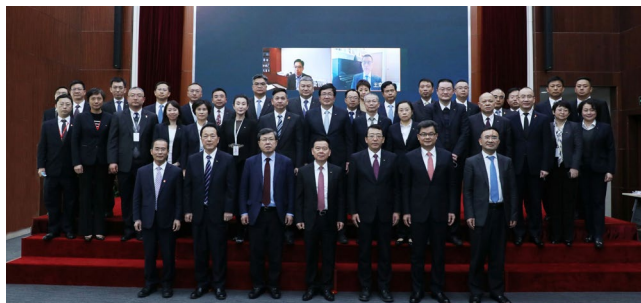
1.1.2 Responsibilities of the Board of Directors

The board of directors of the company is composed of 11 directors, of whom 4 are independent directors, accounting for more than 1/3 of the total number of directors. They have different professional backgrounds such as automobile industry, legal compliance, audit and finance, and development strategy. The independent directors are aware of the rights and obligations of directors and independent directors of a listed company.

All independent directors of the company have offered an annual confirmation letter on their independence in accordance with the Article 3.13 of the Listing Rules of Hong Kong. All independent directors remain independent.

During this year, the independent directors have faithfully performed their duties of good faith and diligence in accordance with relevant laws and regulations. They have participated in the discussions and decision-making of related major issues with the company's board of directors and each special committee of the board of directors, who have put forward opinions on the regulated operation of the company based on their expertise and experience, carefully reviewed the fairness and impartiality of related transactions, expressed views independently and fulfilled their independent duties. They act independently of the controlling shareholders of the company or other organizations or individuals with interest with the company.

During this year, the directors of the company have actively participated in the training related with the governance of a listed company and the duties of directors organized by the stock exchange or regulatory authorities, attended special training, lectures and meetings with respect to economy, finance and operation management held by industrial organizations or intermediary organizations. The aforesaid measures have helped and promoted all directors to understand the company's business development, competition and regulatory environment and the industrial development trends in time, helped them understand their duties and responsibilities and reach correct decisions and achieve effective supervision.



The 58th meeting of the fifth board of directors of GAC

1.1.3 Compliance of Operation

At the beginning of 2020, GAC, as one of the first four pilot enterprises in the construction of compliance management system of state-owned enterprises in Guangzhou, carried out the work related to the construction of compliance management system across the group to implement the requirements of the "Guangzhou SASAC's Notification on the Pilot Construction of Compliance Management System in the Enterprises under Supervision" (hereinafter referred to as the notification), which mainly comprises ten tasks in four modules, namely organizational system, institutional system, operational system and guarantee system.

Benchmarking the practice of first-class enterprises, building a compliance management organizational system

Through research visits and literature research and other methods, we have actively benchmarked against the advanced enterprises abroad, pilot central enterprises and excellent private enterprises at home, deeply analyzed our own status and shortages, and based on our own development needs, established an organizational architecture for compliance management at two levels "headquarters and invested enterprises" with the characteristics of GAC.

First, the compliance management organizational system of our headquarters covers three levels, including governance, management and execution and lists the audit committee of the board of directors as a specialized agency for compliance management. We've set up a leading group for our compliance management of enterprises and a leading group for our system construction. We've set up an office for compliance management and a working team for system construction as well as a specialized department for compliance management. Second, we've required our 21 enterprises wholly-owned, controlled or co-invested and controlled by us to set up a compliance management system based on their actual conditions and provided one-to-one guidance to them.

Solidifying the foundation and fulfilling responsibilities to build a compliance management institutional system

In order to ensure that compliance work is carried out according to laws and regulations, GAC has formulated the Compliance Management Measures (Interim), which provides the institutional basis and guiding principles for the group to carry out all kinds of compliance management work in an all-round manner, clarifies the compliance management responsibilities at all levels and fields at the institutional level, and achieves compliance management in "articles of association, departments and invested enterprises".

Seeking for substantial effects and breakthroughs to build a compliance management operational system

First, carry out the work of the group's headquarters in key fields. Under the principles of seeking for a steady performance and substantial results, we've identified the key fields of the group's compliance management such as online questionnaire survey, interviews with the management, listing the laws and rules in key fields, deeply analyzed and explored the compliance risks in steps and formed guiding documents such as the Report on Identification and Assessment of Compliance Risks and Compliance Management Manual.

Second, promote the piloting of compliance management in key fields. We've designated seven enterprises with conditions to pilot and promote a program in a key field (for the specific pilot enterprises and the pilot program arrangement, refer to the table below). Through the "piloting at lower levels", the headquarters makes overall arrangement to draw merits to offset shortages, which can quickly unfold the coverage of guidance in the key fields, maximize the overall effectiveness of work and break the efficiency bottleneck that compliance work in key fields can only be advanced step by step and tackled item by item. So far, all seven enterprises have carried out and promoted their piloting work in their respective key fields, of which enterprises like GAC Honda, GAC Toyota and On Time Mobility have formed phased achievements.

List of pilot enterprises of compliance management

Key fields	Pilot enterprises of compliance management
Compliance culture construction	GAC Honda GAC Toyota
Compliance management of dispute cases	GAC Motor
Compliance management of intellectual property rights	GAC R&D Center
Compliance management of franchise stores	GAC Business
Compliance of new businesses	GAC AION
Data compliance	On Time Mobility

Third, carry out internalization of external regulations. First, based on the group's data strategy, we've launched the compliance digitization, established a compliance knowledge base composed of modules such as the base of regulations, the base of compliance cases and the guidance of compliance practice, and solved the demands for basic database in the system at a time. Now the first phase has been released. We've carried out compliance inspection on 223 existing regulations of the group's headquarters, and discovered 64 problems and proposed 19 revision suggestions.

Strengthening the empowering to create an atmosphere and build a guarantee system for compliance management

Based on the legal culture construction of the group, we've promoted the construction of compliance culture, released a series of activities with a theme of "Compliance Learning Year", and launched eight training sessions such as compliance management forum of GAC, training of civil code and "3+3" compliance education and training, which have covered the legal affairs, business and mid and high level management of all invested enterprises, created an atmosphere of compliance culture, and based on the group's brand construction, focused on the building of a compliance brand of GAC.



GAC Group's Themed Lecture about Property Rights in Civil Code of the People's Republic of China

GAC Honda Held Activities of “Constitution Entering Enterprises”

In order to welcome the 7th National Constitution Day, further study and promote Xi Jinping Thought of Law, and strongly develop Constitution Spirit, on Dec. 3, the themed day activity of “Constitution Entering Enterprises” in 2020 Guangdong Constitution Promoting Week was held in Huangpu factory of GAC Honda, which was jointly hosted by Propaganda Department of Guangdong Provincial Party Committee, Provincial Party Committee Office of CPC Governing Province by Law, Provincial Justice Department, Provincial Public Legal Awareness Office, Guangzhou Justice Bureau, Municipal Public Legal Awareness Office, and organized by GAC Group. Relevant leaders of Guangdong Provincial Party Committee, Provincial CPPCC, and Provincial Justice Department, Zeng Qinghong, the Secretary of the Party Committee and Chairman of GAC Group, Li Shao, the Vice President of GAC Group, Chen Hanjun, the Vice President of GAC Honda, Cheng Lin, the Secretary of the Party Committee, all participated in the activity. More than 600 staff took part in, including persons in charge in GAC Group Legal and Compliance Department, General Manager Office, Security Department, Brand

PR Department, leaders in all departments of GAC Honda, and employee representatives.

This activity focused on the theme of “further studying and publicizing Xi Jinping Thought on the Rule of Law and promoting the spirit of the Constitution”, which combined with the construction of legal culture of GAC Group and GAC Honda. The performance was divided into three chapters, including “rule of law escorting development”, “be here with motherland”, and “for a better life”, which highlighted the concept of “rule of law provides the best business environment” by various ways of acting, such as male and female quartette, musical stage performance, children’s allegro dance, situation poetry recitation, and sketch. The performance concentrated on showing the Constitution’s protection and regulation on stated-owned business and non-public sectors of the economy, showing the achievements in construction of rule of law of private economy, and the effects of the seventh five-year plan for increasing public knowledge of the law in Guangdong Province.



GAC Honda hold an activity of “Constitution Entering Enterprises”

GAC Holds a Forum on Compliance Management

On September 21, GAC held a forum on compliance management with a theme of “Compliance Creates Values, Honesty Boosts Development”. The forum invited more than 30 leaders and guests including Qin Haining, deputy director of Guangzhou Municipal SASAC, the heads of the policy and regulation office and the municipal discipline committee’s policy and regulation research institute, Xiao Shengfang, an expert consultant with the SASAC and chairman of Guangdong Provincial Bar Association, Wang Haiying, director partner for the consulting services of Ernest & Young Advisory in the Region of Greater China, and the heads in charge of compliance of 24 municipal state-owned enterprises. The forum was attended by more than 60 people, including Zeng Qinghong, Chairman of the Board of GAC, Feng Xingya, the President and all members of the management, the major directors of invested enterprises and leaders in charge of compliance. More than 200 members of the management of 35 invested enterprises under the group and mid-level cadres of the headquarters also attended the forum by video link.

The forum mainly consisted of two links, sharing and salon. In the sharing link, Chen Hanjun, Vice President of GAC, shared the compliance and honesty management of GAC since its establishment

with a theme of “Compliance Management Practice and Thinking of GAC” and how to continuously improve the business management by strengthening compliance management. The expert consultant with the SASAC interpreted the management improvement action of “Aligning to World-class Enterprises” put forward by the SASAC of the State Council with the theme of “Aligning to the World-class Compliance System Construction”, and based on the world’s excellent cases of compliance management, profoundly elaborated how the enterprises should establish a global compliance management system.

In the salon link, Feng Xingya, Xiao Shengfang, Wang Haiying, etc. explored in depth the challenges faced by the enterprises in terms of compliance management, the ideas and suggestions on handling the challenges during the new era from the perspectives of state-owned assets supervision, municipal state-owned enterprises and external experts respectively, the expectations and requirements of the supervisory departments on the compliance management of state-owned enterprises and how to promote compliance to create values. They had brought inspirations to the audience that attended the forum.



GAC holds a forum on compliance management

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1.1.4 Risk Control

GAC has an audit department and a risk control department. The audit department is directly accountable to the board of directors and the management, which legally and independently carries out audit items such as economic responsibilities, special audits, construction projects, research and development and internal control. Under the requirements of the "Fundamental Regulations on Internal Control of Enterprise" and associated guidance, it carries out internal control and assessment, strengthens the supervision and inspection on the internal control, and performs targeted diagnosis and improvement for the internal control in high-risk links and fields in its operation management. Meanwhile, the group actively explores the audit reform and innovation, expands the scope of audit around its own business characteristics, promotes the full coverage of economic responsibility audit, strengthens the audit quality control and the supervision and inspection of rectification results. It has well unleashed the important roles of audit in such issues as perfecting the internal control system, strengthening risk control and creating a good corporate governance environment.

In order to further improve the response of the group to various risk challenges, the group has deepened the construction of its risk control system, formulated the "Comprehensive Risk Management Measures", revised the "Implementation Measures for the Audit of Economic Responsibilities of Leaders and Cadres of Invested Enterprises" and the "Rules for Implementation of the Audit Committee of the Board of Directors" to ensure that the audit and risk management have rules to follow, and promote the regulation, routinization and standardization of the company's risk management and internal audit. The group has initially set up a risk index system combining "the group, segments and enterprises" and "core indicators and auxiliary indicators". By building double platforms of "audit and risk control", it has formed a risk management mode characterized by "supervision from top to bottom, analysis from bottom to top and reporting combining the top and bottom", enhanced the group's ability to identify, evaluating, preventing and tackling the risks, so as to ensure the fulfillment of the group's business objectives.

1.1.5 Construction of Business Ethics

Construction of honesty culture

GAC Group shall strictly abide by the national anti-commercial bribery laws and policies as well as United Nations Convention against Corruption, Suggestions on Anti-racketeering and Anti-bribery in International Business Transactions and other international practices and initiatives. We've insisted on observing the disciplines and laws strictly and putting strict political discipline and rules in the first place. In 2020, GAC compiled teaching materials such as "Key Points of Knowledge of Laws and Regulations of Honest Practitioners". Relying

on the electronic platform of discipline inspection and supervision, we conducted Party, political and legal discipline education among the leaders and cadres above mid-level and practitioners and Party members in key fields in the group's system for 5,580 person-times. We organized a total of 11,760 in-duty Party members in the group to participate in the micro education for Party members, with a completion rate of 100%. In addition, GAC is also committed to exploring honesty innovation in the construction of a clean and honest Party style and the struggle against corruption, and has published several articles on discipline inspection and supervision experience.

- The article "Working on Organizational and Institutional Innovation and Deepening the Reform of the Discipline Inspection and Supervision System of a State-owned Enterprise" was published in the journal *Party Conduct*;
- The article "GAC's Experience about the Implementation of Supervision in a Large State-owned Enterprise" was published in the journal *Nanfang*;
- The article of "Discipline Inspection Committee of GAC: Based on Supervision, Fulfilling the Responsibilities, Optimizing the Services and Trying to Support the Epidemic Prevention and Control and Resumption of Work and Production" was published in the journal *Honesty of State-owned Enterprises*;
- The article "Rebuilding an Institutional System and Deepening the Reform of Discipline Inspection and Supervision System of a State-owned Enterprise" was published in the *Website of Southern Guangdong Honest Practice*.

Employees and CPC party members in the key areas of the Group received party discipline, political discipline and legal discipline education in person-times

5,580

On-the-job party members have been organized to participate in accompanied party emblem education in numbers

11,760

- The innovation cases, *Building an "Independent Brand of Honesty Education"* of a Joint Venture Based on "Cultural Confidence" of GAC Honda and *Scientifically Building an Honesty Risk Prevention and Control System of a State-owned Enterprise* of GAC Business were selected as special innovation projects of "Award for Honest Practice Innovation in China"
- The discipline committee secretary of GAC was invited to the high-end forum of "Award for Honesty Innovation of China", who delivered a speech at the form with the title "The Exploration of Supervision Digitization Practice of GAC", which was praised.

Whistle-blowing and protection measures

Receiving letters and visits is the main measure for the discipline inspection and supervision organizations of GAC at all levels to contact the people, strengthen supervision, and investigate and deal with violations of disciplines and laws. In order to enhance the pertinence and effectiveness of supervision, the Discipline Committee of GAC required the discipline committee of each invested enterprises to post eye-catching honesty publicity boards in the workplace based on their actual conditions, release the whistle-blowing numbers and mailboxes and the address for letters of the discipline committees of the group and invested enterprises, strengthen publicity and guidance, encourage and advocate whistle-blowing in real name and perfect the whistle-blowing channels of "four in one", including letters, visits, calls and 3161 system platform. Each stakeholder can whistle-blow via the four channels. After receiving a report, the discipline committee of the group will handle it according to the principles of "assuming responsibility at each level and centralized management" and "whoever is competent shall assume the responsibility", and settle them within a timeline. If it's real-name whistle-blowing, the results of handling will be returned according to relevant requirements.

Policies and measures for the protection of whistle-blowers

Article 37 of the *Measures for Discipline Inspection and Supervision of GAC* stipulates, "In order to safeguard the vital interest of the group and the overall situation of the construction of the state-owned enterprise, the staff of letters and visits should conscientiously perform their duties, strive to improve the quality of their work, and earnestly safeguard the seriousness of the Party constitution, Party discipline and national laws and regulations; safeguard the legitimate rights and interests of the whistle-blowers and the whistle-blown party and refrain from making difficulties, discrimination, repression or retaliation against the whistle-blowers and their relatives."

1.1.6 The Company's Operation and Development Strategy

- **We will fight the conclusion battle for our "double reforms"**. We will carry out quarterly supervision and compact our responsibility layer by layer to ensure that 90% of our reform tasks can be fulfilled and make distinctive achievements in such aspects as piloting of professional managers, the reform of organizational structure, and the strengthening of incentive and restraint mechanisms. We will win the highest rating of Class A in the special reform assessment of "three systems" for double hundred enterprises organized by the SASAC under the State Council.
- **We will "look back" on our institutional reform, streamline and optimize the related operation mechanisms for a large department and build streamlined and efficient offices and organizations**. We will promote the settlement of two special institutional optimization schemes such as our International Business Unit. We will establish an independent brand operation committee to further strengthen the integrated operation and realize the integrated deepening of the management and improve the competitiveness of our independent brand system.
- **We will vigorously promote the reform of mixed ownership, promote HYCAN to introduce strategic investors, integrate external resources, achieve cross-industry cooperation and constantly improve the group's competitiveness**. We will establish a joint venture with iFlytek and promote the employee stock ownership plan, and finish the incubation of graphene project and the planning of stock ownership among our employees.
- **We will explore incentive mechanisms combining various ways, innovatively adopt composite incentive tools to implement the A stock options and restricted stock incentive plans, which covers 2,872 people, has strengthened the binding of incentive objects and the incentive effect**. We will optimize the assessment index system of the group's leaders and strengthen the relevancy, objectivity and quantification of the assessment indicators.
- **We will fight in a three-year campaign to align ourselves to the world's first-class and the reform of state-owned enterprises**. We will put forward an action plan for the group to improve management in line with the world's first-class management practice and suggest 37 core targets and measures around eight fields such as strategy, organization and operation. We will accurately grasp the spirit of the three-year action plan for the reform of central or state-owned enterprises, highlight the problem orientation, coordinate and promote the formulation of the three-year action plan and improve the overall competitiveness of the group.
- **We will tell a good story of reform and lead the demonstration and promotion**. We will vigorously promote the relevant excellent experience such as the group's professional manager reform, which has been selected into the "Double Hundred Enterprises" typical cases by the SASAC of the State Council and the reform and development practice of Guangzhou by the municipal SASAC for the new era to effectively promote the reform experience of GAC.

1.2 Outlook on Development of the Enterprise

1.2.1 Corporate Vision

We are committed to building a world-class company which wins customers' trust, ensures staff's well-being, meets social expectation, and keeps creating value for a better mobile life of human beings.

We always stick to customer-oriented and win trust by catering to the need of customers with superior products and excellent services. We care about the staff by creating an atmosphere of equality and mutual respect. We provide them with opportunities and platforms for self-fulfillment to strengthen their sense of gain and happiness. We actively undertake social responsibilities to ensure the harmonious development of the company, community and nature, to spread positive energy and meet social expectations. We take efforts to strengthen competitiveness and influence to become a benchmark company that is dominant in global resource distribution, leading in automobile industry and influential in the industrial development. We keep innovating to create value and allow people to experience a better and richer mobile life.

1.2.2 Corporate Philosophy

Humanity

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

Credibility

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

Creativity

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

1.2.3 Operation Principles

Respect Humanity and Advocate Communication

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

Sincere Cooperation and Open Sharing

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

Innovation Driven and Pragmatic Efficiency

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

1.2.4 Slogan

Creativity Defines Our Future

With great passion and courage for innovation, we are in pursuit of continuous improvement. With the lofty ideal and long-term planning, we aim to build a bright future of common good.

1.2.5 Brand Value System

Brand Vision **Stay true to craftsmanship and strive for excellence**

Brand Slogan **Crafted by the Driven**

Brand Core **Detailing Greatness**

<p>Elaborateness represents our active attitude of surmounting constantly</p> <p>Delicateness represents our unremitting pursuit of perfect quality</p> <p>Wonderfulness represents our commitment to realize a good life</p>	<p>Harmony means inclusiveness to the world</p> <p>Far-reaching means a global outlook</p> <p>All-benefit means contribution to the society</p>
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Brand Proposition **Be devoted to creating value for consumers, employees, partners, investors, the industry and the entire society with craftsmanship.**

Brand Positioning **Value creator for mobile life**

Brand Values **Acute, practical, self-independent, open**

→ Intelligent Mobile Life

GAC Group adheres to advancing the intelligent upgrade of its products and driving innovation by technology in order to gain the upper hand in the future automobile industry, help the high-quality development of GAC Group step into a new phase and bring more surprises to the consumers' travel!

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GAC Motor has rolled out FUN Car+e, a novel service brand, to provide customers with special digital services

With the "Customer-oriented" service principle, GAC Motor has again upgraded its service brand on the basis of the "Golden Triangle" strategy. Centering around digitization, it has built a special digital service system which users can control, directly connect with and enjoy with one click; with the help of Intelligence APP, WeChat platform "FUN Car+e", vehicle-to-machine interconnection and human-computer interaction, it has opened up online and offline services, established a C2M model to provide more than 60 online services, featuring "All scenarios and a full cycle", which fully cover vehicle purchase, vehicle maintenance, vehicle repairment, vehicle utilization, travel and other service scenarios, as well as the full life cycle of pre-sale, in-sale and after-sale. GAC Motor helps car owners to travel more blithely, securely, economically and conveniently.

One-click Control

Users can visualize the full process of production and manufacture, service implementation and experience assessment via an "Eco-platform of service visualization" on their phones and be well aware of every step.

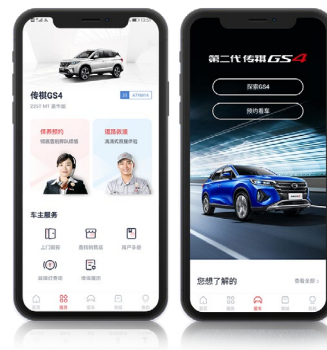


One-click Enjoyment

Customers can sign up online for events held by stores and communicate with car fans in your city. In 2020, GAC Motor pioneered maintenance spare car services in the industry. It prepared 6,228 spare cars in total and served 5,479 clients per day in the same year. The marque has met the requirement of customers to use vehicles during sales/waiting period of maintenance, increased customer satisfaction and stickiness. In addition, it provides door-to-door service, so that its customers' vehicles can be maintained and repaired at home.

One-click Connection

With its APP as the carrier, GAC Motor has built omni-channel mobile service touchpoints. Besides, it helps users directly connect with manufacturers, interact with customer service agents and engineers online, and makes remote consultation of vehicles possible.



GOAL MANAGEMENT

Annal plan

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- To strictly implement the task to “Ensure stability on six key fronts and maintain security in six key areas”, stabilize automobile production and sales, and continue to create value for shareholders

2

- To enhance quality management of products, and comprehensively certified by ISO9001
- To innovate customer services, reduce complaints and increase customer satisfaction
- To increase investment in innovation and improve the incentive mechanism for innovation

Implementation

3

- GAC Group resisted the influence of COVID-19, maintained the stability of automobile production and sales
- 11 invested enterprises were successfully certified/reviewed by ISO9001 during the reporting period

4

- GAC Group set evaluation indicators for innovative R&D to comprehensively reflect the market performance and product competitiveness of R&D products. Related personnel were awarded correspondingly by GAC Group according to the actual situation

Next Steps

- To grasp opportunities in the post-pandemic era, and steadily increase automobile production and sales
- To enlarge the coverage of certification by ISO9001
- To adopt intelligent services and improve the quality of services via digital technology
- To increase the introduction of innovative talents and continue to implement the incentive mechanism for innovation

2.1 Advancing High-quality Development

Facing the unexpected outbreak of COVID-19, GAC Group has presented its strong resilience to actively overcome the impact of the macro situation and unfavorable market environment, and maintain its stable operation. Besides, GAC Group has deepened the reform and innovation of its mechanism, followed the national development strategy and continued to advance its high-quality development.

2.1.1 Maintaining Stable Operation

The market became more and more competitive by the influence of the macroeconomic downturn and COVID-19 in 2020. In addition, the automobile industry maintains low-price running with tighter emission regulations. GAC Group has employed positive and effective measures to overcome the impact of adverse external factors, and maintain its stable operation. In 2020, its production and sales were 2,034,800 units and 2,043,800 units respectively, each representing an increase of 0.54% and a decrease of 0.86% as compared to the corresponding period of last year. The sales volume, among which GAC-Honda, GAC Toyota and GAC AION bucked the trend by respectively increasing 2.65%, 12.17% and 42.9% in sales, was better than the industry level by about 1 percentage point year-on-year.

Sales Volume of GAC's Main Products in 2020

		units: No.s
Passenger vehicle	Guangzhou Automobile Group Motor Co., Ltd.	293,313
	GAC AION New Energy Automobile Co., Ltd.	60,692 ^[1]
	GAC Honda Automobile Co., Ltd.	805,786
	GAC Toyota Motor Co., Ltd.	765,008
	GAC Fiat Chrysler Automobiles Co., Ltd.	40,513
	GAC Mitsubishi Motors Co., Ltd.	75,001
Commercial vehicle	GAC Hino Motors Co., Ltd.	3,005
	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd.	438
Motorcycle	Wuyang-Honda Motors Co., Ltd.	813,010

[1] Data include those from HYCAN New Energy Automobile Technology Co., Ltd.

2.1.2 Deepening the Reform of Mechanism

Guided by the Three-year Action Plan for the Reform of State-owned Enterprises (SOEs), GAC Group achieved a great result in the finale of the first phase of "Double Hundred Actions" in the SOEs reform in 2020. It fully initiated a growth program to benchmark the world-class management and focused on special fields, including an incentive mechanism that integrates organizations, institutions, mixed ownership and various ways to deeply implement the comprehensive plan on reform, and increase the vitality and efficiency of enterprises in all directions. Besides, GAC Group continuously stimulated its endogenous power, so that it received the highest A rating in the special assessment on the "three systems" reform of double hundred enterprises launched by the State-owned Assets Supervision and Administration Commission of the State Council.

GAC Group will continue to deeply carry out General Secretary Xi Jinping's important instructions on the SOEs reform, adhere to a problem-oriented approach, fully implement the spirit of the Three-year Action Plan for the Reform of State-owned Enterprises, enhance awareness of unexpected development, do solid work to carry out the growth program to benchmark the world-class management, dare to self-revolution, further advance the "Double Hundred" reform in-depth, and drive the improvement of the overall competitiveness of GAC Group.

Organizational reform

- Organized and optimized the operation mechanism of the large department system, continuously improved organizational functions, and built a streamlined and efficient joint office.
- Advanced the implementation of two optimization plans on special systems and mechanisms, including the International Business Unit.
- Established a management committee of self-owned brands to improve their competitiveness.

Mixed ownership reform

- Incubated the graphene project and completed the employee stock ownership reform.
- Signed a joint venture agreement with iFlytek.
- Helped HYCAN introduce strategic investors and achieved cross-industry cooperation by increasing investment and stocks.

Incentive mechanism reform

- Innovatively employed compound incentive tools and implemented incentive schemes by awarding employees stock options and restricted stocks;
- Optimized the evaluation index system of GAC Group leadership and strengthened the relevance, objectivity and quantification of evaluation indexes.

2.1.3 Serving National Strategies

GAC Group thoroughly implements the spirit of the important instructions of General Secretary Xi Jinping on the planning and preparation of the "14th Five-Year Plan", and the *CPC Central Committee's proposals for formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives through the Year 2035*. According to the national, provincial and municipal overall deployment of the "14th Five-Year

Plan", it adheres to the general idea of "Opening the door to extensively pool wisdom", actively follows the industry development trends of "New four development trends" (electrification, intelligence, connectivity and ride-sharing) and "Software-defined cars", serves national strategies, seizes strategic opportunities at the same time, develops and grows as the era proceeds.

GAC drives toward the future with the "14th Five-Year Plan" and the "Binary Stars Project"

Guided by the national "14th Five-Year Plan", GAC Group issued the GAC Group's Outline of the "14th Five-Year Plan" in the 18th Guangzhou AutoShow on November 20, 2020, and led the work in the next five years. The outline innovatively proposed the "1615" overall strategy, a development strategy of passenger vehicles to "Optimize two joint venture enterprises, professionalize two brands, stabilize one brand according to the trend and make breakthroughs in intelligent new energy vehicles", business strategies of 6 sectors and other strategies, which laid a solid foundation for building a technological GAC that is led by innovation and continuously creates value, and achieving GAC's high-quality development during the "14th Five-Year". In addition, GAC Group released a "Binary Stars Project" of its self-owned brands, GAC Motor and GAC AION, and GAC's Long-Range Objectives Through the Year 2035, which have pointed out the direction and clarified the goal for the development of GAC Group in the next 15 years.



2.1.4 Improving GAC's Internationalization

Actively responding to China's "Belt and Road" Initiative, GAC Group steadily promotes its strategy of internationalization. It covers the automobile market in 26 countries and regions via diverse models of cooperation. GAC Group aims to "become a world-famous mid-and high-end Chinese automobile brand", and continue to improve its international reputation. Its self-owned brand, GAC Motor, has gradually formed a new pattern of "Global research and development, global procurement and global sales". GAC Group will constantly enrich its product matrix, accelerate the exploration of its market, introduce more quality products and continue to create a valuable mobile life for global customers.

R&D internationalization

- Supported by the U.S. R&D center, GAC Group has gradually set up a GAC global research and development network integrating resources of outstanding suppliers and R&D institutions across the world.
- Members of the R&D team come from more than 10 countries, such as Germany, Italy, the U.S., Japan and South Korea.
- The U.S. R&D center mainly focuses on forward-looking and leading innovative design, information security, big data analysis, etc.

Market internationalization

- GAC Motor has expanded its international market by entering 26 countries and regions around the world and establishing a global sales network and service system.
- GAC Component, GAC Business, Wuyang-Honda and other invested enterprises continue to export whole vehicles, new vehicles, second-hand vehicles and components.

GAC Group global R&D network and sales network



2.2 Crafting Quality Products

With the core of "Detailing Greatness", GAC Group carries out quality and safety management for the entire life cycle of automobiles, keeps up with the development trend of the car industry and technology, continues to innovate products and services, and exerts itself to create innovative and leading products that "strike" customers' heartstring.

2.2.1 Improving Quality & Safety

In order to ensure the quality and safety of products, subordinate invested enterprises under GAC Group actively apply for the certification of a quality management system (QMS), constantly improve their QMSs, strictly carry out verification of their products' quality and safety, tighten their requirements of managing quality in the upstream and downstream of the industrial chain, take the initiative to recall defective products and comprehensively improve the quality and safety of their products. In terms of the quality and safety improvement of its self-owned brands, GAC Group keeps plugging away. As the vice president unit of China Automotive Quality Technology Alliance, GAC Group practices the national strategy to provide powerful support for building China's strength in product quality, and leads the innovative development of automobile quality and technology. Its self-owned brand, GAC Motor, topped the Chinese brands in the J.D. Power 2020 Initial Quality Study (IQS) for the 8 consecutive year. The fact shows that all sectors of society highly recognize the quality and safety of GAC's products.

Invested enterprises under GAC Group which are certified by a QMS

Certified by ISO9001 GAC R&D Center, GAC Motor, GAC AION, GAC Honda, GAC Toyota, GAC Fiat Chrysler, GAC Hino, GAC BYD, Wuyang-Honda, Shanghai Hino

Certified by IATF16949 GAC Component, Shanghai Hino

Controlling quality (QC) from the R&D source

GAC Group has always adhered to supporting technology with quality and implanted quality awareness in every field of research and development. It controls the quality and safety of products from the source and works relentlessly in order to hand over high-quality products to consumers.

GAC R&D Center has deeply implanted quality awareness and controls product quality and safety from the R&D source

Compliance with product regulations

GAC R&D Center has established a closed-loop management mechanism for the entire process from the collection, interpretation, to troubleshooting and implementation of regulations to ensure that all models strictly comply with regulations. Taking the regulation on braking systems as an example, GAC R&D Center participated in the formulation of the regulation and has deeply studied its content. It designed braking systems according to the requirements of the regulation. Vehicles will only enter the market after samples and a small batch of automobiles are verified to make sure that the performance of all models is higher than the requirements.

Compliance with product standards

GAC R&D Center develops products on the basis of ISO9001-2018. It has established a V-type development process, which covers the research and development of whole vehicles, systems/subsystems and components, consisting of comprehensive requirements of defining, developing and verifying the performance of whole vehicles/systems/components. In addition, the workflow also supports and manages the entire process from product definition to the design and development of start of production (SOP) and market entering.

Tight valve control

GAC R&D Center focuses on valve control in every stage of development. It has set up strict standards on safety valves in the pre-research of design, conceptual design, trial production test, mass production certification and other phases, which highlight regulations on models, the performance of whole vehicles, etc. Besides, whether the corresponding delivery meets the process standards will also be reviewed and judged to ensure that products comply with regulations and then enter mass production.

Verifying product quality and safety

Subordinate invested enterprises of whole vehicles under GAC Group comply with *Implementation Rules for Compulsory Product Certification - Motor Vehicles* and other standards related to documents about quality and safety verification. They have prepared a thorough product quality and safety verification system and guidelines, including GAC AION's Production Consistency Control Plan, GAC Honda's *Management Procedures of Process Quality*, *GAC Motor's Whole vehicle Quality Standards*, *Component Quality Standards*, etc. Products, which meet the national laws and regulations, and company standards, can enter the market after they are tested by industry-leading means and the production volume is guaranteed.

GAC Fiat Chrysler has established a thorough verification mechanism for its product quality and safety to ensure that the quality complies with regulations and is stable

GAC Fiat Chrysler has established a complete QC and supervision system from the entire process of the source of components, manufacture, and whole vehicle market entering, and set up relevant indicators for monthly tracking management to ensure that the quality complies with regulations and is stable. QC Department of the factory under GAC Fiat Chrysler inspects vehicles after completion according to the checking list. Quality inspectors will check electric appliances, external and interior, wheel alignment, rotating hubs, light-control and exhaust emissions, and conduct rainfall tests, dynamic tests and static checks. They will then stamp a pass or fail seal on the record card, and give the green light after all items are qualified. In addition, product reviews by users and reliability testing of new models will be simultaneously carried out.



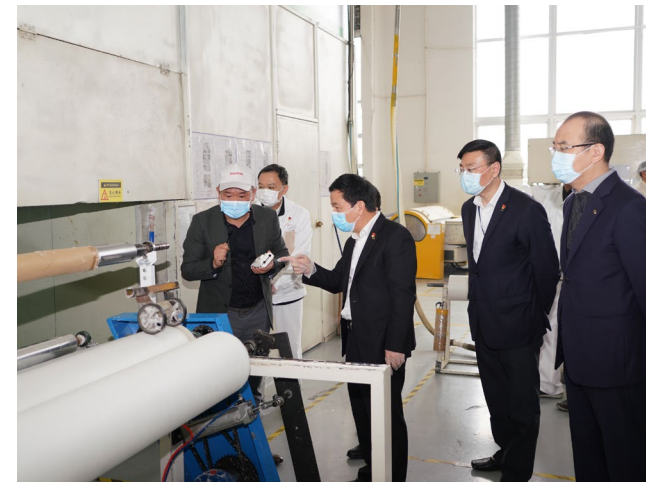
QC in a workshop of GAC Fiat Chrysler

Managing quality of the industrial chain

In addition to strengthening its own quality management, GAC Group has also set up strict quality management requirements for the suppliers and distributors of its subsidiaries to comprehensively improve the quality of the industrial chain.

GAC Honda improve the quality management of its suppliers via multiple modes

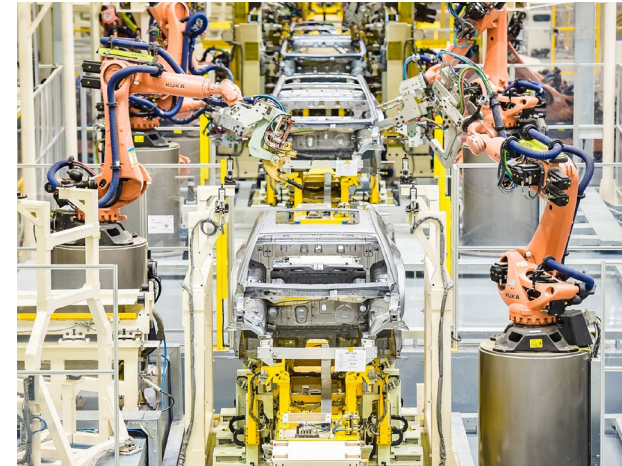
With a spirit of customer-oriented, GAC Honda conducts in-depth on-site process inspections and change-point inspections of suppliers to ensure the stability of the overall quality of components manufactured by local factories; continuously carries out spot checks of mass production consistency of components manufactured by local factories (hazardous substances, volatile organic compounds or VOCs, China Compulsory Certification or CCC, important marketability of functions), and 100% coverage of the target components to ensure their compliance; reviews and improves the quality management system of suppliers, and carries out supplier quality assurance training and instructor competitions online to ensure that suppliers comply with GAC Honda's quality management requirements. Besides, it enhances quality risk management and control of the whole process to ensure quality assurance in the workflow, and realize the continuous improvement of quality.



Zeng Qinghong, Chairman of GAC Group, leads a team to investigate GAC Honda's suppliers

GAC Motor carries out quality management throughout the entire life cycle of products to ensure their quality

- **Quality control of new vehicles:** 8 valve control programs have been set, and deliverable valves will be strictly reviewed from the perspective of consumers. In addition, special and comprehensive verification will be conducted from the production preparation phase to avoid defective products entering the market. "Quality cultivation" reform will be continuously piloted to implement related policies and improve the maturity of new vehicles' quality.
 - **Quality control of components:** A series of special events targeting different suppliers have been held through systematically analyzing the weakness of suppliers' quality management, so as to deepen their quality cultivation and related tutorship, improve sources and ensure their abilities. The quality of components has been stabilized by holding strict quality assurance activities and firmly adhering to QC standards.
 - **Quality control of manufacture:** In combination with the Chinese regulations and international standards, GAC Motor has made a unique "GAC Motor 3 ways". It implements a pandemic prevention system that controls the entire process from manufacture to whole vehicle inspection. QC standards of the entire process have been made from the customers' perspective to ensure manufacturing quality. In addition, the company insists on the standardized operation to guarantee quality consistency. It challenges the industry leaders in manufacturing, targets "zero defect" and promotes a platform-based management mode.
 - **Quality control aftermarket entering:** In order to quickly respond to customers' needs, initial quality management and joint operation systems have been intensified, and crucial quality issues are rolled forward to ensure rapid judgment and resolution of bad projects. Besides, precise analysis and match have enhanced the closed-loop management of essential parts to improve product durability.
- In 2020, GAC Motor fully implemented the "Quality Cultivation" reform and quickly addressed quality issues by thoroughly practicing its philosophy of "Quality First". Compared with that in 2019, the overall quality of its products was steadily improved.



Taking the initiative to recall defective products

GAC Group firmly abides by *Regulation on the Administration of Recall of Defective Auto Products*, *Measures for the Implementation of the Regulation on the Administration of the Recall of Defective Auto Products* and other laws and regulations related to the product recall, and actively fulfills its obligation to recall defective products. Each invested enterprise, according to its management features, prepares in-house management regulations concerning product recall. For example, GAC Honda has made *Regulations on the Management of Market*

Measures, and recalled the products identified as defective ones according to procedures. In addition, each vehicle enterprise under GAC Group has set up defect detection procedures to avoid vehicle recall in the first place. In 2020, vehicle enterprises under GAC Group gave out notices that it would recall 1,269,716 units of whole vehicles, but in fact, it recalled 1,301,006 units (including those notices given out in the previous year and actually fulfilled in 2020). In addition, the enterprises actively eliminated potential safety hazards to effectively ensure customers' safety when they drive cars. Therefore, they are highly recognized by every sector of the community.

2.2.2 Enjoying Attentive Services

Firmly complying with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China and Regulations on Control of Advertisement, GAC Group conveys real, comprehensive and effective messages in advertising and sales presentation to consumers and helps them make rational decisions on consumption. Besides, GAC Group fully applies digital technology in services to differentiate services tailored to customers' needs. It also created services brands targeting diverse groups of customers, such as FUN Car+e of GAC Motor and M-SPACE of GAC Mitsubishi. GAC Group provides clients with attentive services in all directions from marketing to after-sales services.

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"M-SPACE", a digital service platform under GAC Mitsubishi, helps customers explore their wonderful automobile life

With the help of digital technology, "M-SPACE", a novel digital service platform under GAC Mitsubishi, will closely connect the brand and customers, transform the enterprise into a brand serving its users and fans from a company selling "products", in order to make GAC Mitsubishi a warmer brand, help it achieve high-quality development and increase customer loyalty. "M-SPACE" APP is not only an online platform for users to access to innovative digital services, but also a fashionable social place carefully built by GAC Mitsubishi for its "fans". The APP collects and shows brand events, special offers and other real-time information. In addition, it provides its "fans" with "one-stop" self-services, such as online vehicle browsing, selection, purchase and utilization.



Official launch of "M-SPACE APP" under GAC Mitsubishi

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GAC AION creates awesome automobile life and brings unique experience to its car owners

GAC AION provides its car owners with a series of unique products and services, and brings novel brand experience to customers. The newly launched "AION Partner" program transforms users and followers of new energy into AION's partners to promote the industry and jointly help the development of new energy with GAC Group. In addition, a variety of events were held for AION car owners to increase their happiness and sense of belonging to the brand. The company also provided its car owners with a colorful service experience. For example, GAC AION invited hundreds of its car owners to an offline movie "carnival".



GAC AION invites hundreds of its car owners to an offline movie "carnival" related to new energy technology

GAC Group's focus and guidance for service improvement are unblocking channels of communication and understanding customer needs. Every invested enterprise under GAC Group listens to its clients through diverse communication ways, responds to clients' complaints and requirements in time. GAC Group and its subordinate invested enterprises have prepared Measures for the Management of Customer Complaints and other in-house regulations, established complete complaint response and graded handling procedures to quickly respond to customer complaints and improve their experience. In 2020, GAC Group communicated with its clients for 3,673,641 times through its after-sales support persons, among which there were 61,276 customer complaints. The complaint handling rate was 100% during the year.

GAC Group's diverse channels of communication



The total of GAC Group communicated with customers through after-sales customer service in times **complaint closure rate during the year**

3,673,641

100%



GAC Honda quickly responds to customer complaints and carries out closed-loop management in the entire process

In response to customer complaints, GAC Honda has established a quick response mechanism. Complaints from clients will be graded according to standards after being received and classified by subjects. A complaint work order will be sent to the corresponding special shop for follow-up processing through the CRM system. The system will simultaneously send a short message to notify the responsible person of the relevant business department, and the person will provide the special shop with guidance and support. Later, the shop will contact the customer to help him/her address the issue, and feed the result back to the customer service center. At the end, the staff of the center will combine the feedback from the special store and the guidance of relevant departments to call the client back and complete the closed-loop management of complaints.

2.2.3 Ensuring Information Security

With the rapid development of automobile "new four development trends", information security of vehicles gradually attracts more attention. GAC Group has built a dual privacy protection system from the vehicle end and the sales end. Every whole vehicle enterprise under GAC Group has established a complete in-house information security system.

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GAC Motor vigorously promotes vehicle information security in terms of how vehicle software can prevent malicious attacks, how to keep user information confidential, and how the company's data center can do a good job in data confidentiality and security. In terms of systems, the construction of the Internet of Vehicles (IoV) security system was systematically promoted to avoid malicious attacks on vehicle software by focusing on the boundary protection system, vehicle-end security system, PKI certification transmission system, security service system and other dimensions. In terms of technological R&D, advanced security algorithms in the industry (such as user data encryption storage, the operating system started after signature verification, Certificate Authority (CA) private key encryption machine storage and two-way authentication of a transmission protocol, etc.) were adopted to develop the in-car Electronic Control Units (ECUs), APPs and cloud platforms. Over the Air (OTA) technology was adopted to realize remote repairs of security vulnerabilities in vehicles connected by the IoV and ensure product information security. In terms of the management system, the company strictly implements the requirements of the Cybersecurity Law of the People's Republic of China, released the Cybersecurity Management Mechanism of Guangzhou Automobile Group Motor Co., Ltd. in 2019, and established a cybersecurity committee with the general manager and the party secretary as its first persons responsible. A cybersecurity management system was released in June 2020 to ensure the confidentiality and safety of data in the company's data center. GAC Motor and TOPSEC have carried out information security cooperation to regularly inspect and evaluate vehicle information security. They have completed special inspections at the ministry and commission levels conducted by the Cyberspace Administration of China (CAC) and the Ministry of Industry and Information Technology of the People's Republic of China, and joint inspections at the provincial and municipal levels.

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GAC Toyota issued Regulations on Personal Information Protection and Regulations on Sensitive Data Extraction and Desensitization to classify the personal information management mechanism, functions and responsibilities of the competent department managing clients' personal information, management requirements of the entire process from collecting, using and keeping the personal information of customers, feedback channels of personal information modification, data download and approval, etc. Training about personal information security will be conducted for GAC Toyota's personal information management personnel, promotion officers, and persons in charge of the dealerships. GAC Toyota's APPs, Fengyunxing, and Fengyunhui, the company's official website and other platforms related to the collection of consumers' personal information have introduced the Privacy Agreement. Personal information can only be collected with the consumers' consent. In 2020, GAC Toyota completed the filing and evaluation of 16 information systems all of which have passed the graded protection certification.

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GAC Honda has carried out a special program to ensure "customer personal information security and compliance" since 2019. In 2020, it formulated the Personal Information Confidentiality Management System, and signed the Information Confidentiality Agreement of GAC Honda's Supplier/Service Provider with its suppliers and the Customer Information Entrustment/Sharing Agreement with the third party, and issued the Guidelines for GAC Honda's Special Stores to Protect and Manage Personal Information to its dealerships. In addition, information protection announcements were given in the sales headquarter and special stores, so as to ensure that there are regulations to be followed and the regulations must be followed, and protect the information security of each car owner.



GAC Business has formulated the Customer File Management System and Regulations on Customer Information Management on the sales side. Each special store has thoroughly analyzed security risks of business systems storing sensitive customer information, and continuously improves its ability to control and manage information security in a targeted manner from management and technology. The company helps special shops to conduct daily business safely and legally, and ensure that customer information won't be leaked through continuous improvement of management techniques and methods, development of verification tools, and enhancement of cybersecurity protection capabilities.

2.3 Highlighting R&D and Innovation

The automobile industry is at a critical moment of transformation and upgrade. The “new four development trends”, including “electrification, intelligence, connectivity and ride-sharing”, overlap, converge and empower each other. They bring comprehensive changes in energy power, production and operation, and consumption trends for the development of the automotive industry. GAC Group highlights R&D and innovation, stimulates creative vitality, cultivates development momentum, builds high-quality self-owned brands, and creates innovative value for mobile life.

2.3.1 Stimulating Creative Vitality

The innovative vitality of talents is the source of corporate creativity. GAC Group takes GAC R&D Center as a mature platform to continuously improve its innovation system, processes, tools, and methods. It fully stimulates GAC Group's creative vitality in a planned way from personnel recruitment and training, performance incentive reforms, etc.

Exploring and cultivating innovative talents

GAC Group has built a R&D team with more than 4,300 well-educated and international talents. In 2020, GAC Group planned the deployment of experts in core areas, and introduced high-end talents across the world. 8 top experts were successfully introduced from different countries and international advanced automobile enterprises by recruiting personnel in various channels and forms. Meanwhile, GAC Group deepened the construction of a talent team, and reserved talents on the basis of future strategies. In the same year, GAC Group established the “Reserve Talent Development Plan” (TDP project) for the first time, set strict entrance standards, and created a “reserve talent pool” of about 300 people after screening. The first phase (3 years) of a targeted training plan has been conducted.

Deepening performance incentive reform

Target management is of the utmost importance in order to give full play to the effectiveness of talents. By implementing the R&D goals and decomposing them to individuals, GAC R&D Center successfully decomposed and assigned the institute-level goals to departments and sections, then to nearly 100 project teams and more than 4,000 employees. Statement on performance tasks was signed by each person. Meanwhile, the center reviewed and publicized the goals of key talents (managers at all levels, technical experts), and strengthened the responsibility and belief of “Mission Must be Achieved”.

Improving GAC Group's incentive mechanism

GAC Group has set up R&D assessment indicators to comprehensively present the performance and competitiveness of R&D products in the market. For example, GAC Group will award related personnel according to the actual situation when independent research and development has reaped wonderful fruits in the development of reforms and innovation, breakthroughs in key core technical problems have been made, industry-leading levels have been reached in related fields, products or R&D projects have achieved major success, etc.

Innovative Guangzhou Automobile (IGA) continues to stimulate innovative vitality after 15 years of improvement and innovation

GAC Group's 15th IGA was successfully held on November 7, 2020. IGA is a special cultural event hosted by GAC Group and its subordinate invested enterprises. With a management belief of “Humanity, Credibility, Creativity”, the event focuses on continuous innovation. Its main activities are QC events, proposal improvement, labor competitions, and technological innovation. GAC Group constantly optimizes its operating methods, encourages its employees to participate in the improvement and innovation. Since IGA's establishment in 2006, the cumulative number of QC participants in IGA has exceeded 550,000, and nearly 4.89 million improved proposals have been generated, which have created direct economic benefits of over RMB 8.1 billion. Among them, the direct economic benefits created in 2020 were nearly RMB 1.26 billion, increasing by RMB 190 million over 2019.



Employees take a photo with IGA's mascots, the “Innovative Men”

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Intellectual Property Rights (IPR) protection is a necessary way to ensure the sustainability of a company's innovative vitality. Abiding by the Patent Cooperation Treaty, Agreement of the World Trade Organization on Trade-Related Aspects of Intellectual Property Rights, Patent Law of the People's Republic of China, Copyright Law of the People's Republic of China, Trademark Law of the People's Republic of China and other international and Chinese laws and regulations, GAC Group has prepared Intellectual Property Management Measures, Patent Work Management Measures, Technical Archives Management Measures, Measures for Rewarding Technical Achievements, Measures for the Management of Value Evaluation-based Patent Classification (Trial), Measures for the Management of Intellectual Property Disputes and Litigation (Trial) and other corporate policies to strictly protect its IPR. As of the end of 2020, GAC Group has applied for 8,040 patents in total, among which there are 2,753 patents for invention; the number of newly-added applications for patents and authorized patents were 1,961 and 1,439, respectively in 2020.

List of GAC Group's Patent Authorization Applications in 2020

		units
Newly-added authorized patents in units 1,439	Newly-added authorized patents for invention	193
	Newly-added authorized patents for utility model	956
	Newly-added authorized patents for design	290
Newly-added patent applications in units 1,961	Newly-added patent applications for invention	823
	Newly-added patent applications for utility model	857
	Newly-added patent applications for design	281

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2.3.2 Cultivating Development Momentum

Facing the new wave of technology in the automotive industry brought about by the Internet of Everything (IoE), GAC Group gives full play the supporting and leading role of technological innovation, enhances the capability of the independent innovation system, and promotes the planning, layout and independent development of key system assemblies and core components. Besides, it continuously improves technological strength in order to seize the high ground of the future automobile industry. Meanwhile, GAC Group focuses on the “electrification, intelligence, connectivity and ride-sharing” of automobiles, innovates its technology, empowers products and continues to roll out new products which meet the market expectations, so as to promote the industrial transformation and technological upgrade, provide GAC Group’s innovative development with momentum, and create surprises for customers’ automobile life.

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GAC Toyota cooperates with an interested party to explore “outlet-centered” sharing modes

GAC Toyota and Didi Chuxing Technology Co. have conducted in-depth cooperation to explore the online car-hailing business centered on “outlets” and have successfully developed three sharing modes. GAC Toyota provides convenient services to all parties in the ecological chain of the online car-hailing business through its high-quality models and excellent services offered by its channel stores.

Sharing mode 1

Asset operation-Key Account (KA) mode has been developed. The online car-hailing services are provided in the mode of accounts operated by authorized dealers of GAC Toyota, providing differentiated travel services for a total of 4 million passengers.

Sharing mode 2

Online car-hailing ecological services-Asset management Partner (AMP) mode has been developed. GAC Toyota has developed services for online car-hailing companies. Based on special packages for different online car-hailing models, it promotes the industry’s first 30-minute efficient maintenance services to increase the drivers’ satisfaction.

Sharing mode 3

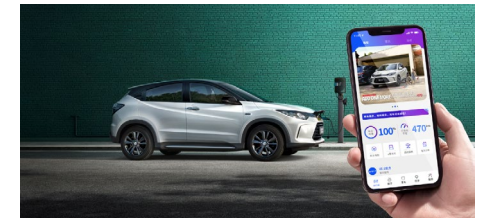
Management of online car-hailing driver services-Hybrid Driver management Partner (HDMP) mode has been developed. Facing a new field of driver management, GAC Toyota strives to build an outstanding service system. As a driver service partner of Didi Chuxing, it provides multi-brand online car-hailing drivers with professional services, such as driver certification and safety training. It has been highly recognized by the cooperation platform and widely acclaimed by drivers.

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GAC Honda’s WOW STATION, a novel intelligent value service system

In 2020, GAC Honda advanced the introduction of Honda Connect 3.0 with Honda Technology & Research Industry (China) Investment Co., Ltd. and Honda Motor (China) Technology Co., Ltd. Meanwhile, it continuously optimized the functions and experience of the VE-1 in-car APP, WOW STATION, in order to expand the user base and improve user satisfaction. Besides, the company launched a GAC Honda unified APP project to develop and construct an ecological user APP with rich functions including information, activities, social circles, car owner services, mobile phone control, online shopping, and membership growth.



The interface of GAC Honda’s WOW STATION APP

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DS has developed an in-car Appstore to seamlessly reach out to car owners with Internet services

The in-car Appstore is a third-party Internet management platform of ecological APPs. It is an in-car ecological service distribution management platform specially created for car owners to seamlessly reach out to car owners with Internet services. Car owners can download, install, use, and uninstall ecological APPs in their vehicles. The platform implements a three-tier review and verification process by creating accounts of platform operators, ecological application developers, and car companies to provide car owners with high-quality ecological services and great experience.



Interface of DS's in-car APPs

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2.3.3 Building Self-owned Brands

Under the guidance of the "14th Five-Year" Plan to comprehensively enhance the ability of independent innovation, GAC Group has formed a "Binary Stars Project" by "GAC Motor" and "GAC AION", and vigorously promoted the innovative development of self-owned brands from various aspects, such as R&D, marketing services and organizational mechanisms.

In terms of R&D

GAC Group continuously pursues excellence driven by technological innovation, which has enabled GAC Motor, a Chinese brand, to forge "international quality". It has built a glocal R&D network consisting of "Guangzhou Center+R&D Centers in 3 places of North America+ GAC Advanced Design Shanghai" to fully ensure the R&D level and product quality of self-owned brands. GAC Motor topped the Chinese brands in the J.D. Power 2020 Initial Quality Study (IQS) for the 8th consecutive year.

In terms of marketing services

GAC Motor has continuously strengthened users' recognition of brand tonality and emotional concepts. Centering on the new brand slogan "Smarter Drive, Better Life", it continues to focus on customer experience and has gradually created the value of its core brand, "Technology, Quality, Service" to establish three corresponding leading images of GAC Motor. The company makes steady progress towards the goal of becoming "a world-class brand and a global enterprise". With the unique marketing service pattern of "AION Partner", GAC AION has created world-class products and services, and been recognized by the market. Besides, the company has formed an image of technological brand which is "advanced, fun, trendy and durable" in users' hearts.

In terms of organizational mechanisms

GAC Group has established a management committee of self-owned brands to strengthen the integrated operation capability of GAC Group's self-owned brands, and improve its operational efficiency and system competitiveness; besides, based on problem-orientation principle, the group has fully investigated current issues, actively carried out benchmarking studies, and fully implemented a chief director system of models by taking the success of self-owned brand models as a goal.

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A management committee of self-owned brands has been established to strengthen the integrated operation capability of GAC Group's self-owned brands

GAC Group established a management committee of self-owned brands (hereinafter referred to as "the management committee") on September 15, 2020, and set up a subordinate professional committee to formulate the operation plan and hold a publicity and implementation meeting to start operation. The management committee has focused on six aspects, including user research enhancement, integrated cost control, modular platform development, intelligent improvement, chief director system, and integrated product planning department and sales functions since its establishment. Through the management committee and the professional committee, the subjective initiative of the self-owned brand management team has been mobilized to improve the efficiency of decision-making. By establishing special working groups under the professional committee, the business collaboration across enterprises, fields, and departments has been enhanced, decision execution efficiency has been improved, and further organizational guarantees have been provided for the creation of independent brands.



The publicity and implementation of the management committee's operation plan and work arrangement meeting

GAC Group has fully implements a chief director system of models, and innovated the management mechanism of its independent brands

Directed by problems, GAC Group's independent brands thoroughly studied current issues, actively carried out benchmarking studies, and fully implemented a chief director system of models in 2020. These have changed the previous linear functional structure, introduced the matrix management mechanism of modern enterprises, built an agile, efficient, and market-oriented development system of new models, and continued to provide the market with competitive products beyond user expectations. At present, three batches of chief director appointments and team launches for 12 model series have been completed.



The official launch of the first batch of model teams led by chief directors

An aerial photograph of a winding asphalt road cutting through a dense, lush green forest. The road curves from the bottom left towards the top right. Several cars are visible on the road, including a white van, a blue car, and a red car. The forest is thick with various shades of green trees.

→ INTELLIGENT GREEN AND LOW-CARBON TRAVEL

Adhering to its advantages of independent innovation system, GAC Group is committed to providing world-class intelligent new energy products and services in the automobile industry, and actively responds to the government's planning and various work on peaking carbon dioxide emissions and achieving carbon neutrality. GAC Group implements green production and improves energy efficiency in the process of production. In addition, GAC Group vigorously develops new energy vehicles from the business side, and provides a green travel model for the society, as Premier Li Keqiang mentioned in the government work report, "Through concrete actions, we will contribute our share to responding to the global climate change."

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GAC Group takes the initiative to assume corporate responsibilities of environmental protection and builds Guangzhou Municipal Waste Safe Disposal Center

The second phase project of Guangzhou Municipal Waste Safe Disposal Center operated and constructed by GAC Group was officially completed on December 22, 2020. The project covers an area of 500 mu, with a total investment of RMB 529 million. It took GAC Group 9 months to complete the construction. Before the construction of the disposal center project, the contradiction of insufficient waste treatment capacity in Guangdong province was very prominent. Enterprises needed to dispose waste across the province. The treatment cost soared from RMB 2,000/ton to RMB 14,000/ton, and the waste treatment capacity needed to be improved urgently. GAC Group shouldered the responsibility of the project construction. After the project was completed and put into operation, the disposal center had a waste treatment capacity up to 183,000 tons, of which 150,000 tons were treated by physical and chemical ways, and 33,000 tons were incinerated. That has effectively alleviated the pressure of waste treatment in Guangzhou and presents responsibilities and spirits of GAC Group.

GAC Group attached great importance to project construction, actively benchmarked domestic and foreign advanced projects, and has built a comprehensive hazardous waste disposal demonstration base that

is leading domestically and superior to EU standards by means of advanced design. The main emission indicators, such as dioxins, carbon monoxide, nitrogen oxides, particulate matter, etc. in the demonstration base are respectively 5 times, 6 times, 2.5 times, and 2 times stricter than the national standards; the emission indicators are generally better than the EU standards, such as particulate matter and nitrogen oxides are 3 times and 2 times stricter than the EU standards respectively. The project will make up for the shortcomings of Guangzhou's hazardous waste disposal capacity and build an environmental safety and emergency system in the Liuxi River Basin and even the entire city.

In addition, GAC Group also seizes the opportunity of the project construction to accelerate the layout of the green industry on the basis of GAC Group's automobile industry cluster. GAC Group strives to deeply integrate solid waste disposal, resource regeneration, automobile dismantling, and battery recycling to build a complete first-class industrial chain of automotive environmental protection in China, help the construction of Guangzhou's ecological civilization create new highlights, and promote the high-quality development of the city's economy and society.



Project completion event



Appearance of the disposal center

GOAL MANAGEMENT

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Annal plan

- To respond to the national strategies of new energy vehicles, and enhance the R&D and innovation of such automobiles
- To stabilize and optimize fuel consumption of automotive products, and continue to improve the development of new energy products
- To constantly reduce the pollutant discharge in production and operation, and increase GAC Group's efficiency of energy and resource use

Implementation

- Sales of new energy vehicles increased by 42.9% year-on-year, and 517,000 positive points were generated throughout the year
- Average fuel consumption of enterprises under GAC Group was 4.71 L/100Km, representing a year-on-year decrease of 7.1%
- GAC Group completed the “double control” target of the 13th Five-Year Plan with high quality, continuously reduced the emission of VOC and other pollutants, and completed the construction of the second phase project of Guangzhou Municipal Waste Safe Disposal Center

Next Steps

- To continue to improve the energy efficiency of automotive products and increase the core technology reserves of new energy technology
- To actively respond to the 14th Five-Year Plan and government work report, promote the green transformation of work and life, vigorously support the goals of peaking carbon dioxide emissions in 2030 and achieving carbon neutrality in 2060, and formulate carbon emission reduction targets and work plans
- To further promote the effect of waste reduction and improve GAC Group's pollutant management and control



3.1 Low Carbon Travel

Following the “new four development trends” of the automobile industry and in active response to the government’s planning on peaking carbon dioxide emissions and carbon neutralization, GAC Group focuses on the development of new energy vehicles, considers the transformation of new energy products as one of the Group’s most significant strategic opportunities and promotes green travel across the society. GAC Group has launched a series of new energy vehicles favored by the market and a number of industry-leading core technologies of new energy vehicles with its layout extending to the ecosystem of new energy vehicle industry. During the “14th five-year plan” period, GAC Group will start the overall implementation of its “1615 strategy” and the “Binary Stars Project” (its self-owned brands: GAC Motor and GAC AION) and by 2025, will realize more than 20% in the turnover share of new energy vehicles throughout GAC Group, of which the proportion of those with its self-owned brands will be more than 36%.

3.1.1 New Energy Products

GAC Group firmly grasps the development trend of new energy vehicles and regards the transformation of new energy products as one of the most important strategic opportunities for the Group. In 2020, by allowing for the independent operation of its new energy brands and building GAC AION into a high-end intelligent electric vehicle brand, GAC Group showed its ambitions and resolution in the era of new energy vehicles to the outside world.

GAC Group is committed to providing world-class new energy products and services for its consumers. As of 2020, GAC Group has released 4 advanced, safe and reliable GAC AION models including AION S and AION LX, and launched a number of new energy products with joint venture brands such as GAC Toyota iA5, GAC Honda VE-1 +, etc. by means of model introduction and technological cooperation, which greatly enriches consumers’ consumption choice and wins the public praise from a wide range of users. With the aid of excellent new energy products and technologies, the sales volume of the Group’s new energy vehicles reaches a new high in 2020, driving the green and low-carbon transformation of automobile consumption market.

GAC AION launched a new AION Y model based on the hyper dimensional design concept

On November 20, 2020, GAC AION launched the 4th model of AION family- “super law, intelligent pure electric SUV” AION Y at Guangzhou International Automobile Exhibition. The newly launched AION Y represented the latest development direction of GAC’s new energy products: break the conventional car manufacturing thinking and design law with hyper dimensional design concept to cater to the young people who pursue fashion and are brave to innovate; challenge the restricted zone in car design with super strong product technology to provide consumers with advanced, safe and reliable new energy vehicle products.



GAC AION Y



2020 GAC AION S



GAC AION V



GAC Honda VE-1+



GAC Toyota C-HR EV

Invested enterprises under GAC Group launched a number of new energy vehicle products

GAC Group has been working on improving the market share of its new energy vehicles in the professional market by launching a number of customized new energy products tailored for different use scenarios. Based on the demand characteristics of mobile travel industry such as taxis and online car hailing, GAC Group has released special products respectively suitable for the industry, taxis and power exchange on the basis of the general model, so as to effectively meet the special needs of the travel market with differentiated, customized products, enable the transformation of the industry into new energy and further promote the green travel across the society.

In the future, GAC Group will continue to provide world-class products and services for automobile market. According to its plan, GAC Group will realize the overall electrification of its self-owned brand products by 2025, and will launch a large number of intelligent vehicle products applying Level-3 intelligent driving technology by 2023 as well as vehicles powered by hydrogen fuel cells, contributing its own wisdom to the construction of the “future intelligent travel ecology” and the “sustainable energy using ecology”.

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AION S launched customized models tailored for taxis and online car hailing industry which were favored by users

As the first special taxi model customized jointly with Guangzhou Transportation Committee and Guangzhou Public Transport Group, AION S special edition taxi realizes the integration of terminal equipment depending on the needs of the taxi industry with improved performance in both safety and quality based on use scenarios.

AION S car for online hailing service is the only pure electric Class-B car in Didi's Youxiang catalogue. With its good reputation in high quality and reliability, this model was put into use in 141 cities with sales volume of 8,569 units in 2020.



AION S special edition taxi



AION S car for online hailing service

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3.1.2 New Energy Technology

Technology is the key to create good experience and the support for good products. As the leader of the new energy automobile industry who is fully aware of the value of new energy core technology, GAC Group insists on positive independent research and development and has accumulated a number of industry-leading core technologies in the “battery, motor and electrical control” systems, continuously bringing consumers superior, safe and reliable new energy technology.

By continuously investing a lot of resources in the R&D of new energy technology, GAC Group successively launched a number of global leading technologies ranging from the GEP platform, “three-in-one” electric driving system and the 4th generation GAC battery management system to ADiGO3.0 autonomous driving, 5G intelligent health cockpit, etc., manifesting GAC’s forward-looking technology and leading strength in the new energy filed.



AION V

The long-term R&D on battery enables GAC Group to master a number of core technologies

With long-term R&D on battery, GAC Group has mastered a number of core technologies with the safety performance and use property of batteries increasingly improved.

Flame-free battery technology

develop and apply advanced technology such as battery cells with high safety level, and make it possible that there is no open flame outside the battery pack upon thermal runaway of the pack which enables the safety performance of battery far beyond the national standard requirements for safety

Big data diagnostic technology

conduct analysis and diagnosis based on the background big data to effectively give warnings for and identify faulty products, making it possible to have an overall understanding of the life cycle of battery packs in the market

High performance battery technological reserve

develop lightweight design of battery shell and the ultra new group technology to effectively improve the battery energy density, and successfully put them into use in project mass production; complete the design and test of high energy density battery cells and raise energy density of power battery cell to the highest level in the industry at 280 Wh/kg by adopting the new silicon negative technology independently developed by GAC Group

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The establishment of a systematic R&D system enables GAC Group to launch a number of market-leading electric drive and electric control technologies

By establishing a systematic R&D system for electric drive and electric control system, GAC Group successively launched a number of market-leading electric drive and electric control technologies, making the technological level leading in China in terms of driving, economy and safety performance.

Leading drive 1

release the first high-performance two-gear dual-motor integrated electric drive in the world and realize the deep integration among dual motors, controller and upgraded reducer, which brings more motive force while further reducing the volume and weight, improving the comprehensive driving efficiency and power by more than 10%;

Leading drive 2

set up the motor controller development capability covering such technical fields as hardware, software, algorithm, structure and thermal design, EMC, test verification, etc., and will put into use in mass production the first electric drive product independently developed by GAC Group;

Electric control technology

complete the development of the new generation autonomous control system and the preliminary research of upgraded products, fully grasp the core control algorithms of high-voltage safety, torque control, battery monitoring and battery balancing in new energy vehicles, and apply them to many popular new energy vehicles such as AION S, AION LX, AION V, etc.

During the "14th five-year plan", GAC Group will continue to research and develop new energy technology along the "new four development trends" and work on building a strong independent R&D system of new energy core technology by self-innovation and opening up for cooperation so as to lay a solid foundation for realizing the overall electrification of self-owned brands by 2025. GAC Group will continue to focus on core technologies in the "battery, motor and electrical control" systems while putting the emphasis on the breakthrough of power battery technology, integrated electric drive technology and domain controller technology, and reserve appropriate fuel cell integration technologies so as to keep improving GAC Group's products and brand in the era of new energy and enable its new energy brands to reach an international leading level.

R&D plan for battery, electric control and electric drive systems

• Battery

keep raising the energy density, safety and service life of battery and reducing its life cycle cost, and further improve the safety performance upon thermal runaway to drive the comprehensive performance of its currently domestic advanced battery to reach a domestic leading level

• Electric control

upgrade the electric system from multi-core MCU to microprocessor, keep improving its competitiveness in computing power, storage capacity and structure expansibility, and realize the goal of minimum cost reduction by 10%.

• Electric drive

accelerate the application in vehicles and mass production of super upgraded electric drive based on the development plan and scheme of pure electric drive assembly, and keep upgrading the temperature control integration, waste heat recovery, shift without power interruption, and variable frequency and variable voltage technology.

In addition to the R&D of new energy technology, GAC Group is also actively working on the R&D and advancement of internal combustion engine energy-saving technology with the aim to comprehensively improve the environmental benefits of products and reduce the carbon emission thereof.

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GAC R&D Center has planned a number of advanced automobile energy-saving technologies to reduce the carbon emission of automobile products

According to the fuel consumption regulations, dual-point (average fuel consumption point and new energy vehicle point) policy and the market trend analysis, GAC R&D Center made a prior planning on the overall energy-saving goal, the goal by filed, technical routes and action plans to ensure the foresight and compliance of energy-saving field and effectively reduce carbon emission of products.

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The planning broke down goals and defined technical routes mainly from the energy saving of engine, transmission system, the whole vehicle and electrification, which vigorously promoted the project approval and R&D of "highly efficient combustion", "wet dual clutch transmission" and "electromechanical coupling transmission" and delivered excellent results, including 2.0 ATK engine with maximum thermal efficiency of 42.1%, reaching the advanced level in the world, awarded the title of "energy consumption star" by China Automotive Technology and Research Center, 7WDCT transmission with comprehensive transmission efficiency as high as 96%, ranked in the "top 10 transmissions in the world" in the 3rd "Longpan Cup", and G-MC hybrid transmission with comprehensive transmission efficiency of 96.6%, reaching the internationally advanced level, also ranked in the "top 10 transmissions in the world" in the 2nd "Longpan Cup".

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With the support of many advanced automobile energy saving technologies, GAC Group made plentiful achievements in terms of energy saving and emission reduction in 2020, with the average fuel consumption of the enterprise decreasing by 7.1% from 5.07 L/100km in 2019 to 4.71 L/100km in 2020, far beyond the average fuel consumption level of the industry in the same year; Moreover, GAC AION sold out 60,033 new energy vehicles, an increase of 42.9% year-on-year, generating 517,000 positive points throughout the year which were beyond the annual target.

3.1.3 New Energy Industrial Park

In order to prepare for the arrival of the "window period" and "outbreak period" of intelligent and connected new energy vehicles, promote the transformation of GAC Group's manufacturing service strategy and make it a pioneer in transforming from "Made in China" into "Created in China", GAC Group grasps the historical construction opportunity in Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and builds the GAC's Industrial Park for Intelligent and Connected New Energy Vehicles (hereinafter referred to as the "Industrial Park" with its partners in Panyu District. As the "No.1 Project" of GAC Group, the Industrial Park is expected to be a critical carrier to realize the industrial collaboration of intelligent network, so as to drive GAC's breakthrough in the "intelligence", "connectivity", "electrification" and "ride-sharing" of intelligent and connected new energy vehicles.

Following the principles of "planning first, stressing the main points, reasonable layout and steady advancement" and in combination of its development strategy for intelligent and connected automobiles, GAC Group made an overall planning for the Industrial Park upon scientific demonstration: total area of the Industrial Park is about 7,500 mu (5 square kilometers) as planned, funded by GAC Group and its partners with total expected investment of more than RMB 45 billion. Centering on "intelligent manufacturing, innovation and R&D, and automobile town", the layout will focus on automobile manufacturing, core parts manufacturing, automobile R&D, intelligence and connectivity demonstration, and 5G experience. Also, the Industrial Park echos in the north-south direction with its adjacent GAC Panyu Hualong Base, realizing the horizontal support and vertical extension of automobile industry chain and forming a unique super large comprehensive automobile production base in China.



Layout of GAC New Energy Industrial Park

Chronicle of GAC New Energy Industrial Park

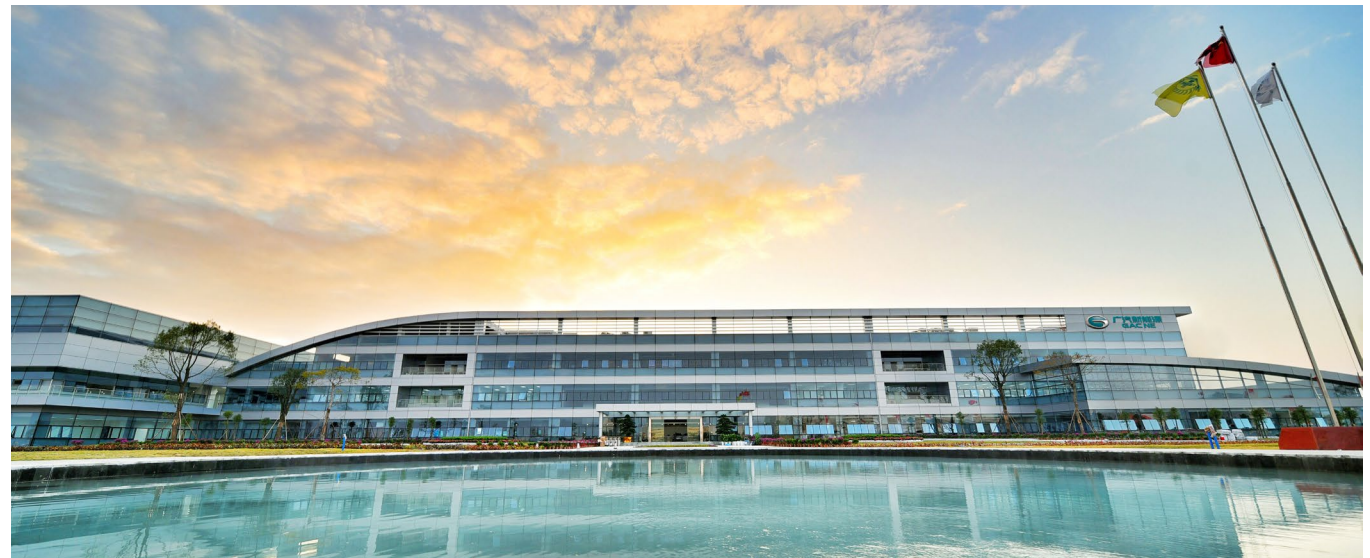
April 27, 2017 ● with the strong support of the provincial and municipal government leaders, an activity was held to lay the foundation of the Industrial Park. In more than 2 years, the construction of the Park was advanced steadily and in order following the principles of “overall planning, step-by-step implementation, bibcock driving and industrial coordination”, and periodical achievements was made.

September 2, 2017 ● GAC AION (known as GAC New Energy then) intelligent ecological factory, the first key project of the Industrial Park, was officially under construction, which was completed on December 23, 2018 and officially put into operation in May 2019, with total investment of RMB 4,694 million, total area of 707 mu, and with a capacity 200,000 new energy vehicles per year.

July 19, 2018 ● under the strong support of Guangzhou municipal government, GAC Group, together with CATL, held the signing ceremony of the cooperative agreement on power battery project in Guangzhou municipal government, where they announced that the two would cooperate with each other in power battery filed and co-invested RMB 4.2 billion to construct the power battery project with total area of 407 mu and with the capacity of battery, battery cell and pack to be 12 GWh per year after the construction was completed.

August 1, 2019 ● GAC Group co-invested with Nidec Corporation an amount of RMB 1.1 billion to build the integrated electric drive system for new energy vehicles in the Industrial Park. The project covered an area of 70 mu, and would deliver a capacity of 400,000 sets of integrated electric drive system for new energy vehicles per year once completed.

December 28, 2020 ● the main factory building of CATL GAC Energy Battery System Co., Ltd was officially capped, marking that the GAC's strategic layout of core parts of new energy vehicle industry chain made periodical achievements.



GAC AION Office Building

3.2 Clean Production

As a leading large-scale automobile industry group in China, GAC Group voluntarily takes the responsibility of energy conservation and environmental protection, improves production efficiency while adhering to energy conservation and environmental protection, actively promotes clean production, and implements the national strategic plan on environmental protection.

3.2.1 Greenhouse Gas Emission Management

Attaching great importance to the national goals on “peaking carbon dioxide emissions” by 2030 and “carbon neutralization” by 2060, GAC Group has incorporated the content of energy saving and emission reduction into

GAC Group's "14th five-year plan", and worked with invested enterprises to steadily advance the development of carbon emission reduction goals. Presently, GAC Group has developed related rules and regulations including the Company Energy Management Rules and the Procedure on Energy Goal Management for Energy Benchmark Performance Parameters to actively promote the measures for energy saving and emission reduction including building an energy management system and modifying key equipment with high energy consumption and to effectively manage the energy use in the Company's process of production, reduce the degree to which the energy is used in production, and contribute to the reduction of the overall carbon emission level of the society.

GAC R&D Center keeps improving energy management to effectively reduce the energy consumption level of the enterprise.

GAC R&D Center keeps improving the level of energy use by setting the 2020 energy consumption goal, developing the Energy Management Measures, conducting internal energy-saving assessment and forming an Energy-Saving Self-inspection Report, and by actively carrying out a number of energy-saving modification projects including LED lamp replacement, installation of automatic knife switch, replacement of heat insulation glasses, etc. Compared with 2019, GAC R&D Center has saved more than 1.6 million kwh electric energy in 2020, greatly decreasing the energy consumption of the GAC R&D Center and contributing to the green and low-carbon development.



GAC R&D Center's Energy-Saving Self-Inspection Report

To be aware of the operation and energy consumption of key equipment, GAC R&D Center established an asset management system to effectively monitor the working conditions and energy consumption level of key equipment, ensure they were in good working conditions and avoid energy waste due to abnormal running of the equipment. Meanwhile, an online energy monitoring system covering all the equipment and energy use points of GAC R&D Center was also under construction in order to realize the overall monitoring of GAC R&D Center's energy consumption.



GAC R&D Center's asset management system interface

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GAC Honda sets a carbon emission reduction goal, seeking to decrease greenhouse gas emission by taking systematic measures

Adhering to the energy saving and environmental protection concept of "making the children's sky bluer", GAC Honda has been committed to energy conservation, emission reduction, protecting the earth's environment, and making positive contributions to mitigating climate change.

2

As one of the ten thousands of key energy-using enterprises in Guangzhou, GAC Honda exceeded all the energy dual-control (energy consumption increment control and energy consumption intensity control) goals over the period of the 13th five-year plan, making positive contributions to the carbon emission reduction in China; moreover, GAC Honda has taken the initiative to set the carbon emission reduction goal by 2030 according to which the carbon dioxide emission is expected to decrease by 25,732 tons, and has developed an implementation plan with the attitude to exceed the goal, striving to achieve carbon neutralization in GAC Honda's production process ahead of schedule by 2040.

3

In order to effectively implement the set goal for carbon emission reduction, GAC Honda has taken a series of systematic measures which include developing a complete energy management system, setting the energy consumption goal for a single unit and introducing the state-of-the-art energy saving technology to minimize the carbon emission in the process of production; also, GAC Honda introduced 17 MW distributed photovoltaic power plant using the roof of the factory which could reduce the annual CO₂ emissions by 17,500 tons, generating huge economic and environmental benefits. Additionally, GAC Honda was also active in afforestation. Since 2008, GAC Honda, together with affiliated enterprises of Honda in China, planted 1.8 million seedlings cumulatively with a total green area of 18,700 mu, actually practicing its commitment to improve the ecological environment.

4

GAC AION established a comprehensive energy management system to help control climate change

GAC AION incorporated energy management performance indicators into its environmental business plan for management and control, standardized and refined its energy management requirements, mobilized all of its employees to explore energy saving potentials in-depth, carried out improvement projects and benchmarked advanced factories in the industry to keep improving GAC AION's performance in energy saving and emission reduction.

GAC AION's goal for energy consumption of every single unit

- Power consumption of 897.3 kWh/unit, natural gas consumption of 44.04 m³/unit

GAC AION's measures and techniques for energy saving management in the process of automobile manufacturing

Energy saving through management:

- Adjust the production schedule flexibly according to sales orders and keep the welding and coating process in high tempo to reduce energy consumption;
- Continuously optimize the time and quantity of energy supply, start energy supply as late as possible and stop it as early as possible, and review the minimum needs for energy on a regular basis;
- Optimize equipment maintenance and concentrate the time of equipment maintenance to reduce the frequency thereof, and implement measures to maintain all of the similar works at the same time;
- Optimize the energy supply standard for non-production hours to decrease energy consumption on standby.

Energy saving through technology:

- Propose an energy saving improvement scheme for decreasing the energy consumption of the boiler system, which saves 900,000 kwh electric energy and 148,000 m³ natural gas;
- Improve the energy-saving mode of the pre-treatment heating system, saving 42,000 kWh electric energy and 49,000 m³ natural gas;
- Optimize the compressed air pressure supply adjustment, which reduces the energy consumption per unit by 2% and the electric charge by RMB 96,000 per year;
- Improve the energy-saving performance at the tail of the press line and in the repair area, which is expected to save 16.1 thousand kWh energy per year, equivalent to RMB 96.6 thousand electric charge every year.

3.2.2 Management of Emissions

In strict accordance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other national laws and regulations, GAC Group was actively implementing the Prevention and Control Program for Volatile Organic Compounds Pollution during the 13th Five-year Plan, and developed and implemented the Environmental Protection Management Measures, the Regulations on Control and Management of Waste Water (Effluent), and other special rules. GAC Group has established a sound emission supervision system through which it could learn about and effectively supervise the data of waste water, exhaust gas and other emissions from all the invested enterprises. With those data in combination of practical and effective emission treatment measures, GAC Group is trying best to decrease the pollution from emissions generated in the process of production. In the future, GAC Group will further deepen the existing environmental management objectives and develop emission control indicators with finer particle size and stricter standards to continuously improve the emission management level of GAC Group.



GAC BYD workshop

GAC BYD takes various measures to reduce emissions from automobile production

By developing the Procedure for Management of Coating Wastewater and emission reduction objectives, GAC BYD is working hard on realizing the emission reduction goal that the emission of particulate matters, toluene, xylene and VOCs from exhaust gas decreases 0.06 kg/h, 7.8×10^{-5} kg/h, 4.07×10^{-3} kg/h, and 0.03 kg/h respectively, and that of COD and BOD5 from wastewater decreases 3.9 ton/year and 1.77 ton/year respectively.

In order to achieve the above goals, GAC BYD has taken a number of practical and effective measures, including the introduction of advanced technology in combination of comprehensive treatment schemes to improve its overall performance in exhaust gas, wastewater and VOCs emission.

- **Exhaust gas emission reduction:** reduce the emission of benzene series, VOCs and particulate matter applying those technologies including absorption and concentration with activated carbon, catalytic combustion, dust removal with bags and cyclone, etc; use water-based paint instead of oil-based paint for frame spraying so as to reduce the

emission of benzene series and VOCs; strengthen the operation and maintenance of exhaust gas treatment facilities to improve the pollutant removal rate.

- **Wastewater emission reduction:** realize "rainwater and sewage diversion" in all the company's internal drainage pipe networks, and take effective measures to prevent flood during rainy season so as to reduce industrial wastewater discharge by preventing rainwater from flowing into the sewage treatment station; maintain the drainage pipe networks on a regular basis and form a long-term management mechanism to avoid direct discharge of water pollutants; use reasonable amount of chemicals in the spraying process to improve the recycling rate of spraying wastewater and thus reduce the waste of water resources and the discharge of wastewater.

By carrying out the principle of "one scheme for one enterprise" in the comprehensive treatment of VOCs, GAC BYD can reduce VOCs emission by about 13.09 kg per new energy bus.

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GAC FCA Changsha Plant develops strict internal emission control requirements to decrease the emission pollution from automobile production process

GAC FCA Changsha Plant has developed company-level procedural documents including Water Pollution Control, Air Pollution Control and Noise Control to have an overall management of its wastewater, exhaust gas and noises; the Plant has also set a number of internal control emission goals that are stricter than the emission standards, of which the internal control goal for BOD emission is as low as 6.7% of the limit, in order to ensure all emissions are 100% compliant. By applying many advanced production processes, the Plant effectively reduces the generation of emissions as well as the emission pollution in the process of automobile manufacturing.

- Internal control goal for total nickel emission: lower than 0.1 mg/L (50% of the limit 0.2 mg/L).
- Internal control goal for COD emission: lower than 100 mg/L (20% of the limit 500 mg/L).
- Internal control goal for BOD emission: lower than 20 mg/L (6.7% of the limit 300 mg/L).
- Internal control goal for oil emission: lower than 15 mg/L (75% of the limit 20 mg/L).

Sewage treatment and reuse

- Carry out the medium-pure water reuse project wherein the MBR+RO advanced treatment process is introduced for the first time through which the effluent quality could meet the quality requirements for the water used for coating process, generating 50 m³ reusable water per hour. Upon physicochemical, biochemical and advanced treatment, wastewater is used for cleaning roads and toilets in the plant area and for plant greening, decreasing the wastewater discharge.

- A fully closed ultrafiltration circulation flushing system is used for the electrophoretic coating process in order to reduce wastewater discharge and save deionized water.

Production wastewater management

- Reasonably apply primary and secondary coatings with low VOCs, use water-based coatings for electrophoretic coating, intermediate coating and surface coating and solvent-based coatings as varnish, and separate the mixing room for water-based coatings from that for solvent-based coatings to largely reduce the emission of organic waste gas.
- Carry out the treatment of VOCs waste gas from coating by purifying the waste gas discharged from varnish spray room through zeolite runner absorption and RTO incineration equipment, upon which the VOCs concentration decreases from 36 mg/m³ to 16 mg/m³, and the VOCs emission is reduced by 12.8 tons;
- Manage and control the waste gas from multiple vehicle production processes, treat organic waste gas using venturi spray booth, wheel adsorption plant, RTO incinerator and activated carbon adsorption device in the process of coating drying, surface coating and finishing and vehicle repair, and treat the smoke and dust generated in the welding process with dust removal equipment.

Low nitrogen transformation of gas fired boiler

- Carry out the low nitrogen combustion transformation of gas fired boiler by using a low nitrogen burner and adding FGR return pipes, which decreases the discharged NOx concentration from 99 mg/m³ to 37 mg/m³ and reduces NOx emission by 110.23 kg.

3.2.3 Waste Management

Following the principles of "Reduce, Reuse, and Recycle", GAC Group strengthens the management and control of both harmful and harmless wastes to decrease production of solid wastes. In order to strictly control the influence of "waste gas, wastewater and waste residue" discharged from the production and operation process in the surrounding environment, GAC Group strictly abide by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control

of Environmental Pollution by Solid Waste, and other national environmental protection laws and regulations as well as the relevant international treaties and practices, and develops the Environmental Protection Management Measures in its headquarter, and each invested enterprise formulates such special rules for waste management as the Procedure for Management of General Industrial Solid Waste, the Pollutant Control Management Procedure, the Hazardous Waste Management Procedure, etc.

GAC Group actively practices the 3R principles for waste to effectively control the environmental risk thereof

3R principles (Reduce, Reuse, Recycle) for waste

an internationally feasible and effective waste management and control means which lowers down the environmental risk and disposal pressure of waste by way of reduction, recycle and reuse, thereby contributing to the all-win among enterprises, society and environment.

- GAC Motor has the waste paint residue produced in the coating workshop transported into the drying equipment where the water content of the waste paint residue is reduced to 30%, so that the amount thereof generated per vehicle in the process of production is decreased from 2.65 kg to 1.65 kg, effectively reducing the production of waste paint residue.

- By introducing the heat pump type low-temperature sludge dryer, GAC Honda realizes sludge dewatering through low-temperature drying process, and reduces energy consumption through recycling heat with the heat pump, lowering down the water content of sludge from 83% to 30% and reducing the amount of sludge by 1,332 tons per year;
- By replacing the filter cotton in the front of the activated carbon box and desorbing the saturated activated carbon on a timely manner, GAC BYD reduces waste activated carbon by 2.75 tons.
- GAC Honda makes it possible for the packaging barrel of coating / sealant raw materials and excipients to be reusable by adding inner lining to the barrel to avoid contamination of the inner wall, thereby reducing the production of hazardous waste;
- GAC FCA enters into a High-Voltage Battery Pack Recycling Service Agreement with Jinmen GEM New Material Co., Ltd to recycle the high-voltage power battery packs generated in the company's production process.

In view of the large amount of material packaging demands in the process of automobile production, transportation and sales, GAC Group takes active actions to promote the saving and recycling of package materials and to mitigate the environmental burden imposed by package materials. Together with its suppliers, GAC Group applies environmental-friendly packaging methods, establishes packaging

process management KPI through the formulation of the Set Standards for Parts Packaging and other policies and working standards, optimizes purchase schemes, and maximize the use of recyclable and reusable packaging materials to realize sustainable packaging material management within GAC Group.

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Shanghai Hino takes multiple measures to realize sustainable packaging

Shanghai Hino takes active measures in the process of design, production and transportation to reduce the use of packaging materials in its production and operation by regulating design, using reusable materials and optimizing purchase schemes.

Reasonable packaging design

Strictly abide by the national standard GB/T 7284-2016 in choosing and designing packaging materials and output reasonable packaging design schemes;

Require the selection of wooden packaging schemes to be minimized by the design and procurement departments when they design and purchase the packages for parts and components to be exported, and avoid the use of logs (including fumigated log products).

Selecting environment-friendly materials

Work with suppliers and require them to give priority to recyclable materials such iron frame, plastic box, etc for packaging the production materials; strictly require recyclable and packages to be used for oil products and other production materials easy to produce polluting waste.

Optimizing purchase schemes

Optimize the purchase scheme of production auxiliary materials, prioritize the purchase of materials with large-size package to reduce the quantity of incoming packages.

Typical examples and efficacy of sustainable packaging

Reuse the engine supports. Iron supports are used in stead of wooden ones to realize the recycling of shipment package, reducing the consumption of timber by 30 kg per engine. As of 2020, Shanghai Hino has saved more than 60 tons timber;

Optimize export packaging materials. By using the composite packaging of carton and plywood box instead of the original plywood box packaging, the consumption of plywood is reduced by more than 55% which is equivalent to 15 tons per year.

3.2.4 Water Resource Management

GAC Group has taken practically feasible measures to reduce the consumption of water resources in the process of operation and production, and has effectively decreased unnecessary water resource losses and improved water use efficiency by formulating water-saving goals and various water-saving management policies, upgrading production process and equipment level, and carrying out water use control.

- With its continuous implementation of the water-saving improvement project, GAC Motor saves 2,000 tons water every year by recycling the welding condensate and using it in the cooling tower. In addition, GAC Motor has transformed the pretreatment electrophoresis tank by upgrading the manual water replenishment to an automatic system, which improves the control accuracy and helps save 1,837 tons of water throughout a year.
- GAC Honda has established holistic water-using and -saving rules and policies, and is staffed with both part-time and full-time management personnel to strengthen the supervision and inspection of water use, encourage all of its employees to be involved in water saving, build a measurement monitoring and data collection system and regularly supervise and spot check the measurement monitoring data from the system, the equipment operation status and relevant records to supervise water use. Also, GAC Honda conducts water balance test on a regular basis, forms an outcome report according to the water balance test specifications for the review and approval by the municipal water authority, and takes corrective measures based on the test result to improve its water use efficiency. In order to mitigate the burden of the wastewater treatment station and reduce wastewater discharge and the use of new water, GAC Honda Zengcheng Plant replaced the common wet spray booth with cardboard box type dry spray booth in its painting workshop No.3, by which the workshop realized "0" use of water and "0" discharge of wastewater, and would reduce the new water consumption by 5,000 m³ per year.
- In 2020, GAC Toyota set a goal to reduce water consumption by 1% every year, and realized unit water-use of 1.81 tons/unit, far lower than the requirement of 20 tons/unit in Guangdong Norm of Water Use DB 44/T 1461-2014. Also, GAC Toyota established and introduced an advanced wastewater treatment system to reduce the tap water consumption, introduced dry spray booths in the new production lines to reduce water use, and conducted circulated water modification for tap water from molding lines to improve water use efficiency.

For GAC Group's passenger cars, the water-saving improvement projects saved
in tons per year

2,000

3.3 Green Culture

By practicing the concept of green office in its daily office operation, GAC Group is working hard bit by bit to reduce the energy and resources consumption in the office operation.

- In terms of policy, GAC Group has developed a number of rules and policies including the Company Energy Management Rules, the Water Use Management Procedure, and the Procedure on Energy Goal Management for Energy Benchmark Performance Parameters to regulate the reasonable use of water, electricity and office supplies.
- In terms of method, energy-saving inspection is carried out in combination of multiple means for monitoring the use of water and electricity so as to identify any abnormality in water and electricity use on a timely manner.
- In terms of facility, equipment and facilities are maintained regularly, with LED lamps and other energy-saving devices being introduced and updated to improve the use efficiency of resources and energy.
- In terms of publicity, activities are carried out to publicize green office and slogans for publicizing water- and electricity-saving are posted to make the concept of green office deeply rooted in people's heart.



Hycan 007

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HYCAN elaborated the requirements for green office

HYCAN developed a detailed green office guide starting from the daily office work, implementing the requirements of green office and environmental protection in every detail of daily office work.

⚡ Electricity-saving measures:

- Require the lights and air conditioners in the office to be turned off timely, and inspect the office several times a day to check if the power is off as required;
- Turn off all the air conditioners and open windows for ventilation when the temperature drops.

💧 Water-saving measures:

- Increase the number of filter-type direct drinking fountain to reduce the use of barreled water;
- Reduce the use of disposable paper cups and bottled water;
- Reuse the discarded bottled water, collect the waste water and use it to water the company's plants;

📄 Paper-saving measures:

- Lower down the paper use standards by requiring 70g printer paper to be used for printing general documents, 80g printer paper for printing contractual documents and A5 printer paper for printing invoices.
- Use OA online approval process to reduce the use of paper for offline approval, and promote paper-free office throughout the company.
- Put non-confidential waste paper beside the printer for reuse.

✍️ Sharing office equipment:

- Set up a stationery sharing corner to promote the sharing of common stationery;
- Enhance the vehicle use management and require that one single vehicle should be used for one destination in principle.

In addition to keep improving the company's environmental protection level, GAC Group and each invested enterprise also actively participate in environmental public welfare activities to promote the environmental protection concept across the society.

The unveiling activity of GAC Honda "Guangdong Environmental Education Base" for the water source area of the Liuxi River was held

To encourage more people to be concerned of and involved in environmental protection, the unveiling ceremony of GAC Honda "Guangdong Environmental Education Base" for the water source area of the Liuxi River was held in Leming Village, Conghua District, Guangzhou City on October 30, 2020.

As the only strategic reserve water source with its whole basin located in Guangzhou, the Liuxi River has several drinking water source protection zones of the city. In order to improve the water environment in the upper reaches of the river, GAC Honda officially started the "Liuxi River water source protection action in 2016. After nearly five years of hard work, in 2020, GAC Honda's Luya Liuxi River Ecological Environment Education Base became the first provincial-level rural ecological environment education base in Guangzhou, with its ecological governance mode and experience playing an exemplary role in advancing sustainable environmental protection in a broader range.



Unveiling ceremony of GAC Honda "Guangdong Environmental Education Base" for the Liuxi River Water Source Area

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GAC Toyota's environmental public welfare activities

Since the environmental protection project in 2016, GAC Toyota has been carrying out activities with biodiversity conservation as the theme in the factory, communities, areas around the city and protection zones to publicize environmental protection, covering more than 80 million people cumulatively.

2

Earth's Neighbors online courses & Species Wonder Tramcar put into operation

Since the World Earth Day on April 22, GAC Toyota, joining hands with Shan Shui Conservation Center, has released four consecutive science popularization courses titled Earth's Neighbors through Wechat, Weibo, and other channels, with content covering forests, grasslands, oceans and sky. Many ecological experts were invited to popularize a series of species online and call for attention to endangered species. Additionally, GAC Toyota, in cooperation with the "Species Wonder" Tramcar, sought to increase the exposure of the online species courses in multiple forms and through many channels, both online and offline, with coverage of 12.21 million people.

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"Species Wonder" Tramcar in Guangzhou

"Nature Kunming" biodiversity survey of Mount. Jiaozi

In order to help the public learn about the biodiversity around them, create the possibility for them to participate in biodiversity conservation and contribute to COP15 conference, GAC Toyota, together with Shan Shui Conservation Center and many other partners, held a four-day survey activity for the biodiversity around Kunming in Mount. Jiaozi National Natural Reserve, Yunnan Province from November 12 to 15, 2020. This activity provides an opportunity for the public to establish a connection with nature by observing, understanding and recording the biodiversity around them, thus arousing their awareness of biodiversity protection and encouraging them to participate in the investigation and protection of biodiversity with actual actions.



"Nature Kunming" Biodiversity Survey of Mount. Jiaozi- a picture of fire-breasted flowerpecker taken by the public

→ Building Harmonious and Intelligent Enterprise Ecology

With a firm belief of taking the initiative to adapt to the global trend of industrial change, GAC Group, always eyes on the industrial future. To be specific, it values its employees' growth internally, and continues to maintain in-depth cooperation with global partners externally at the same time, so as to best resource integration for common development.

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The “new four development trends” of the automobile industry including electrification, intelligence, connectivity, and ride-sharing, are rapidly reshaping the value chain thereof. Amidst those trends, GAC Group keeps strengthening its independent innovation and cross-border cooperation to maintain competitive advantages. It manages to continuously provide consumers with cutting edge products and services, and promote its own sustainable development.

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GAC Group co-established Xinghe Intelligent & Connected Automobile Technology Co., Ltd with iFlytek

On November 30, 2020, GAC Capital, an invested enterprise of GAC Group, Anhui Xunfei Yunchuang, and Hefei Dishu signed a cooperation agreement in GAC Center, formally establishing Xinghe Intelligent & Connected Automobile Technology Co., Ltd.

The three parties will give full play to their own advantages on technology, resources and talents, work together to get aware of the cyclical law of vehicle products from design and development to long-term service. Meanwhile, they will complete solution design, product development and polishing with more efficient team organization. They aim to accomplish the rapid iterative upgrading of functions and services throughout the life cycle of users and keep launching applications with new technology.

The company focuses on applying core capabilities like artificial intelligence, big data, software engineering to intelligent cockpit and internet of vehicles networking to provide overall intelligent digital cockpit solutions for global automobile enterprises and to furnish automobile users with safe, intelligent, and efficient digital service.



GAC Group signed the joint venture-based cooperation agreement with iFlytek

GOAL MANAGEMENT

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Annual Plan

- Realize pulling coordination of supply chain with R&D, production, and sales to develop the internationalization of the whole industry chain, and improve the sustainable development of supply chain
- Implement the concepts of co-creation, co-construction and sharing to ensure employees can feel the care from the company
- Build a sustainable social public welfare system and make GAC public welfare brand popular

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Progress Review

- Upholding the core principle of “dual overall planning”, GAC Group managed to focus on the safety of the supply chain in parts and components worldwide.
- In 2020, GAC Group's foundation funded 498 people in total with RMB 3.48 million
- In 2020, all the poverty-stricken people whom GAC was responsible for aid were out of poverty. In the aid process the poor out, GAC practiced the idea of sustainable development by introducing intelligent manufacturing, industrial production and other advanced management concepts into poverty-stricken areas

4

Next Steps

- Accelerate the formulation of the supply chain development strategy and increase investment in capital, talents and technology
- Further carry out the principle of delivering care to employees, and pay more attention to the special needs of ordinary employees in addition to the care for special employees
- Provide more support for safe travel, cultural and sports undertakings, as well as other public welfare projects on the basis of engaging in the social public welfare, to enhance the influence of GAC public welfare brand



4.1 Expanding Partnerships

Eyeing to the future, GAC Group actively adapts to the global trend of industrial change. By promoting independent innovation and global partnerships, it intends to build a powerful independent R&D core system leading in intelligent connectivity and new energy core technology.

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4.1.1 Advancing Diversified Cooperation

On the basis of the current joint venture-based cooperation, GAC Group deepens cooperation in research with its peers. By strengthening the partnership with Huawei, Baidu, iFlytek and other high-tech enterprises, it accelerates the development of innovative technologies including Internet of vehicles, automatic driving and intelligent cockpit. Through diversified cooperation modes, it realizes all-win with its partners, and accelerates the pace of intelligence, connectivity, electrification, digitization, internalization and industry progress. In this way, it makes its own contributions to establish a cleaner, more environment-friendly and more intelligent mobile travel society.

GAC Group worked with other companies to build a cleaner and more environment-friendly mobile travel society

On August 20, 2020, GAC Group co-established United Fuel Cell System R & D (Beijing) Co., Ltd with China FAW Group Corporation, Dongfeng Motor Corporation, Beijing Automotive Group Co., Ltd., Beijing SinoHytec Co.,Ltd and Toyota Motor Corporation. The joint venture is intended to focus on the development of fuel cell system and its major components, accelerate the popularization of hydrogen fuel cell vehicles in China's commercial vehicle market, and promote the development of China's hydrogen energy vehicle industry.



Signing ceremony of United Fuel Cell System R & D (Beijing) Co., Ltd

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GAC Group deepened cooperation with Baidu in intelligent driving and intelligent Internet of vehicles

On December 8, 2020, GAC Group signed a strategic cooperation framework agreement with Baidu. According to the agreement, the two parties will realize effective cooperation in complementary resources and technologies, work together to develop technologies and industries in connection with intelligent driving, intelligent Internet of vehicles and digital marketing. Two parties will strive to provide comprehensive, systematic and reliable solutions for automatic driving, mobile travel, intelligent connectivity, and intelligent transportation.



Baidu and GAC Group signed a strategic cooperation agreement

Intelligent Driving

Deepening the cooperation in autonomous parking, automatic driving and RoboTaxi driverless taxi operation to enhance the user experience, futuristic style and brand influence of GAC's products.

Smart Internet of Vehicles

Integrating the in-depth artificial intelligence platform, cloud computing capability and intelligent driving system in combination of products like OS, ecological application, automobile cloud service and big data, Baidu Internet of Vehicles co-create a new generation of intelligent vehicles with GAC characteristics.

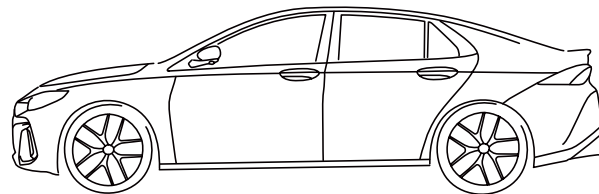
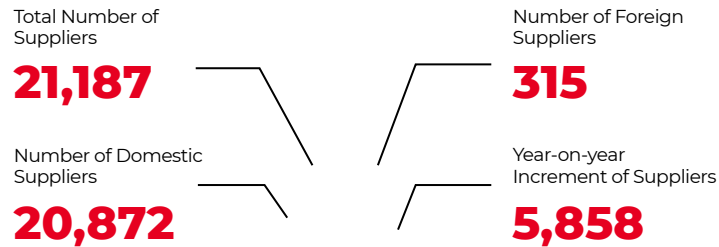
Digital Marketing

Make full use of Baidu in terms of its "search+ recommendation" dual intelligent marketing engines leading AI technology and cloud computing. Second, focus on the customers' use scenarios, cultivate the ability to provide whole-life cycle integrated marketing service under multiple scenarios ranging from brand awareness, product sales to product use. Using methods above, two parties will work to improve users' experience in purchasing cars and traveling.

4.1.2 Improving Supply Management

Well-developed supply chain management is the key to product quality standard guarantee and timely delivery. GAC Group proactively promoted supplier industry coordination to establish sound and competitive supply chain ecology. GAC Group further enhanced the original supplier management regulations based on national procurement regulations and policies, formulated Engineering Construction Project Management Measures of Guangzhou Automobile Group Co., Ltd., further standardized the parts and components procurement and supplier management procedure, include the safety and environment factors in the supplier management system, and promoted green supply chain development.

Regional Distribution of GAC Group Suppliers



GAC Toyota Engine proactively improved supplier management system to guarantee product quality

GAC Toyota Engine enhanced the supplier management in the methods of GTE, NSER and regular inspection, etc.

- Relevant departments carried out comprehensive evaluation of the suppliers in aspects of safety environment, technology development, manufacturing technology, manufacturing and production management, and quality management. NSER activities were initiated according to new regulations, and only suppliers passing the evaluation would be included in candidate supplier database.
- GTE would submit annual objective to the suppliers at the beginning of the year, assess their performance at the end of the year. After that, suppliers with excellent performance will be commended and offered. GTE promoted the supplier development and encourage the suppliers to further improve product quality.
- GAC Toyota Engine required the monthly feedback of safety, environment, quality and supply achievement. Timely follow-up should be made for the suppliers failing to meet requirements to eliminate hidden problems. Meanwhile, it enhanced the regular assessment of the cooperative suppliers, conducted the troubleshooting and forward warning of potential risks in time through annual general investigation, financial condition investigation, and emergency response investigation. As a result, it managed to establish sound industry chain ecology, and enhance industry chain sustainability.

4.1.3 Supporting Sales Partner

During the COVID-19 outbreak, GAC Group manifested its corporate responsibilities and undertakings by providing powerful support for the dealers to guarantee dealers could offer quality service during special period. GAC Group also explored new sales mode and more humane assessment mode to continuously energize the dealers, continually improved their business competence and service level, enabling them to offer more professional and considerate car purchase service to customers.

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GAC Motor explored new sales mode and supported safe work resumption of dealerships

GAC Motor established special leading team, issued “four measures” of assessment burden alleviation, finance burden alleviation, new sales mode exploration and discovery, and safety fund launch for Spring Festival for the front-line dealerships throughout the country. Besides, it set up internal environment health and safety monitoring team to practically provide powerful support and care for the stores and assisted the stores in safe work resumption. The enterprise franchised stores not only took protective measures in the store, but also enhanced customer epidemic prevention care, released various online and offline marketing services, including online car view, car selection, purchase, and even door-to-door car collection and delivery to guarantee users could enjoy more reassuring, safer and convenient service in purchasing and driving.



Feng Xingya, President of GAC Group, surveyed GAC Motor store on the first day of work resumption

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GAC Group surveyed 327 dealerships and promoted the dealers to firmly embrace the transformation

From June 16, 2020 to July 5, 2020, the team led by Zeng Qinghong, Chairman of GAC Group, and Feng Xingya, President of GAC Group, carried out sales survey in 16 provinces, cities and autonomous regions in North China, East China, Southwest China, Northwest China, South China and Central China, etc. The survey covered 327 stores of seven brands in GAC Group, and 21 symposiums were held, and the team visited 47 brand stores of GAC and 8 competitive product stores, and gathered 446 pieces of opinions and advice with regard to 18 aspects from the brand dealers, which promoted mutual exchange and improvement among the brands.

During the survey, Zeng Qinghong, the Chairman, gave the speech themed "figure out the situation, transform the mindset, innovate the marketing, and cooperate for win-win situation", fully affirmed current achievements made by the dealers of GAC brands, and expressed gratitude for the joint efforts of epidemic prevention and business resumption during COVID-19 period to the dealers of GAC brands. He also encouraged everyone to face up to the problems, figure out the situation, transform the mindset, enhance the confidence, overcome the difficulties together, continuously optimize and innovate marketing, and achieve win-win situation with OEMs. Feng Xingya, President of GAC Group, expressed the thanks to the dealers of GAC brands for overcoming the influence of COVID-19, proactively resuming work and business, and contribution to GAC Group. He also encouraged everyone to stay confident, continuously enhance profitability and operation level of the stores, actively join the digital development, and improve the digital marketing capacity and service.



Zeng Qinghong, Chairman of GAC Group, led the team to conduct sales survey in Jinan Runqi Store of GAC Motor

4.2 Caring about Employees' Growth

GAC Group endeavored to build fair and just employment environment and working environment guaranteeing safety and health. Therefore, it energized employees with well-organized training system and cultural & sports activities, stimulated the employees' vitality, and developed the enterprise into a platform for the employees to grow and realize their dreams.

4.2.1 Protecting Lawful Rights

GAC Group shall strictly abide by Labor Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labor and other national special labor laws as well as international labor standards and practices. GAC Group established well-developed human resources system and management regulations in accordance with relevant specialized national labor laws and regulations, and international labor rules and practices. It firmly eliminated child labor and forced labor in any form. Besides, it guaranteed the basic interests of the employees with regard to recruitment, remuneration and benefits, and dismissal, and endeavored to establish a fair and just recruitment system and promotion mechanism.

In 2020, the total number of GAC Group employees was

93,745

The labor contract signing rate reached

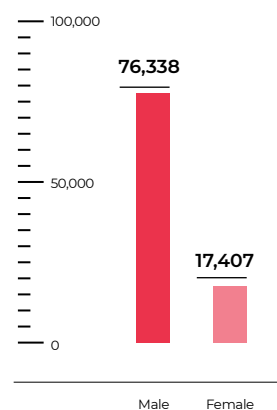
100%

and employee loss rate was

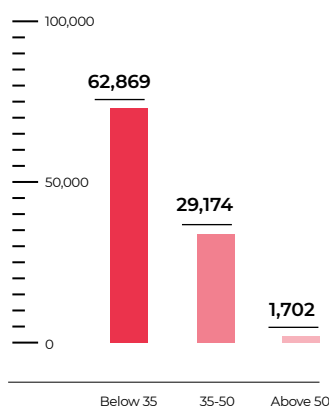
12.3% ^[2]

GAC Employee Schedule

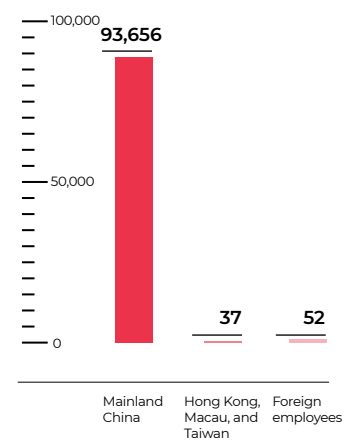
Employee gender structure



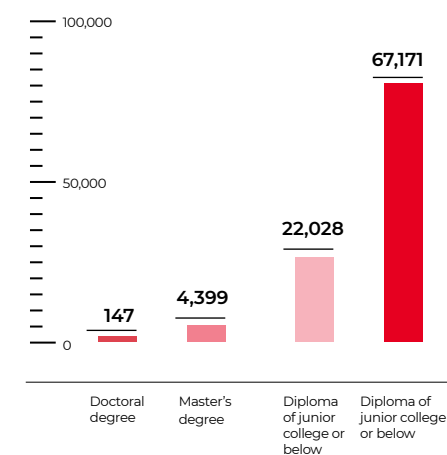
Employee Age Structure



Employee Post Structure

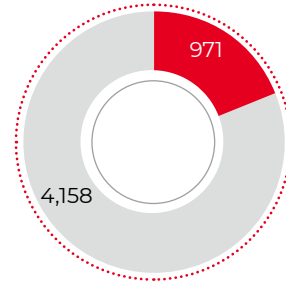


Employee Diploma Structure



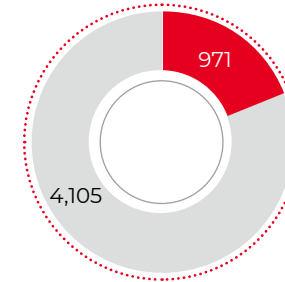
[2] Employee loss rate = number of lost employees during reporting period/average number of employees during reporting period

Number of employees with maternity/
paternity leave



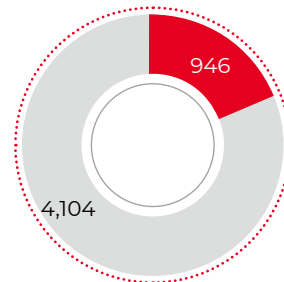
Male Female

Number of employees who took
maternity/paternity leave



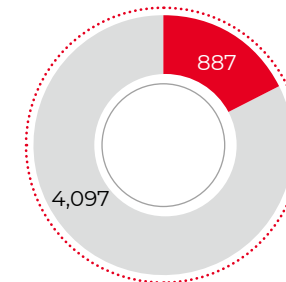
Male Female

Number of employees who actually returned
to work after maternity/paternity leave



Male Female

Number of employees who actually returned
to work after maternity/paternity leave



Male Female

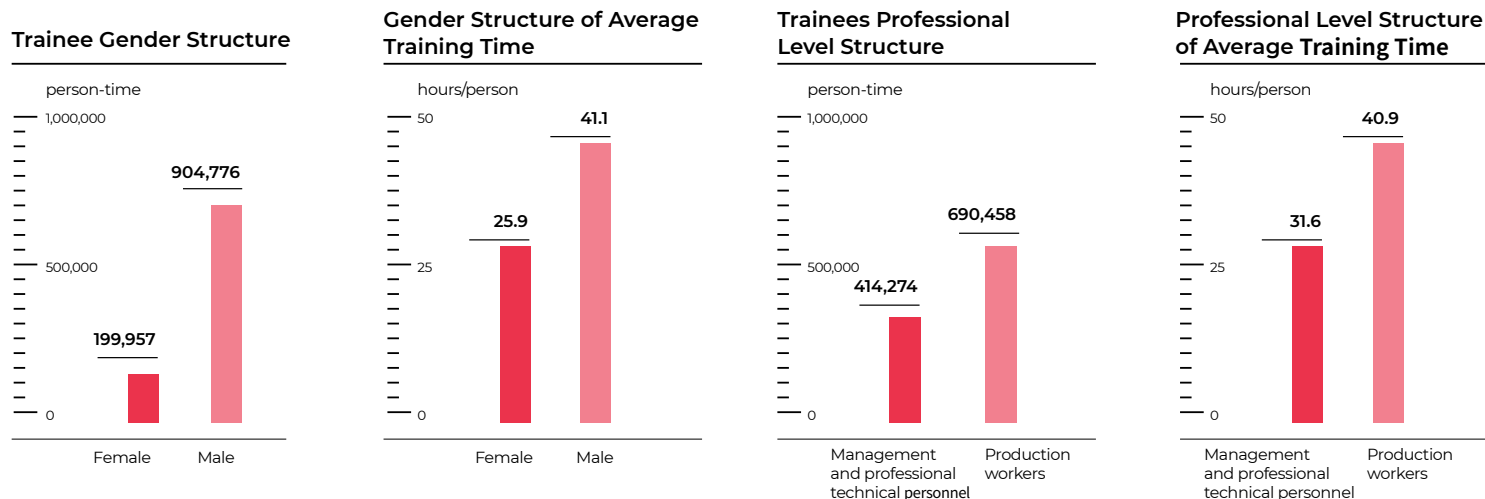
To gain reasonable remuneration and benefit guarantee is the basic interests of the employees. GAC Group formulated internal remuneration and benefit regulation, namely Employee Remuneration and Benefit Management Regulations of Guangzhou Automobile Group Motor Co., Ltd. (Revised), specified the remuneration and benefit regulations, and ensure the management level and employees were clearly informed. Even during the special period of COVID-19, GAC Group and the invested enterprises strictly paid the remuneration and benefits of the employees in accordance with the laws and norms.

4.2.2 Promoting Career Development

GAC Group set up well-organized development and training platform for employees, provided target training according to features of employees in different categories and professional levels, continuously improving the employees' competitiveness.

In 2020, GAC Group input RMB75,274,500 in employee trainings programs and gained trainees accounting for 1,104,733 person-time at a yearly growth rate of 4.1%. In 2020, GAC Group conducted projects of GAC Trade Union Forum and Study Continues during COVID-19, held the professional contests, such as provincial automobile marketing personnel and automobile intelligent welding, and improved the trainees' professional competence and professional technical level.

GAC Employee Training Schedule



GAC Group undertook the 1st national professional skill contest of automobile intelligent welding

GAC Group undertook the 1st National Professional Skill Contest of Automobile Intelligent Welding. 23 organizations and 88 contestants from 5 automobile groups throughout the country attended the final, including 33 contestants from GAC Group to compete. Finally, 3 contestants won the first prize, 6 contestants won the second prize, and 9 contestants won the third prize. 1 person was nurtured to win National Labor Medal, and 3 persons won the honor of National Technical Expert; GAC Group won contest group excellence award, and outstanding contribution award of the contest.



Awarding Ceremony of the 1st National Professional Skill Contest of Automobile Intelligent Welding

4.2.3 Guaranteeing Health and Safety

GAC Group paid high attention to the life safety and occupational health of the employees at the workplace, thus formulated internal documents including Comprehensive Management Regulations on Group Work Safety. By these documents, GAC Group specified the health and safety management regulations for the office and production sites, with strictly implementation and assessed. On the other hand, it supervised, guided and served the affiliated invested companies to build ISO45001 occupational health and safety management systems and work safety standardization. In 2020, GAC Group input RMB1.529 billion in work safety, no major or above production safety accidents happened, and the safe production was generally operated in order.

The work safety chief of the enterprises attended the training class, and continuously enhanced work safety awareness and capacity

In 2020 work safety training class of GAC Group, Feng Xingya, President of GAC Group, gave the open class of work safety themed "Comprehensively implement important exposition on work safety by President Xi Jinping, and strictly fulfill the enterprise work safety entity responsibility". The activity gained overwhelming response from the audience.



2020 work safety training of GAC Group

Specific measures and relevant methods in terms of implementation and supervision methods applied are as follow:

Practically assign safety responsibilities

- The work safety accountability system was improved, the chief officers of the headquarters departments, offices and affiliated invested enterprises in various levels were organized to sign Objective Management Responsibility Statement. The work safety objective management assessment was undertaken to promote the implementation of safety entity responsibility.

Strengthen double prevention

- Safety risk classification management and control were utilized, and the major risks of GAC Group and the invested companies were controlled by different levels and categories.
- The work mechanism of "one red line, troubleshooting, ordering and elimination" was implemented to remedy the hidden risks with full efforts. About 165 safety supervision inspections were organized, about 634 safety risks were identified, and the timely risk remediation rate reached 100%.

Guarantee the employees' occupational health

- GAC Group and the affiliated invested enterprises undertook relevant activities to guarantee the employees' occupational health strictly according to the requirements of national laws and regulations, such as *Law of People's Republic of China on the Prevention and Control of Occupational Diseases*.

Stick to the combination of epidemic prevention and work safety

- The epidemic emergency response mechanism was established through active planning and forward deployment, and the invested enterprises were guided to undertake the tasks of epidemic prevention according to the classification.
- Efforts were made to achieve work and production resumption, epidemic prevention and work safety, and "five rules" prevention measures for work and production resumption and work safety were strictly taken to guarantee no risk at all.

Develop safety atmosphere

- The learning and trainings for the capacity improvement of work safety and occupational health management personnel were arranged by various means.
- The specialized safety training and exchange activities were held in all-round manner based on the close cooperation with organizations including China Machinery Industry Association of Safety and Health and Guangzhou Meteorological Bureau. 3 specialized training and exchange activities were held in total.

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GAC Group proactively held social traffic safety knowledge popularization activity

On September 1, GAC Group held the activity with the theme of Invisible Danger – First Class on Traffic Safety for the New Semester. Working with GAC Honda, GAC R&D Center, and GAC Hino, the activity targeted students from both primary schools and middle schools in Guangdong Province and staffs from GAC Group. On one hand, the campaign was based on traffic safety knowledge of how to know the danger and avoid the danger. On the other hand, it told the public only when seen by others can you be safe. To be specific, it included contents like automobile blind spot and common safety protections like helmet and seat belt. Combing the scene simulation with real-time experience, it went on VR panoramic live on multiple platforms, thus enhancing the public awareness of traffic safety.



"Invisible Danger –First Class on Traffic Safety for the New Semester"

GAC Toyota Engine proactively guaranteed the site work safety and employee occupational health

GAC Toyota Engine fulfilled the work safety for "3 simultaneous undertakings" and occupational health for "3 simultaneous undertakings" according to the requirements of national laws, regulations and standards, such as Work Safety Law of People's Republic of China and Law of People's Republic of China on the Prevention and Control of Occupational Diseases. Besides, it carried out occupational health detection prior to, during and after shift of the employee, ensuring production site safety and employee occupational health.



Work safety and occupational health meeting for "3 simultaneous undertakings"

4.2.4 Smoothing Communication Channels

The headquarters of GAC Group established employee communication mechanism and channel and held group leader open day at irregular intervals. In 2020, 5 group leaders attended open day activities. 7 employees visited the open day activity with 8 pieces of advice. 6 pieces of advice were accepted, and interpretation was given for the other 2.

The trade union of the invested enterprise successively added the employee advice channels by WeChat group and mailbox, and developed the corporate culture brand activities, such as Conversation, to enhance the communication between the management and the grassroots.

In 2020, Trade Union of GAC Group headquarters resolved 258 pieces of employee advices from employees.

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GAC R&D Center successively held the activity of Conversation

In 2020, GAC R&D Center successively held Conversation activity. Before the activity, it solicited the questions from the center, comprehensively understood the employee's thinking and have a definite objective; at the activity site, the president discussed and brainstormed from different perspectives for the questions frequently raised in the preliminary solicitation, set the site Q&A

session, and let the employees exchange ideas with the president with regard to the contents that interested them. After the activity, the center conducted activity survey in time and got the satisfaction result up to 91.9% with approximately 100 pieces of effective advice collected. Through the top-down publicity of center philosophy, the center received feedback from bottom to top, smoothing the cultural interconnection channel.



Conversation activity 2020



Employee Q&A

4.2.5 Supporting and Caring Employees Attentively

GAC Group valued humane care of employees, implemented the idea of joint creation, joint establishment and sharing, and proactively support and extended regards to the employees in service and dismissed who were in difficulty. As of 2020, GAC Group foundation aided for 498 person-times and granted the rescue fund in the amount of RMB 3,480,000.

Special care was provided during special period. GAC Group immediately extended regards to and aided the employees diagnosed for COVID-19, and granted the fund in the amount of RMB 94,600. It cared about the employees in need with practical action, and built the reliable home for employees with happiness and warmth.



GAC Group extended regards to the employees recovered from COVID-19



The leader of GAC Group extended regards to the employees in difficulty due to long-term and serious illness

4.2.6 Work-life Balance

GAC Group emphasized the work-life balance of employees, and held various activities covering morality, intelligence, physique and aesthetics. A variety of activities promoted the multi-dimensional exchange and cooperation among employees, put the team together, let the employees realize balance between work and relax. It aimed to maintain vitality and life enthusiasm, with a higher sense of more happiness and achievement.

GAC Cultural Festival spread positive energy of employees

On June 23, 2020, GAC Group held the 99th party founding anniversary and the 2nd GAC Cultural Festival sharing session themed "Upward Power". The Party members and employee representatives from more than ten enterprises respectively shared the stories of GAC culture practice, epidemic combat, overall work and production resumption, production increase and supplement, and poverty alleviation by interviewing Wuhan employees online. It comprehensively presented the positive and enterprising demeanor of employees and spread positive energy.



The employee told the story of aided face mask production and concerted epidemic prevention

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Trade Union of GAC Group held “fight for the second half of the year, forge ahead” ping pong match and balloon volleyball match

In November 2020, Trade Union of GAC Group held “Fight for the Second Half of the Year, Forge Ahead” ping pong match and light volleyball match for GAC Group employees. 19 enterprises and approximately 210 persons attended ping pong match, and 17 enterprises and approximately 250 persons attended light volleyball match.



Group photo of activity site

Trade Union of GAC Group continuously held “Love in GAC” dating activity

To assist the single employees to make more friends, and find their love, Trade Union of GAC Group continuously held “Love in GAC” dating activity annually. The picture was the themed constellation romance dating activity “Love in GAC, encounter First Affiliated Hospital of Sun Yat-sen University” held with First Affiliated Hospital of Sun Yat-sen University. About 80 persons attended the activity.



“Love in GAC” dating activity

GAC Group held “GAC Children, Relay of Love” online charitable activity on June 1st

During Children’s Day on June 1, Trade Union of GAC Group held “GAC Children, Relay of Love” online charitable activity on June 1st. Children joined the love relay of well-designed GAC online special mini-game, win the points, and donate love stationery pack for school opening to Guangzhou employees’ children in difficulty, children in difficulty and the children (below 14 years old) of GAC Group employees suffering from long-term and serious disease. The children participated in the public charitable activity in the game, experience GAC culture in the game, and transmitted the kindness and GAC Group’s culture of great love. About 4,000 person-times participated in the online activity, and love stationery packs worth about RMB 30,000 were donated.



Screenshot of Children's Day activity

4.3 Contributing to Community Harmony

GAC Group proactively assumed social responsibility and promoted the development of charity work. Establishing sustainable charity work system, it unified and advocated the affiliated enterprises to participate in various public charitable activities, such as the donation for COVID-19 prevention, poverty alleviation, help for the handicapped, brave act for justice, difficulty relief for employees, and won several awards:

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China Charity Federation awarded the "National Charity Enterprise Award"

2



Five Star Charity units A- Guangzhou charity list 2020

3



Gold Cup Award for Guangdong Province Poverty Alleviation Kapok Cup

4



The most influential charity enterprise - Guangzhou charity list 2020

GAC Group Public Benefit Input 2020

 **146**

GAC input in targeted poverty alleviation, COVID-19 prevention and various public benefit undertakings in million

The fund was mainly applied for targeted poverty alleviation, COVID-19 combat resources, brave act for justice, difficulty relief, education grant, and various public benefit cultural support programs, including industry-university-research cooperation, green environment, water resources and ecological protection, traffic safety, and marathon and other cultural and sports events.

4.3.1 Supporting Poverty Alleviation

In 2020, China made the great historic achievement to have built a moderately prosperous society in all respects and won the decisive victory for poverty alleviation. In 2020, GAC Group implemented the national poverty alleviation strategy, and contributed the power of a state-owned enterprise for building a moderately prosperous society in all respects and initiating the new journey of building a modern country in an all-round way.

GAC Group combined poverty alleviation and aspiration & intelligence support, forcefully promoted the poverty alleviation with industry, poverty alleviation with education, poverty alleviation with consumption, and poverty alleviation with employment, remedy the people's livelihood deficiency in poverty-stricken area, developed people-benefit projects, stimulated endogenous force of the poverty-stricken households, and constructed the characteristic "macroscopic poverty alleviation" pattern of GAC. GAC successively supported 20 poverty-stricken villages, dispatched 30 on-site cadres, and supported 1,259 poverty-stricken households with 5,676 impoverished people to overcome poverty. GAC was praised by Poverty Alleviation Office of the State Council, provincial Party committee, provincial government, municipal Party committee, and municipal government, and won the honor of "enterprise with special contribution to China's building of moderately prosperous society in all respects".



Lianzhou flowering cabbage grower beamed with delight

Notable Support Achievement

GAC Group supported Lianyi Village, Baishi Village and Silian Village, Jiupi Town, Lianzhou City, Qingyuan, and accumulatively input the support fund exceeding RMB60,000,000. With 5-year support, 229 poverty-stricken households with 581 impoverished people in 3 poverty-stricken villages overcome poverty, per capita disposable income exceeded RMB20,000, and the village collective income exceeded RMB300,000. Village infrastructure and the villager production and living environment were continuously improved, and the development foundation for poverty-stricken village was continuously strengthened.



GAC Group invested in the assistance funds in ¥ million

60+

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Profoundly Participate in Eastern and Western Poverty Alleviation Coordination

GAC Group engaged in the support for 5 deeply poverty-stricken villages in Kudongguan Township, Nayong County, Bijie City (Lizi Village, Baini Village, Heishakua Village, Xiachang Village, and Jingjiao Village), dispatched 1 on-site cadre in 2020, input the support fund of RMB 9,550,000, and accumulatively supported 1,030 households with 5,095 impoverished people to overcome poverty. GAC adhered to poverty alleviation with education, jointly established "GAC class" with Bijie Vocational and Technical College, Guizhou Province, and successively enrolled 80 students in two years, including 33 students from filed poverty-stricken households. GAC will expand the education scale, and continue enrolling student for two more years. Moreover, GAC Group will jointly open "GAC class" with Taijiang County Secondary Vocational School, Qiandongnan Miao and Dong Autonomous Prefecture, and undertake the directed education of professional technical personnel for automobile industry. GAC focused on poverty alleviation with industry, and developed rural revitalization demonstration point for wooden comb Miao village in Lizi Village; promoted poverty alleviation with consumption, organized 22 invested enterprises of GAC Group to actively procure Bijie agricultural products in the amount exceeding RMB16,000,000 in 2020; moreover, GAC Group input RMB63,000,000 to build 7 GAC brand 4S stores, 3 in Bijie City and 4 in Qiandongnan Miao and Dong Autonomous Prefecture, which sold 2,778 vehicles and earned the revenue of RMB446 million in 2020. To support local poverty alleviation and COVID-19 prevention, GAC Group donated 7 GAC Motor vehicles for operation and COVID-19 prevention materials, including face masks, to Bijie.



GAC Group helped households in number

1,030



poor people out of poverty in number

5,095

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Support the development and revitalization of eastern Guangdong and Northwest China

In 2020, GAC Group continued the construction of Meizhou GAC parts and components industrial park, and proactively implemented and deepened Guangzhou-Meizhou industry support. The overall planned investment of the project reached RMB1.6 billion, and 15 projects were expected in the park. As of the end of 2020, 10 projects had been accomplished and started production, and 5 projects were being constructed. The accumulative investment had exceeded RMB700 million, and the revenue and tax had respectively reached about RMB300 million and RMB3 million. About 900 job opportunities were provided. GAC Group assigned the company youth talents, introduced the concepts of intelligent manufacturing and industrialized production through the construction of industrial park, truly energized the support targets, and implemented the targeted support in the concept of sustainability.

GAC Group has proactively supported promoted Xinjiang Development. GAC Group proactively responded to "the Belt and Road" initiative and the call of Xinjiang support with industry, promoted quality development of Xinjiang branch of Guangzhou Automobile Group Motor Co., Ltd., drove GAC brand product sales in Kashgar Huahui Automobile Sales Service Co., Ltd., and supported local economic development. In 2020, Xinjiang branch of Guangzhou Automobile Group Motor Co., Ltd. reached the accumulative production of 5,014 units, the production value of RMB547 million and the tax of RMB27.01 million; from January to December, Kashgar Huahui store reached GAC brand sales of 1,672 units, the revenue of RMB256 million, and the tax of RMB1.43 million.



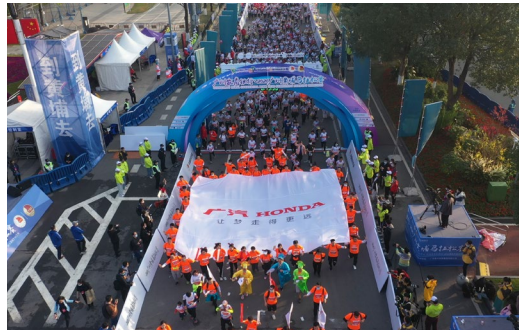
Guangzhou-Meizhou joint establishment – commencement ceremony of GAC parts and accessories industrial park phase-III

4.3.2 Devoting to Cultural and Sports

GAC Group devoted itself to cultural and sports undertakings so as to nurture sound personality. GAC Group proactively drove the development of sports through organizing marathon and other activities, enhanced resident physical fitness, and created healthy sports atmosphere for the entire people.

GAC Honda escorted Guangzhou Huangpu marathon

On December 27, 2020 Guangzhou Huangpu marathon was a great success, and 20,000 runners strove to realize the dream on Huangpu "most beautiful track". As the official partner of Huangpu marathon, GAC Honda provided whole-process considerate running companion for official game vehicle with its Sport Hybrid Union close to nature and advocating green environment concept, and cheered for the runners. As an enterprise based in Huangpu District, GAC Honda stuck to the enterprise gene of "young in mind", and assisted Huangpu District to develop the wonderful name card of "health for all" and "happy Huangpu" for four consecutive years.



2020 Guangzhou Huangpu marathon

4.3.3 Advocating Safe Travel

Keep safe travel in mind, and back home happily. GAC Group clearly knew about the significance of safe travel, internally paid much attention to work safety, externally publicized the concept of safe travel, and endeavored to build the social environment of safe and convenient travelling for all.

"G4+2" joint work helped to develop sound traffic environment

GAC R&D Center conducted "G4+2" joint work with GAC Motor and other nearby organization, held joint meeting at regular intervals so as to identify the pain spot of surrounding road traffic condition and formulate improvement measures, remove traffic black spot, conduct joint traffic remediation at regular intervals, and handle the surrounding vehicles' violation of regulations and codes. These measures developed sound traffic environment in Hualong surrounding area, and increased driving safety factor.



"G4+2" meeting

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2020 GAC Honda Auto Safety Action in China

GAC Honda initiated "Auto Safety Action in China" program in 2007, and proactively publicized safe driving concept and code of conduct to the society. In 2019, GAC Honda established Auto Safety Action in China · GAC Honda Road Safety Union with China Automotive Technology and Research Center Co., Ltd. and six Chinese universities, and built exclusive road safety learning and practice platform for the union students.

In 2020, GAC Honda extensively solicited "public-benefit advertisement" and "product design" works from six universities of the union, and presented the university students' creativity and the responsibility and undertaking for building harmonious road safety society. Since the commencement of the competition,



Group photo of "Auto Safety Action in China" event

it received positive concern and participation of the union universities, gained direct participation of more than 1,500 person-time, and received approximately 100 excellent works.

GAC Honda held GAC Honda Auto Safety Action in China · safe driving experience camp on the basis of "Joy Safety Driving Center", allowed the car owners to experience the potential danger during driving in safe environment and master the driving skills for special road segment in all-round manner with the domestic first-rate training venue, professional safe driving trainers and abundant and well-organized training courses.



Joy Safety Driving Center of GAC Honda

4.3.4 Concerning about Special Demand

As a humane enterprise, GAC Group not only cared about the special groups, but also let more people to concern about the special groups and people's special demand with its corporate force and contributed to social harmony.

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“Love at fingertip - exchange old clothes for love, escort children's health” crossover light public-benefit event

GAC Toyota launched “Love at fingertip –exchange old clothes for love, escort children's health” crossover light public-benefit event with Chinese Red Cross Foundation, China Charity Federation and JD Public Welfare to guard the children's health and safety. GAC Toyota will donate reassuring school opening gift (protective mask, no-wash hand sanitizer, and stationery set) to the teachers and students of Boai Primary School donated by GAC Toyota throughout the country, covering more than 13,000 teachers and students. The 15-day crossover light public-benefit event attracted more participants in online contactless form with the advantages of simple and convenient participation mode and large netflow of online public-benefit platform, gained the participation of more than 1,500 person-time, and solicited more than 15,000 pieces of spare clothes.



Poster for “Love at fingertip - exchange old clothes for love, escort children's health” event

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99 Giving Day to do good and pass on love

In 2020, GAC Group attended Tencent Charitable “99 Giving Day” event for the first time, initiated donation activity for three charitable projects, including art dream of handicapped teenager, love for children in difficulty and support for the dream of everyone in difficulty, with Guangzhou Charity Association and Guangzhou Foundation for Disabled Persons on Tencent charitable platform, called for doing good, and attracted GAC Group employees and their family members, friends, and upstream and downstream personnel to proactively participate with brand-new charitable “pattern”. GAC added the donation of RMB5 for per RMB1 donated by the public for the three public-benefit projects, to “multiply” the love by 5 times. From September 7 to September 9, GAC Group called 3,909 person-time of donation for charitable projects and raised the public donation in the amount of RMB87,431.85. GAC Group gathered the loving donation of approximately 4,000 person-time with RMB550,000. GAC Group hoped to cooperate with charitable institutions and Tencent 99 charitable platform, arouse more people's awareness of public benefit and the concern for the disadvantaged groups, and played a positive role in public-benefit publicity and donation culture advocacy with the corporate force.



Poster of GAC Group “99 Giving Day” event

Appendix

GAC Group Key Performance Table

Indicator Name	Unit	2019	2020
1			
Economy			
Total consolidated assets	Hundred million yuan	1,374.10	1,428.07
Gross revenue realized by the Group with joint ventures and affiliates	Hundred million yuan	3,550.90	
Aggregate operating income of GAC Group	Hundred million yuan		3,954.98 ^[3]
2			
Consolidated business revenue	Hundred million yuan	597.04	631.57
Automobile sales	Ten thousand units	206.22	204.38
Motorcycle sales	Ten thousand units	89.73	81.30
3			
Total corporate income tax paid by the Group with its joint ventures and affiliates	Million yuan	5,852.69	6,648.51
Net profits attributable to parent company shareholders	Hundred million yuan	66.18	59.66
Basic earnings per share	yuan	0.65	0.58
Cash dividends ^[4]	Hundred million yuan	33.78	18.43
4			
Rank in Fortune Global 500	Ranking	189	206
Patent applications	Piece	1,455	1,961
Granted patents	Piece	799	1,439
Society			
Total number of employees	Person	93,854	93,745
Total number of employees - by gender			
Number of male employees	Person	77,129	76,338
Percentage of male employee	%	82.2	81.4
Number of female employees	Person	16,725	17,407
Percentage of female employees	%	17.8	18.6
Total number of employees - by age			
Number of employees under 35 years old	Person	70,607	62,869
Percentage of employees under 35 years old	%	75.2	67.1
Number of employees aged 35-50 years old	Person	21,748	29,174
Percentage of employees aged 35-50 years old	%	23.2	31.1
Number of employees over 50 years old	Person	1,499	1,702
Percentage of employees over 50 years old	%	1.6	1.8

[3] Starting from 2020, the Group no longer discloses "operating income of the Group with joint ventures and associates"; instead, it discloses the aggregate operating income of the Group.

[4] Cash dividends represent the actual dividends paid in 2020

Indicator Name	Unit	2019	2020
Total number of employees - by region			
Number of employees from Mainland China	Person	93,749	93,656
Percentage of employees from Mainland China	%	99.89	99.91
Number of employees from Hong Kong, Macau, and Taiwan	Person	34	37
Percentage of employees from Hong Kong, Macau, and Taiwan	%	0.03	0.03
Number of foreign employees	Person	71	52
Percentage of foreign employees	%	0.08	0.06
Total number of employees - by employment type			
Number of production personnel	Person		55,360
Percentage of production	%		59.1
Number of salespersons	Person		5,665
Percentage of salespersons	%		6.0
Number of technicians	Person		14,592
Percentage of technicians	%		15.6
Number of finance staff	Person		1,810
Percentage of finance staff	%		1.9
Number of administrative staff	Person		4,293
Percentage of administrative staff	%		4.6
Number of finance and insurance staff	Person		1,785
Percentage of finance and insurance staff	%		1.9
Number of other staff	Person		10,240
Percentage of other staff	%		10.9
Total number of employees - by education level			
Number of employees with doctorate	Person	142	147
Percentage of employees with doctorate	%	0.2	0.2
Number of employees with master's degree	Person	4,375	4,399
Percentage of employees with master's degree	%	4.7	4.7
Number of employees with undergraduate (including dual degrees)	Person	21,674	22,028
Percentage of employees with undergraduate (including dual degrees)	%	23.1	23.5
Number of employees with tertiary degree	Person		18,544
Number of employees from secondary school and below	Person	67,663	48,627
Percentage of employees with tertiary degree	%		19.8
Percentage of employees from secondary school and below	%		51.9
Employee entitlement to maternity leave			
Employees entitled to paternity leave (male) in 2020	Person		4,158
Employees (male) actually using paternity leave in 2020	Person		4,105
Employees (male) supposed to return to work after paternity leave	Person		4,104
Employees (male) actually returning to work after paternity leave	Person		4,097

Indicator Name	Unit	2019	2020
Employees (female) entitled to maternity leave in 2020	Person		971
Employees (female) actually using maternity leave in 2020	Person		971
Employees (female) supposed to return to work after maternity leave	Person		946
Employees (female) actually returning to work after maternity leave	Person		887
Annual turnover rate	%	14.2	12.3
Annual turnover rate - by gender			
Male employee turnover rate	%		12.2
Female employee turnover rate	%		12.6
Annual turnover rate - by age			
Employees under 35 years old	%		13.7
Employees aged 35-50 years old	%		8.8
Employees over 50 years old	%		6.2
Annual turnover rate - by region			
Employees from Mainland China	%		12.3
Employees from Hong Kong, Macau, and Taiwan	%		14.1
Foreign employees	%		14.6
Workplace deaths			
Work-related deaths	Person		0
Workplace injuries	Time		14
Days off for work-related injuries	Day	296	422
Training attendance of employees	Attendance	1,060,786	1,104,733
Training attendance of management and professional technicians	Ten thousand attendances	40.4	41.4
Training attendance of production personnel	Ten thousand attendances	65.7	69.0
Training employees' structure - male employees	%	82.2	81.4
Training employees' structure - female employees	%	17.8	18.6
Training employees' structure - management and professional technicians	%	36.1	37.5
Training employees' structure - production personnel	%	63.9	62.5
Total training expense	Ten thousand attendances	8,304.2	7,263.4
Average training hours of male employees	Hour/person	26.7	41.1
Average training hours of female employees	Hour/person	21.9	25.9

Indicator Name	Unit	2019	2020
Average training hours of management and professional technician	Hour/person	24.3	31.6
Average training hours of production personnel	Hour/person	28.7	40.9
People receiving anti-corruption training	Person		57,499
Attendance in anti-corruption training	Attendance		104,004
Total training hours of anti-corruption	Hour		75,585
Corruption litigation cases	Piece		0
Suppliers	Nos.	15,261	21,187
Domestic suppliers	Nos.	14,843	20,872
Offshore suppliers	Nos.	418	315
Supplier audits	Time		8,865
Supplier training	Time		1,332
Recall volume of complete vehicle products issued by GAC Group's investment enterprises	Unit	355,571	1,269,716
Recalled complete vehicle products of GAC Group's investment enterprises	Unit	264,722	1,301,006
Percentage of the total production of complete vehicle products of GAC Group's investment enterprises in the whole year subject to recalls	%		63.9
After-sales customer services (by phone , etc.)	Time		3,673,641
Valid customer complaints	Piece		61,276
Volunteers	Person		5,414
Volunteer hours contributed	Hour		13,102
Total investment of annual public welfare	Ten thousand yuan		14,600
Anti-epidemic donation funds and supplies	Ten thousand yuan		3,178
Donation for precise poverty alleviation and urban-rural twinning & joint construction of civilization	Ten thousand yuan		1,713
Donation for righteous behaviors, the disabled and the poor, student subsidies, and the disadvantaged groups	Ten thousand yuan		246
Special activity of the "Happiness project to help poor mothers"	Ten thousand yuan		59
"GAC Scholarship" and promoting industry-academia-research projects	Ten thousand yuan		126
Environmental protection, rare animals protection, and safe driving training	Ten thousand yuan		2,984
Epidemic prevention and anti-epidemic resources	Ten thousand yuan		1,591
Marathon for Culture and Sports for All in various places	Ten thousand yuan		4,661

Indicator Name	Unit	2019	2020
Environment ^[5]			
1 Total particulate matter emissions	Ton	68.70	105.5
Total benzene emissions	Ton	2.50	7.1
Total toluene emissions	Ton	5.09	26.2
Total xylene emissions	Ton	24.05	26.2
Total non-methane total hydrocarbon emissions	Ton		696.3
Total nitrogen oxide emissions	Ton	93.21	202.8
Total sulfur dioxide emissions	Ton	6.01	449.4
2 Total waste water discharge	Ton		2,640,618.6
COD (chemical oxygen demand)	Ton	94.12	321.5
BOD (biochemical oxygen demand)	Ton	19.15	67.2
3 Total ammonia nitrogen emissions	Ton	11.30	41.8
Total petroleum emissions	Ton	1.91	19.9
Total nickel emissions	Ton	0.06	13.1
Total VOCs emissions	Ton	1,552.99	1,952.4
4 Total greenhouse gas emissions (Scope 1 and Scope 2)	Ton	752,196.04	1,528,513.2
Greenhouse gas emission intensity	Ton/ten thousand units	3716.75	7478.8
Direct greenhouse gas emissions - Scope 1	Ton	95,882.39	353,775.5
Indirect greenhouse gas emissions - Scope 2	Ton	656,313.65	1,174,737.7
Total reduction of greenhouse gas emissions	Ton		68,017.2
Total hazardous waste	Ton	15,886.70	19,185.7
Hazardous waste density	Ton/ten thousand units	78.50	93.9
Total non-hazardous waste	Ton	224,603.89	182,169.7
Non-hazardous waste density	Ton/ten thousand units	1109.81	891.3
Total energy consumption	Ten thousand kWh		315,388.7
Total energy consumption density	Ten thousand kWh/ ten thousand units		1543.1
Electricity consumption	Ten thousand kWh	100,876.83	140,401.3
Percentage of total energy consumption of electricity consumption	%		44.5
Density of electricity consumption	Ten thousand kWh/ ten thousand units	498.45	687.0

[5]The disclosure calibre in 2019 is for vehicle production investment enterprises of the GAC Group, while the disclosure caliber in 2020 is for all types of investment enterprises of the GAC Group, and the environmental indicators for disclosure are added.

Indicator Name	Unit	2019	2020
Gasoline consumption	Ton	11,864.71	44,840.8
Percentage of total energy consumption of gasoline consumption	%		17.0
Density of gasoline consumption	Ton/ten thousand units	58.63	219.4
Diesel consumption	Ton		55,926.1
Percentage of total energy consumption of diesel consumption	%		21.0
Density of diesel consumption	Ton/ten thousand units		273.6
Natural gas consumption	CBM	43,554,290.50	52,126,189.0
Percentage of total energy consumption of natural gas consumption	%		14.9
Density of natural gas consumption	CBM/ten thousand units	215,210.45	213,104.5
Clean energy (green electricity, green certificates, photovoltaic and other clean energies) consumption	Ten thousand kWh		5,293.3
Percentage of total energy consumption of clean energy consumption	%		1.7
Density of clean energy consumption	Ten thousand kWh/ ten thousand units		25.9
Other energy consumption	Ten thousand kWh		2,569.7
Percentage of total energy consumption of other energy consumption	%		0.8
Density of other energy consumption	Ten thousand kWh/ ten thousand units		12.6
Total water consumption	Ton	6,912,879.99	8,337,061.1
Total water consumption density	Ton/ten thousand units	34157.92	40792.0
Consumption of reclaimed water	Ton		3,499,389.0
Consumption of reusable water	Ton		5,990,917.6
Total amount of packaging for finished products	Ton	16,160.35	5,659.0
Packing density for finished products	Ton/ten thousand units	79.85	27.7
Volume of packaging recycled	Ton		3,845.0

List of GAC Group's ESG Policies/Systems

List of Emission, Resource/Energy Utilization Systems of GAC Group

1	GAC R&D Center	<i>Energy Management Measures</i>
	GAC Motor	<i>Environmental Manual Pollutant Control Management Procedures Environmental Factors Identification and Evaluation Management Procedures Environmental Objectives, Targets and Programs Management Procedures Environmental Monitoring and Measurement Management Procedures Energy and Resource Management Procedures Energy Management Regulations</i>
2	GAC AION	<i>Energy Resource Management Procedures Water Pollutant Control Management Procedures Air Pollution Control Management Procedures Noise Control Management Procedures Solid Waste Management Procedures Smart Microgrid Management Procedures Power Battery Environmental Protection Management Procedures Domestic Waste Management Procedures</i>
3	GAC Honda	<i>Sewage Control Protocols Noise Control Protocols Air Pollution Control Protocols Energy Management Protocols Energy Review Protocols Energy Benchmarking Performance Parameters Target Indicators Management Protocols Energy Procurement Management Protocols Soil Environmental Pollution Control Protocols Water Use Management Protocols Management Protocols for Recycling Scrap Lithium Batteries of Energy-Saving and New Energy Vehicles New Energy Pure Electric Car Lithium Battery Safety Management Protocols Construction Safety and Environmental Protection Management Protocols General Industrial Solid Waste Management Protocols Hazardous Waste Management Protocols Domestic Waste Classification Management Protocols Energy Conservation Programs Management Protocols Energy Metering Management Protocols Energy Planning and Design Control Protocols</i>
4	GAC Toyota	<i>Contingency Plan for Environmental Emergencies Pollutant Management Control Procedures Water Use Management Regulations Power Consumption Management Regulations Resource and Energy Management Procedures Energy Target Indicators Control Procedures Energy Review Control Procedures Energy Control Procedures for Construction Projects Energy Services, Products, Equipment and Energy Procurement Control Procedures Energy Monitoring and Measuring Equipment Control Procedures</i>
	GAC FCA	<i>Energy Management System Manual Stamping Workshop Energy Conservation Management Protocols Noise Control Construction Environmental Management Air Pollution Control Procedures Water Pollution Control Procedures Hazardous Waste Management Procedures General Industrial Waste Management System Construction Environmental Management End-of-Life Implementation Management Measures Direct Material Logistics Packaging Management GAC FCA Logistics and Packaging Standards Description</i>
	GAC Mitsubishi	<i>Exhaust Gas, Dust, Noise and Waste Water Management Procedures Energy Management Procedures Waste Management Measures Hazardous Waste from Coating Division Management System Hazardous Waste Management System</i>
→	GAC Hino	<i>Domestic Waste Classification Management System Waste (Sewage) Water Control Management System Solid Waste Management System Noise Control Management System Exhaust Pollution Control Management System</i>
	GAC BYD	<i>Environmental Protection Management Regulations Solid Waste Management System Solid Waste Environmental Pollution Prevention and Control Responsibility System</i>
	Wuyang-Honda	<i>Exhaust Pollution Control Protocols Resource and Energy Conservation Control Protocols Waste Water Pollution Control Protocols All Kinds of Chemical Spills and Leaks Prevention and Control Protocols</i>
	GAC Toyota Engine	<i>7.1.3 GTE-EP-81-05 Energy and Resource Management Procedures 7.3.3 GTE-EP-81-04 Solid Waste Control Procedures 7.2.3 GTE-EP-81-01 Exhaust Gas Control Procedures 7.2.3 GTE-EP-81-02 Waste Water Control Procedures</i>
	Shanghai Hino	<i>Waste Management System Chemical Hazards Management Measures</i>

List of GAC Group Supplier Hiring and Management System

1	GAC R&D Center	Component Supplier Evaluation Management Regulations General Procurement Supplier Evaluation Management Measures Procurement Management Measures
2	GAC Motor	Environmental Management Procedures for Related Parties Parts and Components and Direct Materials Supplier Evaluation Protocols Component Supplier Qualification Verification Management Protocols Supporting Component Supplier Selection Management Protocols Component Supplier Strategic Cooperation Management Protocols Engineering and Equipment Procurement Management Measures Materials and Equipment Procurement Management Measures Services and Trade Procurement Management Measures
3	GAC AION	Parts and Components and Direct Materials Supplier Management Procedures Parts and Components and Direct Materials Supplier Periodic Evaluation Protocols Supplier Productivity Construction and Supply Guarantee Management Protocols Component Claims Management Protocols Two Suppliers per Piece Management Protocols Component Supplier Information Management Protocols Management Measures for Procurement Methods Implementing Rules of GAC AION New Energy Automobile Co., Ltd
4	GAC Honda	Supplier Selection and Localization Development Protocols General Items Procurement Management Measures Contract Review Management System Tendering and Bidding Management Measures Supplier Quality Audit Protocols Supplier Quality Management Protocols Supplier Quality Evaluation Protocols
	GAC Toyota	Basic Procurement System New Supplier Evaluation System Bidding Management Regulations Specific Procurement Operations Regulations Materials Procurement Operations System Logistics Procurement Operations Regulations R&D Procurement Management System Annual Supplier Recognition System
	GAC Mitsubishi	General Items Procurement Management Measures of GAC Mitsubishi Procurement Management Measures for Projects under 100,000 RMB of GAC Mitsubishi Tendering and Bidding Management Measures of GAC Mitsubishi Motor Co., Ltd.
	HYCAN	Component Procurement Management Regulations Supplier Evaluation Management Regulations
	Wuyang-Honda	Supplier QCDDM Comprehensive Competence Evaluation Management Regulations Supplier Selection and Evaluation Management Procedures
	Tong Fang Global (Tianjin) Logistics Co., Limited	Procurement Management Rules Supplier Blacklist Management Rules
	GAC-SOFINCO	Procurement Management Business Process Manual Procurement Management Rules Basic System for Outsourcing Risk Management Outsourcing Risk Management Rules
	Urtrust Insurance	Procurement Management System of Urtrust Insurance Co., Ltd.
→	GAC Capital	Procurement Management System (Second Amendment) Contract Management Measures Engineering Construction Projects Management Measures
	GAC Component	Procurement Management System
	On Time (如祺出行)	Goods and Services Procurement Management System of Chenqi Platform Supplier Management System
	Guangzhou Zhicheng Industry Co., Ltd. (Zhicheng Industry)	Goods and Services Supplier Management Measures of Guangzhou Zhicheng Industry Co.,Ltd.

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

1 GAC-SOFINCO	<i>Anti-Fraud Management Rules Basic System for Money Laundering and Financing of Terrorism Risk Management Management Rules for Freezing Assets Involved in Terrorist Activities Anti-Money Laundering in Retail Credit Business Management Rules Management Rules for Anti-Money Laundering in Inventory Financing Business Customer Money Laundering Risk Self-Assessment Operational Rules Customer Identification Rules Suspicious Transaction Reporting Rules</i>
2 Urtrust Insurance	<i>Anti-Fraud Internal Control System of Urtrust Insurance Co, Ltd. Money Laundering Risk Management System of Urtrust Insurance Co, Ltd. Management Measures for Customer Identification and Customer Identification Data and Transaction Records Retention of Urtrust Insurance Co, Ltd. Block Trades and Suspicious Transactions Reporting Management Measures of Urtrust Insurance Co, Ltd. Management System for Freezing Assets Involved in Terrorist Activities of Urtrust Insurance Co, Ltd. Money Laundering Risk Self-Assessment Guide of Urtrust Insurance Co, Ltd. Management Measures for Major Risk Events of Money Laundering Emergency Response of Urtrust Insurance Co, Ltd.</i>
3 GAC Finance	<i>Basic System for Combating Money Laundering and Financing of Terrorism Management Implementing Rules for Freezing Assets Involved in Terrorist Activities Implementing Rules for Customer Money Laundering Risk Assessment and Classification Management Implementing Rules for Customer Identification and Customer Identification Data and Transaction Records Retention Implementing Rules for Anti-Money Laundering Publicity and Training Block Trades and Suspicious Transactions Reporting Management Measures Money Laundering Risk Self-Assessment Management Measures Anti-Money Laundering Inspection Management Measures Implementing Rules for Anti-Money Laundering Confidentiality</i>

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Index of Reporting Standards

Index of HKEX ESG Reporting Guide

	Subject Areas, Aspects, General Disclosures and KPIs	Corresponding Sections of the Report
	A. Environmental	
1	Aspect A1: Emissions General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Key Performance Indicator A1.1 The types of emissions and respective emissions data. Key Performance Indicator A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Key Performance Indicator A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Key Performance Indicator A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Key Performance Indicator A1.5 Description of measures to mitigate emissions and results achieved. Key Performance Indicator A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2 Cleaner Production List of GAC Group's ESG Policies/Systems GAC Group Key Performance Table GAC Group Key Performance Table GAC Group Key Performance Table GAC Group Key Performance Table 3.2 Cleaner Production 3.2 Cleaner Production 3.3 Green Culture
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4	Aspect A2: Use of Resources General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Key Performance Indicator A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). Key Performance Indicator A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). Key Performance Indicator A2.3 Description of energy use efficiency initiatives and results achieved. Key Performance Indicator A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. Key Performance Indicator A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	List of GAC Group's ESG Policies/Systems GAC Group Key Performance Table GAC Group Key Performance Table 3.1 Low Carbon Travel 3.2 Clean Production 3.2 Clean Production GAC Group Key Performance Table
	Aspect A3: The Environment and Natural Resources General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources. Key Performance Indicator A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	List of GAC Group's ESG Policies/Systems List of GAC Group's ESG Policies/Systems
	B. Social	
	Employment and Labor Practices	
→	Aspect B1: Employment General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Performance Indicator B1.1 Total workforce by gender, employment type, age group and geographical region. Key Performance Indicator B1.2 Employee turnover rate by gender, age group and geographical region.	4.2 Caring about Employees' Growth GAC Group Key Performance Table 4.2 Caring about Employees' Growth GAC Group Key Performance Table 4.2 Caring about Employees' growth GAC Group Key Performance Table
	Aspect B2: Health and Safety General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. Key Performance Indicator B2.1 Number and rate of work-related fatalities. Key Performance Indicator B2.2 Lost days due to work injury.	4.2 Caring about Employees' Growth GAC Group Key Performance Table GAC Group Key Performance Table

Subject Areas, Aspects, General Disclosures and KPIs			Corresponding Sections of the Report
	Key Performance Indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2 Caring about Employees' Growth
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		4.2 Caring about Employees' Growth
	Key Performance Indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	GAC Group Key Performance Table
	Key Performance Indicator B3.2	The average training hours completed per employee by gender and employee category.	GAC Group Key Performance Table
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		4.2 Caring about Employees' Growth
	Key Performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Caring about Employees' Growth
	Key Performance Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Caring about Employees' Growth
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		4.1 Expand Partnerships List of GAC Group's ESG Policies/ Systems
	Key Performance Indicator B5.1	Number of suppliers by geographical region.	4.1 Expand Partnerships List of GAC Group's ESG Policies/ Systems
Aspect B6: Product Responsibility	Performance Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.1 Expand Partnerships GAC Group Key Performance Table
	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.		2.2 Crafting quality products
Aspect B6: Product Responsibility	Key Performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Crafting quality products GAC Group Key Performance Table
	Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Crafting quality products GAC Group Key Performance Table
	Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3 Highlighting R&D and Innovation GAC Group Key Performance Table
	Key Performance Indicator B6.4	Description of quality assurance process and recall procedures.	2.2 Crafting quality products
	Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.2 Crafting quality products
Aspect B7: Anti- corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		List of GAC Group's ESG Policies/ Systems
	Key Performance Indicator B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GAC Group Key Performance Table
	Key Performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.1 Corporate Governance
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.		4.3 Contributing to Community Harmony
	Key Performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.3 Contributing to Community Harmony
	Performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	4.3 Contributing to Community Harmony GAC Group Key Performance Table

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GRI Standards Index—Core Option

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	General Standard Disclosure Items		Corresponding Chapter of the Report
Organizational profile	102-1	Name of organization	About GAC
	102-2	Activities, brands, products and services	About GAC
	102-3	Location of headquarters	About GAC
	102-4	Location of operations	About GAC
	102-5	Ownership and legal form	About GAC
	102-6	Markets served	About GAC
	102-7	Scale of organization	About GAC
	102-8	Information on employees and other workers	4.2 Caring about Employees' Growth
	102-9	Supply chain	4.1 Expanding Partnerships
	102-10	Significant changes to the organization and its supply chain	No significant change
	102-11	Precautionary principles or approach	4.1 Expanding Partnerships
	102-12	External initiatives	Undisclosed
	102-13	Membership of associations	Undisclosed
Strategy	102-14	Statement from senior decision-maker	Message from the Leadership
	102-15	Key impacts, risks and opportunities	Message from the Leadership
Ethics and Integrity	102-16	Values, principles, standards and norms of behavior	1.2 Outlook on Development of the Enterprise
	102-17	Mechanisms for advice and concerns about ethics	1.1 Corporate Governance
Governance	102-18	Governance structure	1.1 Corporate Governance
	102-19	Delegating authority	1.1 Corporate Governance
	102-20	Executive-level responsibility for economic, environmental and social topics	1.1 Corporate Governance
	102-21	Consulting stakeholders on economic, environmental and social topics	1.1 Corporate Governance
	102-22	Composition of the highest governance body and its committees	1.1 Corporate Governance
	102-23	Chair of the highest governance body	1.1 Corporate Governance
	102-24	Nominating and selecting the highest governance body	1.1 Corporate Governance
	102-25	Conflict of interest	For details, refer to the <i>Annual Report 2020</i> .

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General Standard Disclosure Items			Corresponding Chapter of the Report	
1	Governance	102-26	Role of highest governance body in setting purpose, values and strategy	1.1 Corporate Governance
		102-27	Collective knowledge of the highest governance body	1.1 Corporate Governance
		102-28	Evaluating the the highest governance body's performance	1.1 Corporate Governance
		102-29	Identifying and managing economic, environmental and social impacts	1.1 Corporate Governance
		102-30	Effectiveness of risk management process	1.1 Corporate Governance
		102-31	Review of economic, environmental and social topics	1.1 Corporate Governance
		102-32	Highest governance body's role in sustainability reporting	1.1 Corporate Governance
		102-33	Communicating critical concerns	1.1 Corporate Governance
		102-34	Nature and total number of critical concerns	1.1 Corporate Governance
		102-35	Remuneration policies	4.2 Caring about Employees' Growth
		102-36	Process for determining remuneration	Undisclosed
		102-37	Stakeholders' involvement in remuneration	Undisclosed
		102-38	Annual total compensation ratio	Undisclosed
2	Participation of Stakeholders	102-39	Percentage increase in annual total compensation ratio	Undisclosed
		102-40	List of stakeholder groups	Undisclosed
		102-41	Collective bargaining agreement	Undisclosed
		102-42	Identifying and selecting stakeholders	Undisclosed
		102-43	Approach to stakeholder engagement	Undisclosed
		102-44	Key topics and concerns raised	Undisclosed
3	Report Practice	102-45	Entities included in the consolidated financial statements	For details, refer to the <i>Annual Report 2020</i> .
		102-46	Defining report content and topic Boundaries	Undisclosed
		102-47	List of material topics	Undisclosed
		102-48	Restatement of Information	Not involved
		102-49	Changes in reporting	About the Report
		102-50	Reporting period	About the Report
		102-51	Date of the most recent report	Year 2019
		102-52	Reporting cycle	About the Report
		102-53	Contact point for questions regarding the report	About the Report
		102-54	Claims of reporting in accordance with the GRI standards	About the Report
		102-55	GRI content index	Index of Report Standards
		102-56	External assurance	Not involved
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General Standard Disclosure Items			Corresponding Chapter of the Report
Management Method	103-1	Explanation of the material topic and its Boundaries	About the Report
	103-2	The management approach and its components	1.1 Corporate Governance
	103-3	Evaluation of the management approach	1.1 Corporate Governance
Economic Performance	201-1	Direct economic value generated and distributed	Key Performance Table of GAC Group
	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Clean Production
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Caring about Employees' Growth
	201-4	Financial assistance received from government	Not involved
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Undisclosed
	202-2	Proportion of senior management hired from the local community	Undisclosed
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	3.1 Low Carbon Travel
	203-2	Significant indirect economic impacts	4.3 Contributing to Community Harmony Message from the Leadership
Procurement Practice	204-1	Proportion of spending on local suppliers	Undisclosed
Anti-corruption	205-1	Operations assessed for risks related to corruption	1.1 Corporate Governance
	205-2	Communication and training about anti-corruption policies and procedures	1.1 Corporate Governance
	205-3	Confirmed incidents of corruption and actions taken	Not occur
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not occur
Materials	301-1	Materials used by weight or volume	Key Performance Table of GAC Group
	301-2	Recycled input materials used	3.2 Clean Production
	301-3	Reclaimed products and their packaging materials	Key Performance Table of GAC Group
Energy	302-1	Energy consumption within the organization	Key Performance Table of GAC Group
	302-2	Energy consumption outside of the organization	Key Performance Table of GAC Group
	302-3	Energy intensity	Key Performance Table of GAC Group
	302-4	Reduction of energy consumption	Key Performance Table of GAC Group
	302-5	Reduction in energy requirements of products and services	3.1 Low Carbon Travel
Water and Effluents	303-1	Interactions with water as a shared resource	Not involved
	303-2	Management of water discharge-related impacts	Not involved
	303-3	Water recycling and reuse	3.2 Clean Production
Biodiversity	304-1	Operation sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not involved
	304-2	Significant impacts of activities, products and services on biodiversity	Not involved
	304-3	Habitats protected or restored	Not involved
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not involved

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General Standard Disclosure Items			Corresponding Chapter of the Report	
1	Emissions	305-1	Direct (Scope1) GHG emissions	3.2 Clean production/ Key Performance Table of GAC Group
		305-2	Energy indirect (scope 2) GHG emissions	Key Performance Table of GAC Group
		305-3	Other indirect (Scope 3) GHG emissions	Key Performance Table of GAC Group
		305-4	GHG emissions intensity	Key Performance Table of GAC Group
		305-5	Reduction of GHG emissions	Key Performance Table of GAC Group
		305-6	Emission of ozone- depleting substances (ODS)	Undisclosed
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	3.2 Clean Production/ Key Performance Table of GAC Group
2	Effluents and Waste	306-1	Water discharge by quality and destination	Key Performance Table of GAC Group
		306-2	Waste by type and disposal method	Key Performance Table of GAC Group
		306-3	Significant spills	Not involved
		306-4	Transport of hazardous waste	Not involved
		306-5	Water bodies affected by water discharges and/or runoff	Not involved
3	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Not involved
		308-1	New suppliers that were screened using environmental criteria	Undisclosed
4	Supplier Environment Assessment	308-2	Negative environmental impacts of supply chain and actions taken	4.1 Expanding Partnerships/ List of Emission,Resource/Energy Utilization Systems GAC Group
		401-1	New employee hires and employee turnover	4.3 Caring about Employees' Growth/ Key performance table of GAC Group
4	Employment	401-2	New employee hires and employee turnover	4.3 Caring about Employees' Growth
		401-3	Parental leave	4.3 Caring about Employees' Growth / Key Performance Table of GAC Group
		402-1	Minimum notice periods regarding operational changes	Undisclosed
→	Labor/Management Relations	403-1	Workers' representatives in the Joint Labor Health and Safety Committee	Undisclosed
		403-2	Hazard identification, risk assessment, and incident investigation	Key Performance Table of GAC Group
		403-3	Workers engaged in occupations with a high incidence of occupational diseases or occupations with a high risk of occupational diseases	Undisclosed
		403-4	Health and safety issues in the formal agreements of trade union	Undisclosed
→	Occupational Health and Safety	404-1	Average hours of training per year employee	4.2 Caring about Employees' Growth/ Key performance table of GAC Group
		404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Caring about Employees' Growth
		404-3	Percentage of employees receiving performance and career development reviews	Undisclosed
→	Training and Education	405-1	Diversity of governance bodies and employees	Key Performance Table of GAC Group
		405-2	Ratio of basic salary and remuneration of men to women	Undisclosed
→	Diversity and Equal Opportunities	406-1	Incidents of discrimination and corrective actions taken	Not occur
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not involved
→	Freedom of Association and Collective Bargaining	408-1	Operations and suppliers at significant risk for incidents of child labor	Not involved
→	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not involved

General Standard Disclosure Items			Corresponding Chapter of the Report
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not involved
Security Practice	410-1	Security personnel trained in human right policies or procedures	Undisclosed
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous people	Not occur
Human Right Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Not involved
	412-2	Employee training on human right policies or procedures	Undisclosed
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Undisclosed
Local Communities	413-1	Operations with local community engagement, impact assessment and development programs	4.3 Contributing to Community Harmony
	413-2	Operations with significant actual and potential negative impacts on local communities	Not involved
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Undisclosed
	414-2	Negative social impacts in the supply chain actions taken	Undisclosed
Public Policy	415-1	Political contributions	4.3 Contributing to Community Harmony / Key Performance Table of GAC Group
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	2.2 Crafting Quality Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not occur
Marketing and Labeling	417-1	Requirements for product and service information and labeling	Undisclosed
	417-2	Incidents of non-compliance concerning products and services information and labeling	Not occur
	417-3	Incidents of non-compliance concerning marketing communications	Not occur
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	Not occur
Socio-economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Not occur

China Academy of Social Sciences CASS CSR4.0 Content Index

No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report
1	Report Specifications	P1.1 Quality assurance	About this Report
		P1.2 Information description	About this Report
		P1.3 Reporting system	About this Report
2	Executives' Oration	P2.1 Situation analysis and strategic considerations on fulfillment of social responsibilities	Message from the Leadership
		P2.2 Progress of annual social responsibility work	Message from the Leadership
3	Responsibility Focus	P3.1 Significant events of social responsibilities	Together We Fight for the Epidemic
		P3.2 Progress and effect of key issues on social responsibilities	Message from the Leadership
4	Enterprise Profile	P4.1 Enterprise strategy and culture	1.2 Outlook on Development of the Enterprise
		P4.2 Organizational structure and operating region	About GAC Group
		P4.3 Main products, services and brands	About GAC Group
		P4.4 Enterprise scale and influence	About GAC Group
		P4.5 Significant changes in the organizational scale, structure, ownership or supply chain during the reporting period	Undisclosed
G1	Vision	G1.1 Enterprise's mission, vision and values	1.2 Outlook on Development of the Enterprise
		G1.2 Enterprise's social responsibility concept or slogan	1.2 Outlook on Development of the Enterprise
G2	Strategy	G2.1 Identification and management of substantial social responsibility issues	Undisclosed
		G2.2 Strategic planning and annual plan for social responsibility	Message from the Leadership
		G2.3 Pushing forward the integration of social responsibility into corporate development strategies and daily operations	Undisclosed
		G2.4 Building an influential and sustainable brand of responsibility	Undisclosed
G3	Organization	G3.1 The enterprise's senior management supports and promotes social responsibility work	Undisclosed
		G3.2 Social responsibility leading organization and working mechanism	Undisclosed
		G3.3 Social responsibility organization system and assignment of responsibilities	Undisclosed
G4	System	G4.1 Formulating a social responsibility management system	Undisclosed
		G4.2 Establishing a social responsibility indicator system	Undisclosed
		G4.3 Enriching the theoretical research on social responsibility	Undisclosed
G5	Culture	G5.1 Organizing and conducting social responsibility training	Undisclosed
		G5.2 Carrying out social responsibility assessment or excellence selection	Undisclosed

No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report
G6	Participation	G6.1 Identifying and responding to demands of stakeholders	Undisclosed
		G6.2 Enterprise-led social responsibility communication and participation activities	Undisclosed
		G6.3 Economic, environmental & social conventions, principles or other initiatives initiated by the outside world participated or supported by organization	Undisclosed
M1	Responsibilities of Shareholders	M1.1 Standardization of corporate governance	1.1 Corporate Governance
		M1.2 Nomination and selection process of the highest governance body and its committees	1.1 Corporate Governance
		M1.3 Anti-corruption	1.1 Corporate Governance
		M1.4 Disclosure of compliance information	1.1 Corporate Governance
		M1.5 Protection of the interests of small and medium-sized investors	Undisclosed
		M1.6 Growth	1.1 Corporate Governance
		M1.7 Profitability	1.1 Corporate Governance
		M1.8 Safety	1.1 Corporate Governance
M2	Responsibilities of Customers	M2.1 Improvement of product/service accessibility	2.2 Crafting Quality Products
		M2.2 Product/service quality management system	2.2 Crafting Quality Products
		M2.3 Percent of pass	Undisclosed
		M2.4 Adherence to innovation-driven	2.3 Highlighting R&D and Innovation
		M2.5 R&D input	2.3 Highlighting R&D and Innovation
		M2.6 Number of new patents	2.3 Highlighting R&D and Innovation
		M2.7 Industrialization of scientific & technological achievements	2.3 Highlighting R&D and Innovation
		M2.8 Strict prohibition of false or misleading publicity	Undisclosed
		M2.9 Popularization of product knowledge or customer training	4.3 Contributing to Community Harmony
		M2.10 Potential risk warning	Undisclosed
		M2.11 Fair transaction	1.1 Corporate governance
		M2.12 Advocating of sustainable consumption	Undisclosed
M2	Responsibilities of Customers	M2.13 Protection of customer information	2.2 Crafting Quality Products
		M2.14 Proactive after-sales service system	2.2 Crafting Quality Products
		M2.15 Active response to consumers' complaints	2.2 Crafting Quality Products
		M2.16 Complaint resolution rate	2.2 Crafting Quality Products
		M2.17 Stop loss and compensation	Undisclosed
		M2.18 Customer satisfaction	Undisclosed

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No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report
1	Responsibilities of Partners	M3.1 Integrity management	1.2 Outlook on Development of the Enterprise
		M3.2 Performance rate of economic contracts	Undisclosed
		M3.3 Fair competition	1.1 Corporate Governance
		M3.4 Strategic sharing mechanism and platform	4.1 Expanding Partnerships
		M3.5 Respect and protection of intellectual property rights	2.3 Highlighting R&D and Innovation
		M3.6 Boosting of industrial development	4.1 Expanding Partnerships
		M3.7 Fair trade	4.1 Expanding Partnerships
		M3.8 Policies, initiatives and requirements for suppliers' social responsibilities	Undisclosed
		M3.9 Number of potential suppliers rejected due to non-compliance with social responsibilities	Undisclosed
		M3.10 Daily management mechanism for suppliers' social responsibilities	Undisclosed
		M3.11 Procedures and method of review on suppliers' social responsibilities	Undisclosed
		M3.12 Number of suppliers reviewed during the reporting period	Undisclosed
		M3.13 Number of suppliers with cooperation being suspended due to non-compliance with social responsibilities	Undisclosed
		M3.14 Performance appraisal and communication of suppliers' social responsibilities	Undisclosed
		M3.15 Training of suppliers' social responsibilities	Undisclosed
		M3.16 Training performance of suppliers' social responsibilities	Undisclosed
2	Responsibilities of Government	S1.1 Construction of a law-abiding & compliance system	1.1 Corporate Governance
		S1.2 Law-abiding & compliance training	1.1 Corporate Governance
		S1.3 Total tax	Key Performance Table of GAC Group
		S1.4 Supporting and participation in the comprehensive deepening of reform	2.1 Advancing High-quality Development
		S1.5 Encouragement of employment	4.3 Contributing to Community Harmony
		S1.6 Number of employment absorbing during the reporting period	Key Performance Table of GAC Group
3	Responsibilities of Employees	S2.1 Employee composition	Key Performance Table of GAC Group
		S2.2 Equal employment	4.2 Caring about Employees' Growth
		S2.3 Labor contract signing rate	4.2 Caring about Employees' Growth
		S2.4 Democratic management	4.2 Caring about Employees' Growth
		S2.5 Ratio of women in management	Key Performance Table of GAC Group
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No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report		
1	Responsibilities of Employees	S2.6 Employee privacy management	4.2 Caring about Employees' Growth		
		S2.7 Anti-forced labor and harassment abuse	4.2 Caring about Employees' Growth		
		S2.8 Diversification and equal opportunity	4.2 Caring about Employees' Growth		
		S2.9 Days of annual leave with pay per capita per year	Undisclosed		
		S2.10 Remuneration and welfare system	4.2 Caring about Employees' Growth		
		S2.11 Occupational health management	4.2 Caring about Employees' Growth		
		S2.12 Working environment and condition guarantee	4.2 Caring about Employees' Growth		
		S2.13 Employee mental health assistance	4.2 Caring about Employees' Growth		
		S2.14 Employee training system	4.2 Caring about Employees' Growth		
		S2.15 Annual training performance	4.2 Caring about Employees' Growth		
		S2.16 Career development channel	4.2 Caring about Employees' Growth		
		S2.17 Life-work balance	4.2 Caring about Employees' Growth		
		S2.18 Difficult employee assistance	4.2 Caring about Employees' Growth		
2	Responsibilities of Employees	S2.19 Employee satisfaction	4.2 Caring about Employees' Growth		
		S2.20 Employee turnover rate	4.2 Caring about Employees' Growth		
		3	Safety Production	S3.1 Safety production management system	4.2 Caring about Employees' Growth
				S3.2 Safety emergency management mechanism	4.2 Caring about Employees' Growth
				S3.3 Safety education and training	4.2 Caring about Employees' Growth
				S3.4 Safety training performance	4.2 Caring about Employees' Growth
				S3.5 Safety production input	4.2 Caring about Employees' Growth
				S3.6 Number of safety production accidents	Key Performance Table of GAC Group
		4	Safety Production	S3.7 Number of employee casualties	Key Performance Table of GAC Group
				→	Responsibilities of Community
S4.2 Employee localization policy	Undisclosed				
S4.3 Ratio of localized employment	Undisclosed				
S4.4 Localized procurement policy	Undisclosed				
S4.5 Supporting the development of community women, indigenous people, farmers, herders and fishermen	4.3 Contributing to Community Harmony				
S4.6 Public welfare policy or main public welfare fields	4.3 Contributing to Community Harmony				
S4.7 Establishing enterprise charity funds/foundation	4.3 Contributing to Community Harmony				
S4.8 Total donation	Key Performance Table of GAC Group				
S4.9 Building brand public welfare programs	4.3 Contributing to Community Harmony				

No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report
S4	Responsibilities of Community	S4.10 Policies and measures for supporting volunteer activities	4.3 Contributing to Community Harmony
		S4.11 Performance of employee volunteer activities	4.3 Contributing to Community Harmony
		S4.12 Assistance to targeted poverty alleviation	4.3 Contributing to Community Harmony
		S4.13 Input of special funds for poverty alleviation	4.3 Contributing to Community Harmony
		S4.14 Number of people lifted out of poverty	4.3 Contributing to Community Harmony
E1	Green Management	E1.1 Environmental management system	3.2 Clean Production
		E1.2 Mechanism for early warning and emergency response of environmental protection	3.2 Clean Production
		E1.3 R&D and application of environmental protection technology	3.2 Clean Production
		E1.4 Method of statistical accounting system for environmental indicators	Key Performance Table of GAC Group
		E1.5 Environmental protection training and education	3.3 Green culture
		E1.6 Building green supply chains	4.1 Expanding Partnerships
		E1.7 Supporting the development of green and low-carbon industries	3.1 Low Carbon Travel
		E1.8 Total investment in environmental protection	Undisclosed
		E1.9 Response to climate change	3.2 Clean Production
		E1.10 Carbon intensity	Key Performance Table of GAC Group
		E1.11 Proportion of non-fossil energy	Key Performance Table of GAC Group
		E1.12 Carbon sink	3.2 Clean Production
E2	Green Production	E2.1 Green design	3.1 LowCarbon Travel
		E2.2 Procurement and use of environmentally-friendly raw materials	3.2 Clean Production
		E2.3 Improvement of energy efficiency	3.2 Clean Production
		E2.4 Total annual energy consumption and reduction	Key Performance Table of GAC Group
		E2.5 Comprehensive energy consumption per unit output value	3.2 Clean Production
		E2.6 Policies and measures for use of clean energy	3.2 Clean Production
		E2.7 Clean energy consumption	Key Performance Table of GAC Group
		E2.8 Policies and measures for conservation of water resources	3.2 Clean Production
		E2.9 Annual fresh water consumption	Key Performance Table of GAC Group
		E2.10 Fresh water consumption per unit of industrial added value	Key Performance Table of GAC Group
		E2.11 Policies, measures or technologies for reduction of exhaust gas emission	3.2 Clean Production
		E2.12 Exhaust gas emission and emission reduction	Key Performance Table of GAC Group
		E2.13 System, measures or technologies for reduction of wastewater discharge	3.2 Clean Production

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No.	Scope of Responsibility	CASS-CSR4.0 Index	Corresponding Chapter of the Report
		E2.14 Wastewater discharge and discharge reduction	Key Performance Table of GAC Group
		E2.15 System, measures or technologies for reduction of waste discharge	3.2 Clean production
E2	Green Production	E2.16 Waste discharge and discharge reduction	Key Performance Table of GAC Group
		E2.17 Policies and measures for the development of circular economy	3.2 Clean production
		E2.18 Performance of the circular economy development	3.2 Clean production
		E2.19 Green packaging	3.2 Clean production
		E2.20 Total amount (calculated in tons) and (if applicable) per unit of packaging materials used in finished products	Key Performance Table of GAC Group
		E2.21 Green transport	3.2 Clean production
		E2.22 Impact on the environment during product/manpower transport	3.2 Clean production
		E2.23 Policies and measures for energy conservation	3.2 Clean production
		E2.24 Plans and actions for reduction of greenhouse gas emission	3.2 Clean production
		E2.25 Greenhouse gas emission and reduction	Key Performance Table of GAC Group
E3	Green Operation	E3.1 Green office measures	3.3 Green Culture
		E3.2 Green office performance	3.3 Green Culture
		E3.3 Ecological restoration and governance	3.3 Green Culture
		E3.4 Protection of biodiversity	3.3 Green Culture
		E3.5 Net deforestation zero	3.3 Green Culture
		E3.6 Public welfare activities for environmental protection	3.3 Green Culture
A1	Future Plan	The Company's planning for social responsibility work	Message from the Leadership
A2	Key Performance Table	Centralized presentation of key data of the enterprise's annual social responsibility	Key Performance Table of GAC Group
A3	Enterprise Honor Form	Centralized presentation of important honor of the enterprise's annual social responsibility	Honors and Responsibility
A4	Report Evaluation	Evaluation on the Report by social responsibility experts or industrial experts, stakeholders or professional institutions	Not involved
A5	Reference Index	Adoption of the disclosed indicators as required in the guideline	About this Report
A6	Feedback	Reader questionnaire or reader feedback channel	Feedback Form

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Feedback Form

Thank you for reading the Enterprise Social Responsibility Report 2020 of GAC Group. We sincerely hope that you could evaluate this Report and provide valuable comments to help us make continuous improvement.

Should you have any comments or suggestions on the Enterprise Social Responsibility Report 2020 of GAC Group, please feel free to give feedback to us by the following ways:

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Email: csr@gac.com.cn

Add.: GAC Center, No. 23 Xingguo Rd., Pearl River New Town, Tianhe District, Guangzhou

Name _____

Working Unit _____

Title _____

Tel. _____

Email _____

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

	Excellent	Good	Normal	Poor	Unfamiliar
What do you think of the degree of important information regarding the significant impact of GAC Group on the economy, the society and the environment reflected in the Report?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What do you think of the content arrangement and style design of the Report?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What do you think of GAC Group's performance in serving customers and protecting customers' interests?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Which part of the Report are you most interested in?

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

Do you have any other suggestions for us to issue the enterprise social responsibility report in the future?



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