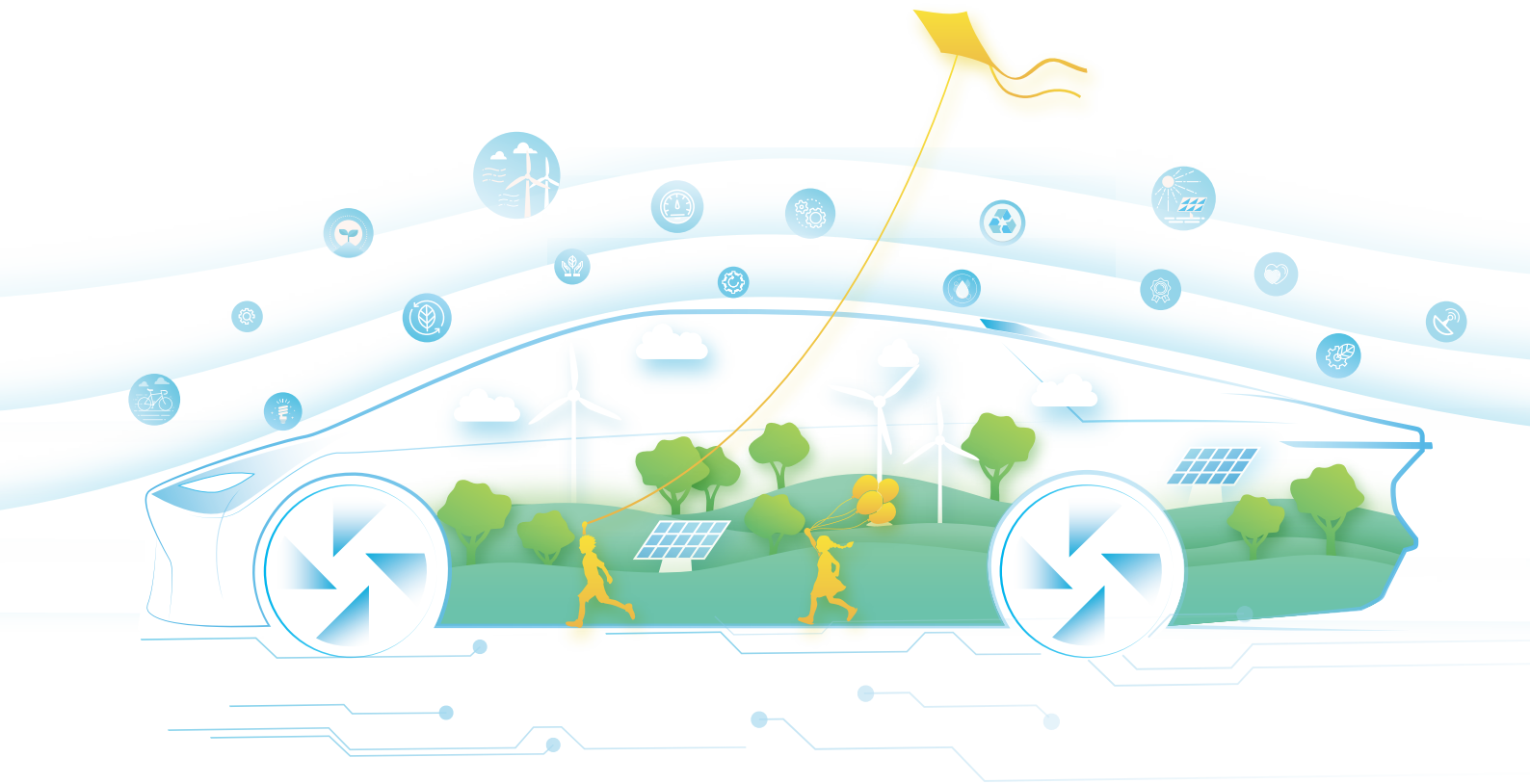




广汽集团
GAC GROUP

匠于心 品于行
CRAFTED BY THE DRIVEN



2019

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

Notes on the Report

This is the eighth annual social responsibility report released by Guangzhou Automobile Group Co., Ltd. The Board and all the directors of GAC undertake that the Report contains no false records, misleading representations or major omissions, and assume joint and several liabilities for the authenticity, accuracy and completeness.

Scope of the Report:

The Report covers Guangzhou Automobile Group Co., Ltd., hereinafter referred to as "GAC Group", "Group" or "we" as appropriate for ease of expression. The Report covers the period from January 1, 2019 to December 31, 2019, though part of the content exceeds this period.

Basis for Compilation:

The Report has been compiled in accordance with national standards on social responsibility, including the *Guidance on Social Responsibility* (GB/T 36000-2015), *Guidance on Social Responsibility Reporting* (GB/T 36001-2015) and *Guidance on Classifying Social Responsibility Performance* (GB/T 36002-2015), as well as other relevant regulations including the *Notice on Strengthening the Assumption of Social Responsibility by Listed Companies and Issuing the Guidelines on the Disclosure of Environmental Information by Listed Companies and the Guidelines on Compilation of Reports on the Performance of Social Responsibility by Companies* issued by Shanghai Stock Exchange and the *Environmental, Social and Governance Reporting Guide* issued by The Stock Exchange of Hong Kong Limited, and with reference to the *Guidance on Social Responsibility* (ISO 26000), the *Sustainable Development Reporting Guidelines of the Global Reporting Initiative and AA 1000 Assurance Standard* (2008).

Notes on Data:

All the data used in the Report are from the statistical reports and other official documents of the Group. The future plans or forecasts in the Report were made with uncertainties and may be subject to future adjustments by the Group. Special attention is drawn to the fact that the Report has not been reviewed by an independent agency. Unless otherwise specified, the monetary units involved in this report are denoted in RMB.

Availability and More Information:

An electronic copy of the Report and more information about the Group's CSR are available on the websites of SSE (www.sse.com.cn), HKEX (www.hkexnews.hk) and GAC Group (www.gac.com.cn).

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Message from Leaders

“

Dear friends,

In 2019, with your care and support, GAC Group rose to the challenges and developed with steady operation, deepened reform, enhanced innovation and shared values. Here, we would like to express heartfelt appreciation to you on behalf of GAC Group and all its employees.

.....”

2019 is the 70th anniversary of the establishment of the People's Republic of China, a key year for achieving the hundred-year objective of building a moderately well-off society in an all-round way, also an important year for GAC Group to face the challenges, stay true to the mission, struggle hard and maintain a steady operation. In this year, we followed the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as a general principle and deeply implemented the spirits of the 19th National CPC Congress and the second, third and fourth plenary sessions of the 19th Central Committee of the Chinese Communist Party. In this year, we stuck to and undertook our missions and consolidated and led all employees to achieve new progress in high-quality development of the Group.

In this year, we consolidated the cornerstone and cultivated the soil of development. The Group deepened its reform and innovation, implemented structural reform and strengthened independent brand integration management and efficiency in communication and coordination. We improved and optimized the assessment and incentive mechanism for professional managers to stimulate their enthusiasm for entrepreneurship. We launched the "e-TIME action" to fulfill the 13th Five-Year Planning and the mid- and long-term development strategies of the Group. We closely followed "the Belt and Road Initiative" and the Initiative for the Guangdong-Hong Kong-Macao Greater Bay Area of the state and unhesitatingly advance the process of internationalization at the same time of promoting regional prosperity, aiming to provide products and services of higher quality to the world. In 2019, the situation is severe: the domestic automobile industry continued to decline and the sales declined by 8.23% on a year-on-year basis. The annual automobile production and sales of the Group also decreased by 7.76% and 3.99% to 2.0238 million and 2.0622 million respectively, with the sales volume 4.24% higher than the industrial average. Automobile sales of the Group were among the top five of the country, with the market share increased by approximately 0.35% on a year-on-year basis.

In this year, we enhanced independent innovation to inject new vigor into our development. Based on the trends of electrification, intellectualization, networking and sharing, we strengthened the independent development of core parts and components and speeded up the process of intelligence and connectivity by advancing the GAC's Industrial Park for Intelligent & Connected New Energy Vehicle and launching the ADiGO ecosystem. As a result of the exploration into sharing development, ON TIME, a mobile travel platform, was officially launched and operated. The Group also actively advanced digitalized transformation, built the "Golden Triangle for Marketing in the Digital Times" and initiated the "4x2+1 Project" to inject power into its digitalized marketing system. In 2019, the Group continued its IGA events, which cumulatively created RMB 6.85 billion of direct economic benefits.

Zeng Qinghong
Chairman of GAC Group



In this year, we still walked on the path of new energy and adhered to green ideas. The Group combined the promotion of new energy products with green production, aiming to provide the consumers and the market with high-quality new energy automobiles. During this period, the Group successively launched its GAC NE Aion S, Aion LX, GAC Honda VE-1, GAC Toyota iA5, GAC Mitsubishi Qizhi EV, etc. The Group completed its environmental management system, enhanced energy saving and emission reduction and propagated green culture to the public. Investment enterprises including GAC Motor, GAC Honda and GAC Toyota continuously propagated their green ideas to the public in public-welfare events related to environmental protection. In 2019, GAC NE's sales of new energy automobiles increased by 110.6% on a year-on-year basis.

In this year, we stuck to value creation, developed harmoniously and shared happiness with our stakeholders. The Group further enlarged its "circle of friends", strengthened the cooperation with enterprises in the areas of technology development or related to automobile manufacture, working together with its partners to develop a cross-boundary automobile service ecosystem. The Group helped its suppliers and dealers to grow and successfully extended the industry chain to the value chain, and provided a stage for its employees to exhibit themselves and realize their values and worked hard to create a fair, healthy and happy environment of work. The Group continued to contribute to the development of local communities and carried out poverty alleviation and post-disaster relief to transmit love and warmth to more people. In 2019, the Group cumulatively invested RMB 79.2783 million¹ in public-welfare and charity activities. At the beginning of 2020, the COVID-19 broke out. During this period, the Group cumulatively donated RMB 34.38 million² in cash and a batch of disease control materials including masks and working vehicles to support anti-epidemic efforts. It also quickly developed the equipment and production lines for mask production to contribute to the society when protective and relief materials are in great shortage.

Seize the opportunities and embrace a brighter future. In the future, intelligent networking, new energy automobiles and digitalized transformation will become an irresistible trend. To realize high-quality development, we must continue the reform and closely follow the industrial trend. We will continuously adhere to the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and actively adapt to the new era. We will follow the principles of "one center, two hold-outs, three transforms and four reforms" to actively cultivate new driving forces, speed up high-quality development and grow into a globally competitive enterprise. We are committed to building a world-class internationalized automobile group 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.

2.0238 Million

Automobile production of the Group in 2019

2.0622 Million

Automobile sales of the Group in 2019

189 th

Ranking of Fortune Global 500 in 2019

6.85 Billion

Cumulative direct economic benefits from Innovative Guangzhou Automobile (IGA)

79.2783 Million

Contribution in public welfare and charity in 2019



Feng Xingya
President of GAC Group

1. Contribution to public welfare and charity affairs comprises RMB 15.55 million for the targeted poverty alleviation and the urban and rural matching work.

2. The data are as of March 31, 2020. Relevant information will be disclosed in the Social Responsibility Report of 2020.



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Company Profile

Guangzhou Automobile Group Co., Ltd. is a large state-holding joint-stock company set up in June 1997 and listed both in the A-Share and H-Share markets. Headquartered in Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, GAC Group has about 94,000 employees and 2,555 dealership stores in 31 provinces, municipalities and autonomous regions, providing nearly 0.8 million jobs in the fields including parts supply, distribution logistics and financial services. In 2019, GAC Group was listed in Fortune Global 500 for the seventh time, ranked 189.

The main business of GAC Group covers five major sectors that are automobile R&D, vehicle, component manufacturing, commercial service and financial service. GAC Group owns more than twenty affiliates and R&D institutions including GAC R&D Center, GAC Motor, GAC NE, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Nio, GAC Hino, GAC BYD, Wuyang-Honda, GAC Component, GAC Toyota Engine, Shanghai Hino Engine, GAC Business, Tongfang Global Logistics, Dasheng Technology, GAC-SOFINCO Auto Finance, Urtrust Insurance, GAC Capital, China Lounge Investment, GAC Finance, GAC Times, Times GAC and ON TIME, which are currently producing automobiles of dozens of well-known brands from GAC Trumpchi to Aion, Accord, Odyssey, Avancier, Breeze, Acura, Camry, Highlander, YARIS, Levin, JEEP Grand Commander, Compass, Cherokee, Renegade, Outlander, ASX, Eclipse Cross, Hino, etc.

In 2019, the situation is severe: the domestic automobile industry continued to decline. During this difficult period of time, the annual automobile production and sales of GAC Group also decreased by 7.76% and 3.99% to 2.0238 million and 2.0622 million respectively. The overall decline is relatively small among the top 10 automobile manufacturers in China and out-performed the industry by approximately 4.24 percentage points, with the market share increased by 0.35% year-on-year. The Group's industrial output totaled RMB 294.66 billion, declined by 4.5% year-on-year. The gross revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB 355.09 billion, declined by 2.36% year-on-year.

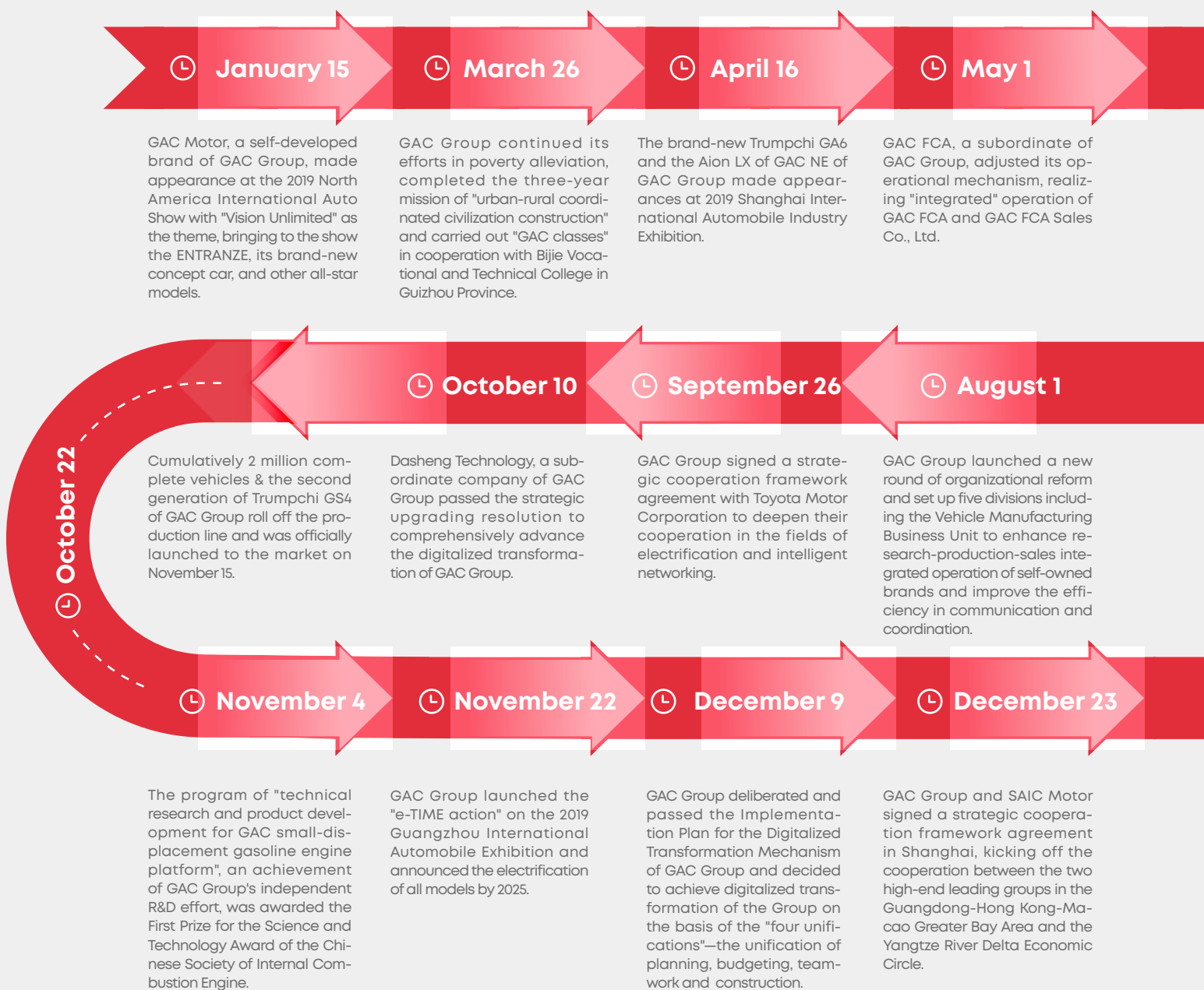
In the future, the Group has put forward its vision and mission for development in the new stage: "In 2027, which marks the 30th anniversary of the establishment of the Company, the Group will strive to become one of the world's top 100 enterprises. In 2037, which marks the 40th anniversary of the establishment of the Company, the Group will strive to become a world-class enterprise with global competitiveness." GAC Group will faithfully stick to the enterprise ideas of "caring for people, abiding by integrity and striving for creation" and follow the brand essence of "Detailing and Greatness". 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.



Guangzhou Automobile Group Co., Ltd. Enterprise Ranking in 2019



Key Milestones of GAC Group in 2019





GAC "e-TIME Action" Technology Delight Your Life

In 2019, GAC Group followed the guiding principles of "one center - centered on quality and efficiency, stick to two approaches - independent innovation and joint-venture cooperation, three transforms - the transforms from manufacture to create, from speed to quality and from product to brand and four reforms - the reforms on quality, efficiency, driving force and mechanism", launched the "e-TIME action" to implement its 13th Five-Year Planning and the mid- and long-term development strategies, during which the overall digitalized transformation from "business digitalization" to "digitalized business" was established. Currently, the group is further detailing its blueprints and innovation mechanisms and advancing the localization of relevant programs.

Comprehensively upgraded the marketing service system

- Advanced organizational reform and promoted optimization and innovation of the marketing service system;
- Built the "Golden Triangle for Marketing " and initiated the "4×2+1 Project" to improve the marketing performance comprehensively



▲ the "Golden Triangle for Marketing"



▲ the "4×2+1 Project"

- GAC NE injects energy into its services based on technologies to realize "smarter accompany" which is intelligent, emotionally and trustworthy by launching the Aion "One-Click Service" system.



T
Technology

Create a better mobile life with technology

Highly valued the important role of technologies in developing self-owned brands and achieved the following successes:

- gathered and developed a master team of R&D;
- built a brand-new GAC global platform modular architecture - GPMA;
- developed an all-electric platform - GEP;
- promoted the ADiGO ecosystem;
- mastered a package of advanced core technologies.

To build a general ICV (Intelligent Connected Vehicle) ecosystem

To build a general ICV ecosystem including four dimensions: connectivity, coordination, control and service and to create values of mobility services.

- Released the ADiGO ecosystem;



- To develop the **V2X Intelligent Internet of Vehicles** based on 5G communication and to develop **smart mobility service systems** for intelligent cities;
- To originally develop a **triple-play system** based on **Magic Box** software and hardware and to develop a new form of intelligent mobile service.



I
Intelligence

M
Manufacture

Intelligent manufacture guarantees quality and personalized demands

GAC NE's intelligent eco-factory reaches new heights in intelligent manufacture, quality, customization and environmental protection.

- The First Phase Project of the GAC's Industrial Park for Intelligent & Connected New Energy Vehicle has been completed. Currently, totally RMB 28.5 billion of investment projects have been approved;
- The Guangdong Provincial ICV Innovation Center sponsored by GAC Group was officially founded to promote the comprehensive intelligent upgrading of the manufacturing system.

E
Electrification

Electrification of all models by 2025



Investment Structure

R&D				
				
Vehicle Manufacturing				
				
				
Components				
				
Commercial Service				
				
Financial Service				
				
Others				
				

Note:

1. Guangzhou Automobile Industry Group Co., Ltd. holds 53.71% of the shares of Guangzhou Automobile Group Co., Ltd.
2. Only the primary and secondary units and invested enterprises are listed herein due to limited space.

Responsibility Honors



- Guangdong Provincial Leading Group for Poverty Alleviation and Development - Gold Award of 2018 Kapok Cup for Poverty Alleviation in Guangdong
- Guangzhou Charity Federation and Guangzhou Charity Association - Five-star Philanthropic Unit on the Charity List of Guangzhou in 2019
- Guangzhou Municipal Civil Affairs Bureau, Guangzhou Daily Group and Guangzhou Charity Association - Social Influence Benchmark Enterprise in Guangdong-Hong Kong-Macao Greater Bay Area in 2019
- Organizing Committee of the China Enterprise Culture Construction Summit - Model Enterprise of Culture Construction in 2019
- Interbrand - No. 46 of Best China Brands
- Sina Finance - Best Environmental (E) Responsibility Award under the Award of Golden Responsibility in 2019
- Financial circle - Award of Outstanding Innovation Efficiency for China's Listed Companies in 2019
- TMT - Award of Outstanding Contribution to Intelligent Driving (Automobile Technology Index) in 2019
- Guangzhou Municipal Civil Affairs Bureau - Social Influence Benchmark Enterprise in 2019
- Guangzhou Charity Federation and Guangzhou Charity Association - Most Influential Philanthropic Enterprise on the Charity List of Guangzhou in 2019
- Organizing Committee of the Social Responsibility Conference - Most Influential Brand of Social Responsibility in 2019
- Guangdong Provincial Public Security Department - Model Enterprise of Traffic Safety and Civilization of Guangdong Province
- Nanfang Daily - "Innovative Enterprise" Saluted in the South in 2019
- Nanfang Metropolis Daily - Intelligent Automobile Manufacturer in 2019
- Automotive Association - Influential Automobile Group in 2019



- The program of "independent development and application of the intelligent networking system and its core technologies" was awarded the Second Prize for Science and Technology Progress of Guangdong Province in 2018
- The program of "technical research and product development for GAC small-displacement gasoline engine platform" was awarded the First Prize for Science and Technology Progress of the Chinese Society of Internal Combustion Engine
- The program of "the packaged key technologies and their application in collision safety optimization design for passenger vehicles" was awarded the Third Prize for the Award of Science and Technology Progress of China's Mechanical Industry
- The program of "the independent R&D and application of key technologies for high-performance modularized chassis based on two-dimensional decoupling and restructuring" was awarded the Second Prize for the Award of Science and Technology Progress of China's Automobile Industry
- GE3 was awarded the Golden Prize for the 21st Chinese Outstanding Design for its appearance
- The G-MC mechanical & electrical system of GAC was awarded the 2nd World Top10 Transmission



- China Media Group - Top 100 Model Brands and Top 10 Annual Emerging Brands
- *China Automotive News* - Award of Corporate Social Responsibility in 2019
- Auto Business Review - Benchmark Award of Social Responsibility of Chinese Automobile Enterprises
- China Automotive Maintenance and Repair Trade Association - No. 1 of China Automobile After-sales Customer Satisfaction Research (CAACS)
- Nanfang Daily - Enterprise of Originality
- GAC Motor was awarded the Best Offer/Best Sales Team issued by the Organizing Committee of the Kuwait Motor Show
- J.D.Power - No. 1 of Chinese Brands in 2019 China Initial Quality Study (IQS)
- J.D.Power - No. 1 among Chinese Self-owned brands in 2019 China Sales Satisfaction Index (CSI) Study on Auto
- J.D.Power - No. 1 of Chinese Brands in the Mainstream Automobile Market of APEAL
- National Business Daily - Best Service Enterprise in 2019
- Jiemian News - No. 1 of the Brands of China - Automobiles
- GAC Motor was awarded the Award of Brand Go-Global issued on the PR Newswire Annual Forum on New Communications in 2019



- 21st Century Business Herald - Best New Energy Automobile Enterprise of China in 2019
- Guangzhou Daily - Award of Contribution to Intelligent Environmental Protection
- Cheyun.com - Top 100 Enterprises of Safety for the New Four Modernizations in the Automobile Industry in 2019
- Securities Times - New Energy Automobile Enterprise of the Year in China
- Nanfang Daily - Enterprise of Originality
- Special Committee on (Automobile) Marketing, the Chinese Association of Market Development - Award of Best Channel and After-Sales Service Innovation

广汽 HONDA

- Department of Industry and Information Technology of Guangdong Province, Human Resources and Social Security Department of Guangdong Province - Advanced Collective of Energy Conservation in Guangdong Province during 2016-2017
- J.D.Power - No. 1 of Sales Satisfaction Index (SSI) in Segmented Markets for Mainstream Vehicles
- Guangzhou Municipal Civil Affairs Bureau - Award of Contribution to Environmental Protection on the Public-Welfare and Charity Ceremony (Social Influence in Guangdong-Hong Kong-Macao Greater Bay Area in 2019)
- Guangdong Twenty-first Century Publication Co., Ltd. - Excellent Enterprise Citizen Selected by Chinese Enterprise Citizens in 2019
- Department of Housing and Urban-Rural Development of Guangdong, Guangzhou Water Affairs Bureau - Water Conservation Enterprise of Guangdong Province in 2019
- China Automobile Technology and Research Center Co., Ltd. - No. 2 of Green Development Index of Automobile Enterprises in 2019
- Xinhuanet - Award of Targeted Poverty Alleviation in Social Responsibility Fulfillment
- The Economic Observer - Respected Enterprises in 2019



- 2019 China Automobile Customer Satisfaction Index (CACS) of China Association of Automobile Manufacturers - No. 1 of Customer Satisfaction Index (CSI)
- Guangzhou Municipal Civil Affairs Bureau - Award of Contribution to Environmental Protection on the Public-Welfare and Charity Ceremony (Social Influence in Guangdong-Hong Kong-Macao Greater Bay Area in 2019)
- Southern Weekly - The 11th Meeting of Social Responsibility of Chinese Enterprises of Green Development Enterprise in 2019
- China Business News - The Corporate Social Responsibility Ranking in China - Model Enterprise of Responsibility in 2019
- Toyota Automobile Corporation - Golden Prize for Global Excellent Service of Toyota
- Yangcheng Evening News - Award of Social Responsibility Fulfillment
- China Philanthropy Times - Public-Welfare Enterprises of the Year (2019)
- The Economic Observer - Award of Model Enterprise of Green Development and Environmental Protection in 2019



- The Ministry of Human Resources and Social Security of the People's Republic of China - National Model Labor Relations and Harmonious Enterprises
- Department of Hunan Resources and Social Security of Hunan Province - Model Enterprise of Labor Relations and Harmony of Hunan Province
- China Federation of Logistics & Purchasing - Award of Innovation in the National Automobile Logistics Industry in 2019
- Hunan Provincial Poverty Relief and Development Office - Enterprise of Accurate Employment and Poverty Relief of Hunan Province



- Hunan Mang V Foundation - Caring Enterprise in 2019

*GAC Honda was honored in March 2019.

 广汽蔚来

- The Winter Forum of the 2019 China Finance Summit & the 2019 Global New Business Conference - Award of Business Model Pioneer in 2019
- Organizing Committee of Guangzhou Design Week - Award of Product Design in 2019
- Greater Bay Area Science & Technology Innovation Service Center - "Star of Tomorrow" of Guangzhou in 2019

 广汽日野

- China Automobile Dealers Association - Excellent Service Brand of Commercial Vehicle across the Country in 2019

 广汽部件
GAC COMPONENT

- Guangdong Business Association and Guangdong Entrepreneur Association - Excellent Enterprise of Guangdong
- Guangzhou Municipal People's Government - Benchmark Enterprise of Innovation of Guangzhou City
- Guangdong Business Association and Guangdong Entrepreneur Association - Most Responsible Enterprise of Guangdong Province

 广汽商贸
GAC BUSINESS

- Guangdong Federation of Trade Unions - Model Home of Employees of Guangdong Province in 2019
- CADA - Project of Logistics Intellectualization Won the 2019 Award of Innovation of the Automobile Logistics Industry
- Guangdong Automobile Dealers Association - Top 10 of Automobile Dealer Groups of Guangdong Province, Excellent Enterprise in the Automobile Dealers Industry of Guangdong Province during the Four Decades of the Reform and Opening-up, Award of the Most Influential Brand of the Year
- Harvard Business Review - the Integration of Business and Finance (AIO) program won the Award of Excellent Operation on the List of Pioneers in Digitalized Transformation in China (2019)

 广汽汇理
汽车金融

- Automobile Finance of China - Best Automobile Finance Company in 2019

 广汽资本
GAC CAPITAL

- China FOF Alliance - TOP 100 Best Start-up Investment Funds of China in 2019

 广汽财务
GAC FINANCE

- Southern Party Building Think Tank, *Nanfang* Periodical Office under Guangdong Provincial Committee of the Communist Party of China - Top 10 Useful Innovation Cases of Party Building in State-Owned Enterprises in Guangdong Province (2019)
- Euro Finance - Taozhu Gong Awards

 如祺出行
ON TIME

- Southern Metropolis Daily - 2019 Enterprise of Innovative Travel on the 18th Automobile Oscar Event
- World Innovators Meet 2019 (WIM 2019) - TOP 100 Enterprises of "Rising Tech Stars 100" in 2019
- Dayoo.com - Most Concerned Travel Brand of the Year
- Yangcheng Evening News - Travel Service Company of the Year on the List of Automobile Companies of Guangzhou 2019
- Time Weekly - Award of Brand Value Communication



Strategy of Sustainable Development

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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 industrial development. We keep innovating to create value and allow people to experience a better and richer mobile life.

Corporate Values

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.

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 based on 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.
-

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.

Brand Value

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

Brand Slogan **Crafted by the driven**

Detailing Greatness

Brand Core	Dedication is a positive attitude towards continuous improvement. Delicacy is the incessant pursuit for perfect quality. Delightfulness is our commitment to a wonderful life.	⋮ ⋮ ⋮ ⋮ ⋮	Great harmony to embrace the world Great vision to have global insight Great benefit to pay back society
------------	--	-----------------------	--

Brand Proposition **GAC is proficient in making cars and keen in understanding your needs.**

Brand Positioning **Value creator for mobile life**

Brand Values **Acute, self-reliant, pragmatic, and open**

Brand value of GAC Group creates new high

In 2019, the brand value of GAC Group rocketed to RMB 100.504 billion from RMB 25.7 billion in 2018. It was its 7th entrance into Fortune Global 500 in 7 consecutive years, ranking 189th on the list. The Group participated in automobile shows in North America, Shanghai, Guangzhou, etc. and utilized important occasions of communication including the NPC and CPPCC, the Boao Forum, the 70th anniversary of the foundation of the PRC, the "Understanding China" conference, etc. to tell GAC's stories and enhance its brand image. On the 2019 Event of Chinese Brands held by China Media Group, GAC Motor was awarded the "Top 10 Emerging Brand of the Year".



Sustainable Corporate Governance

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Management of Responsibilities	25



Corporate Governance

2 times

Number of general meetings held

GAC Group strictly abides by 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 *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and its appendix - the *Corporate Governance Code* and other rules for corporate governance and continuously improves its governance structure, orderly normalizes the operations of the Shareholders' Meeting, the Board of Directors and the Board of Supervisors, legally discloses information and establishes a scientific, normalized, effectively balanced and efficient modern corporate governance system.

23 times*

Number of board meetings held

In 2019, GAC Group modified the Articles of Association according to the updated laws and regulations and based on actual situation of the company. The Group held a by-election for supervisors and initiated employment of independent directors according to the Company Law, the listing rules of Shanghai and Hong Kong and other relevant laws and regulations. To continuously improve duty fulfilling capabilities of the directors, supervisors and the senior management of the company, the Group totally held 8 occasions of interpretation of science and technology innovation board, trainings for financing tools, etc.

7 times

Number of meetings of board of supervisors held

GAC Group strictly abides by regulatory rules and requirements of Shanghai and Hong Kong, generally takes into account the disclosure rules of the A-Share and H-Share markets in Shanghai and Hong Kong, and adheres to "authenticity, accuracy, completeness, timeliness and fairness" in consistently and synchronously disclosing information in Shanghai and Hong Kong. The Group has been rated A for annual information disclosure by Shanghai Stock Exchange in four consecutive years, which is the highest rating of this kind. Meanwhile, GAC Group depends on its capital operation to improve its market value and enhance investor relation management. In 2019, the Group cumulatively communicated with more than 1,500 institution investors and analysts. It won the Award of the Honored Companies in Asia by *Institutional Investor*.

Governance of the Group in 2019



Board operation

Number of new procedures	7
Number of revised (abolished) procedures	26
Current number of management procedures	171
Number of resolutions deliberated	87

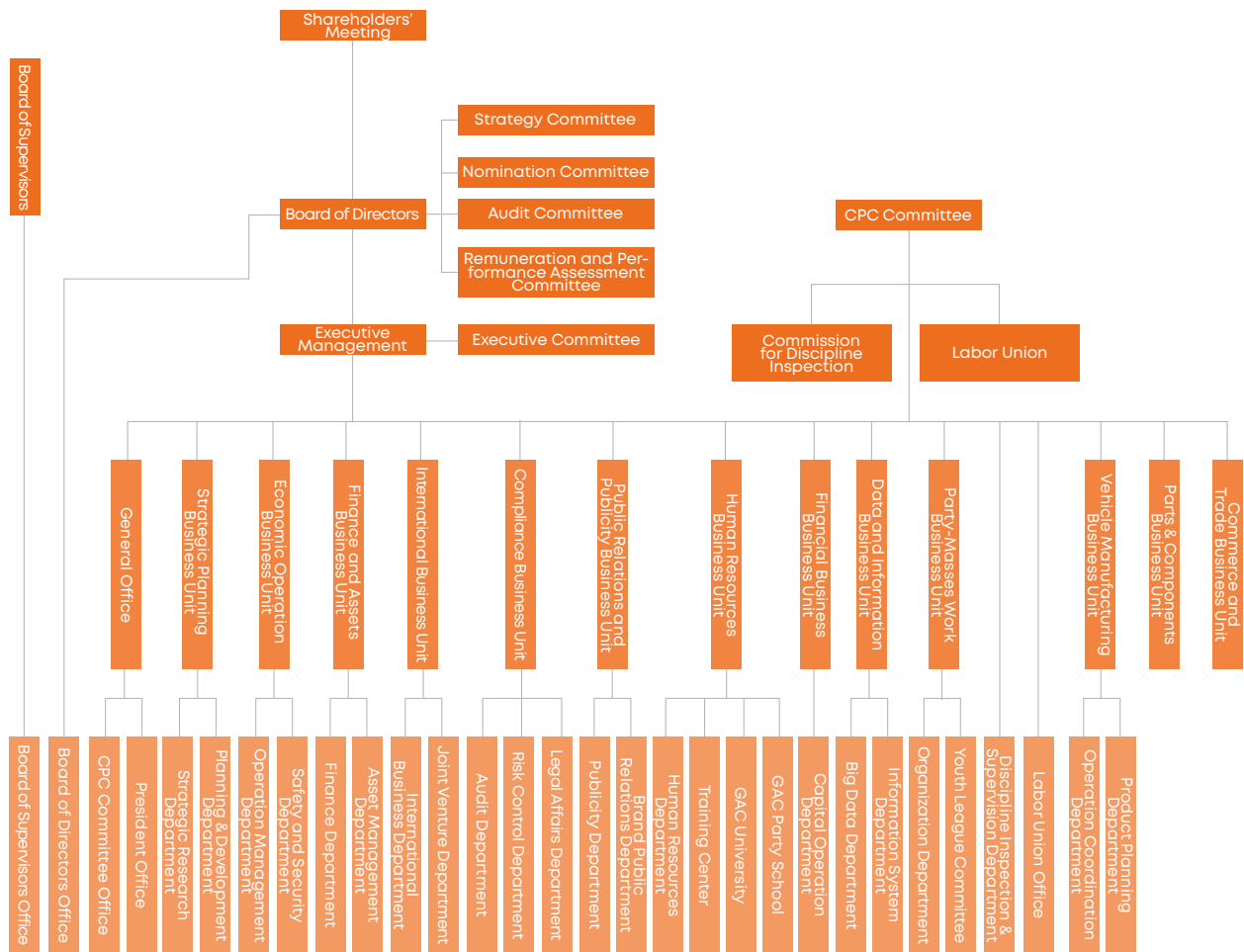


Investor relations

Accumulated number of investor visits and surveys received	170
Number of investor teleconferences held	29
Number of investor open day organized	4
Accumulated number of investors and analysts received	1,521

*The meetings of the Board of Directors have been held for 3 times on site and for 20 times in the communication form.

Organization Chart of GAC Group



Note:

- 1.The Group has 11 units, 3 business units and 30 departments.
- 2.Please refer to the annual report for the list of directors, supervisors and senior executives.

Party Building

GAC Group continuously enhances party building, adheres to use the Party's scientific theories to guide reform and innovation of the enterprise, aiming to effectively enhance the scientific, predictive and proactive features of reform deepening and operation development, so as to tightly consolidate all employees ideologically and spiritually to form a strong power of development based on consistent ideology and culture.

13,358 persons
Number of party members

13.98 %
Proportion of party members

Themed Education

GAC Group, following the requirement of "remaining true to our original aspiration and keeping our mission firmly in mind" for themed education by the Central Party Committee, Guangdong Provincial Party Committee and Guangzhou Municipal Party Committee, implemented strict requirements from the top to the basic level and carried out and promoted themed education activities up to high standards and with high quality, ensuring that all of its employees are aware of their original aspiration and mission.

311 times
Number of massed learning

130 sessions
Cumulative number of special-topic party lectures

15,276 person-times
Participants of massed learning

6,851 person-times
Coverage of special-topic party lectures

Consolidated ideology

- The Group carried out traditional revolutionary education, situation policy education, advanced typical education and warning education to ensure that the party members bear their aspiration and mission deeply in their hearts.

Objective investigation

- Work plans for investigation and research were laid down, with investigation and research activities deeply carried out at workshops and through the entire process of themed education.
- Meetings were convened to exchange achievements in investigation and research. Good suggestions and countermeasures inspired from investigation and research were transformed into tackling methods.

Comparative inspection

- The Group carried out self-reflection by referring to articles and rules of the Party, summarizing problems existing during the development progress and living up with advanced enterprises.
- The Group widely solicited and listened to opinions of its employees and customers to expand the channel and scope of self-reflection.

Guaranteed rectifications

- Rectifications were conducted in three ways—immediately, within a certain period or continuously in a long term—based on specific conditions with corresponding policies and measures.
- Special rectifications were conducted and continued to obtain ideal effect.

Strengthened Discipline

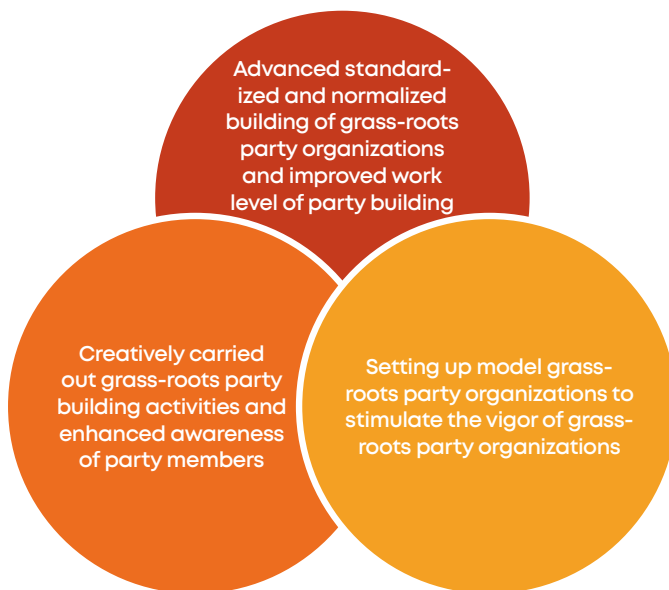
GAC Group comprehensively carried out the construction of party conduct and honest administration and strengthened honesty education, including the themed corporate activities of "inheriting the traditional merit of honesty in promoting new development" at the corporate level, ensuring to eliminate the soil and ideology for corruption, so that they "Don't want to corrupt", "Don't dare to corrupt" and "Can't corrupt", and create a just and fair environment for high-quality of the company. In 2019, the Group released the *Guidelines on Supervision*, modified the *Administrative Measures for Performance Supervision*, upgraded and renovated the anti-corruption system/platform and independently developed the integrated supervision and performance supervision subsystems. The Group carried out integrated supervision over the four major fields: implementation of important arrangements of the Group by invested enterprises, travels abroad on business/for private reasons, risk management and internal control as well as assets management. Besides, it cooperated with its foreign shareholders to conduct a joint supervision over GAC Honda.



▲ GAC Group held the "mini-video competition" with the theme of "Work together at an Honest GAC", on which down-to-earth, vivid and lively videos were collected from the employees to propagate honesty and transfer the value of respecting honesty.

Enhanced Grass-roots Party Building

GAC Group continued to enhance grass-roots party building, conducted general election of party organizations, innovated work carriers, erected activity platforms and thus promoted party members and organizations to fully play their roles in making progress and improvement together with the ordinary people with good images.



▲ in celebration of the 70th anniversary of the foundation of the PRC, GAC Group held the themed activity of "raising the national flag and singing for the new era".

Compliance operation

GAC Group guaranteed its sustainable development based on complied operation, continuously increase the benefits from the complied operation, carried out compliance self-inspection, identified and managed relevant risks and strictly abided by national anti-commercial bribery regulations, the *United Nations Convention Against Corruption*, the *Advice on Preventing Extortion and Bribery in International Commercial Trades* and other international initiatives. The invested enterprises established completed management and institutional systems* to guarantee regulation and law compliance and honesty of operating businesses and create a health environment for development. In 2019, The Group and the invested enterprises conducted law and regulation compliance reviews on nearly 40 major investment and cooperation projects, during which, nearly 120 items of legal opinions were presented, nearly 300 risk points were eliminated or prompted and 11 projects of internal audit were reviewed. Totally 89 enterprises were audited, with the cumulative benefit increased by RMB 140 million.

Management of Responsibilities

GAC Group is committed to becoming an outstanding corporate citizen with global influence and a high sense of social responsibility. To achieve that, it integrates the responsibility and care for people, environment and society into the day-to-day operation. It also actively bears social responsibility in terms of product service, employee development, charity, public welfare and energy conservation and emission reduction to practice as an enterprise with a high sense of social responsibility and awareness of citizenship, and works hard to become a world-leading, socially trustworthy, green and intelligent mobile value creator.

Advancement of Social Responsibility Fulfillment

GAC Group, by continuously perfecting its social responsibility organization and focusing on expectations of its stakeholders, carried out varied forms of responsibility fulfillment activities with increased transparency to allow the public to know more comprehensively about GAC Group and to enhance the mutual understanding and trust between the company and the stakeholders.

Organizational system of social responsibility

Currently, the headquarter of GAC Group and its affiliates set up their teams for coordination of social responsibility to assume social responsibility under the coordination of the Brand Public Relations Department. The Brand Public Relations Department of the Group undertook the affairs related to social responsibility and carried out social responsibility practices and information disclosure by teamwork. In the future, we will establish a social responsibility and ESG management organization system with a clearer hierarchy and more specific division of responsibility, so as to carry out social responsibility activities of GAC Group in a more rational and efficient way.

Practices of social responsibility

Under the general planning for social responsibility fulfillment of the Group, invested enterprises of GAC Group walked into local communities in addition to providing high-quality products and thoughtful services, where they gave full play to their advantages in promoting sustainable social responsibility programs from independent innovation to energy saving and emission reduction, green transfer, partner cooperation, employee caring and public-welfare and charity, and included more stakeholders into these programs, which were meticulously planned and properly executed, to benefit more people.

Communications and exchanges with stakeholders

GAC Group values the communications with stakeholders and builds up communication channels that cover all stakeholders via releasing announcement, taking part in international shows, visiting plants, conducting non-deal roadshows, etc. We spread our practices of social responsibility via Weibo, WeChat and group website and establish normal communication and interaction with the public. For employees, we smooth the channels of expressing their appeals by means of leader reception day, etc. We promote their sense of home by carrying out colorful cultural and sports events and allow them to enjoy the achievements of development of the company. For partners, we build up win-win operation modes and grow together with our cooperative enterprises, suppliers and dealers.

*For details of relevant systems about compliance management on investment enterprises of GAC Group, please refer to Appendix (IV).

Expectations from the Stakeholders and Our Responses

Stakeholders	Expectations and Demands	Responses and Actions
 <p>Government</p>	<ul style="list-style-type: none"> • Drive the sustainable and healthy development of economy • Assist in public finance and serve the governmental development • Operate in compliance with laws and regulations 	<ul style="list-style-type: none"> • Observe national regulations and policies • Response to national development strategies • Pay taxes according to law • Strengthen the compliance management • Operate in good faith
 <p>Shareholders</p>	<ul style="list-style-type: none"> • Satisfactory investment returns and good market value • Gain a full picture of the Company's operating conditions 	<ul style="list-style-type: none"> • Improve profitability • Strengthen the management of investor relations • Perfect the information disclosure mechanism
 <p>Customers</p>	<ul style="list-style-type: none"> • Rich automobile products • Quality driving experience and services • Good quality • Driving safety 	<ul style="list-style-type: none"> • Enhance technological innovation and enrich the product lines of self-owned brands • Improve service quality and pay close attention to customer experience • Upgrade systems to improve the safety performance of vehicles
 <p>Partners</p>	<ul style="list-style-type: none"> • Fair procurement • Good faith and mutual benefit 	<ul style="list-style-type: none"> • Open and transparent procurement mechanism • Persist in the principle of equality, mutual benefit, harmony and win-win outcome
 <p>Employees</p>	<ul style="list-style-type: none"> • Good career planning and growth opportunity • Protect basic rights and interests 	<ul style="list-style-type: none"> • Implement HR enhancement project and improve the systems of staff training, salary incentives, insurance and welfare
 <p>Communities</p>	<ul style="list-style-type: none"> • Pay attention to the community development • Build harmonious communities 	<ul style="list-style-type: none"> • Take an active part in public welfare undertakings • Assist the disadvantaged groups • Carry out volunteer activities • Promote safe driving and advocate harmonious traffic
 <p>Environment</p>	<ul style="list-style-type: none"> • Pay attention to climate change and support low-carbon economy • Advocate energy conservation and emission reduction to build a conservation-oriented society 	<ul style="list-style-type: none"> • Develop NEVs • Build advanced, environment-friendly, energy-saving and green plants • Intensify the investment in energy conservation and emission • Foster the idea of environmental protection



Sustainable Development Practice

Create New Value of Mobile Life	29
New Driving Force of Smart Manufacturing with Craftsmanship	40
Develop New Energy Business for Energy Conservation and Environmental Protection	46
Multilateral Cooperation for A New and Win-win Future	53



Create New Value of Mobile Life

The automobile industry is currently under the change of development pattern, optimization of industrial structure and transition of driving force. This is a critical period for the transition from high-speed growth to high-quality development. To handle the severe situation, GAC Group actively adjusted its strategic measures, focused on high-quality development and showed enormous vigor of development in an unfavorable environment, and continuously created values for the society on the basis of steady development.

Promote the Quality Development

GAC Group actively adapted to the new normal of the macroscopic environment and the market, took effective measures against declining market demands and changing policies, overcame the influence of risky factors, adhered to reform and development, deepened system and mechanism innovation and accelerated transformation and upgrading to achieve high-quality development.

Realize Stable Operation

Faced with unfavorable market changes, we took active and effective actions to maintain steady operation. Our capability of resisting risks is continuously improved. In 2019, the annual automobile production and sales of GAC Group decreased by 7.76% and 3.99% to 2.0238 million and 2.0622 million respectively. The sales volume is about 4.24% higher than the industrial average. GAC Honda and GAC Toyota bucked the trend and realized a sales volume increment of 4.09%¹ and 17.59% respectively.

2.0238 Million
Automobile production

2.0622 Million
Automobile sales

Sales volumes of main products of GAC Group in 2019

Passenger vehicle	GAC Motor	342,354
	GAC NE	42,224
	GAC Honda	784,991 ²
	GAC Toyota	682,008
	GAC FCA	73,907
	GAC Mitsubishi	133,016
Commercial vehicle	GAC Hino	3,518
	GAC BYD	142
Motorcycle	Wuyang-Honda	897,288

1.The data include Honda Automobile (China) Co., Ltd.

2.The data include Honda Automobile (China) Co., Ltd.

Deepen mechanism reform

We are now deepening the reform with the spirit of self-revolution. We take the opportunity of structural reform, follow the guidance of the "Double Hundred Campaign" and take advantage of the professional manager reform to enhance our vigor and confidence in development and create fertile soil for high-quality development.

Structural reform

- The Vehicle Manufacturing Business Unit is set up to generally manage businesses of self-owned brands of the Group.
- The Parts & Components Business Unit, Commerce and Trade Business Unit are set up to comprehensively strengthen business management and coordination.
- Functional management business units including the Finance and Assets Business Unit are restructured to strengthen management and control by the Group.

Reform of state-owned enterprises

- The Double Hundred Campaign reform plan is executed and all tasks on the list of the Double Hundred Campaign have been completed.
- Take part in the exchange meeting of "Double-hundred Campaign" organized by SASAC of the State Council and other departments, so as to introduce and publicize the new development and results relevant to group reform and innovation.

Professional manager reform

- Improve and optimize the assessment and incentive mechanism of professional managers, and recruit 2 professional managers for vice president
- Initiate reform for professional manager of investment enterprise and promote the choosing of pilot enterprise for professional manager reform.

Establish Vehicle Manufacturing Business Unit to strengthen "group army" type synergy of self-owned brand sector

In order to strengthen the efficiency of integrated operation, communication and coordination of self-owned brand, GAC Group, during institutional reform, established the Vehicle Manufacturing Business Unit which is responsible for making overall planning for self-owned brand business and managing and coordinating GAC R&D Center, GAC Motor and GAC NE. The Vehicle Manufacturing Business Unit will pay high attention to the market and user demands, constantly innovate products, improve the competitiveness of self-owned brands, and create charming star model, as well as lift coordination ability, strengthen "group army" type synergy of self-owned brand sector and gradually achieve development-production-marketing integrated operation of self-owned brands.



▲ Vehicle Manufacturing Business Unit of GAC Group is established officially

Serving for national strategy

We follow the development of new times and actively take part in the construction of "the Belt and Road Initiative" and Guangdong-Hong Kong-Macao Greater Bay Area with innovative drive and sustainable development acting as its standard as well as forward-looking and innovative strategy and action serving for national strategy, so as to achieve increasing growth during serving for national strategy.

GAC AISIN AW Automatic Transmission Co., Ltd. fuels the automobile industry of Guangdong-Hong Kong-Macao Greater Bay Area into a new stage

"Seize the major opportunity from the construction of Guangdong-Hong Kong-Macao Greater Bay Area to build a world-class bay area and city cluster."

—Xi Jinping, General Secretary of the CPC Central Committee and President

With the constant development of Guangdong-Hong Kong-Macao Greater Bay Area, economic interaction among all regions will become more intensive and mutual integration will be deepened constantly. On May 28, 2019, GAC AISIN AW Automatic Transmission Co., Ltd., a joint venture by GAC Motor and Japan Aisin AW Co., Ltd., was officially established, marking the achievement of the alliance between an excellent auto brand in China and a leading giant of core parts in the world. The project is located in GAC's Industrial Park for Intelligent & Connected New Energy Vehicle, which is among the first major projects of Guangdong-Hong Kong-Macao Greater Bay Area, and GAC AISIN AW Automatic Transmission Co., Ltd. is the first sino-foreign joint venture in the industrial park. The establishment of the company will set an example for more famous enterprises at home and abroad for setting an office in the industrial park, and continue to support the industrial deployment of Guangdong-Hong Kong-Macao Greater Bay Area.



▲ Kickoff ceremony of GAC AISIN AW Automatic Transmission Co., Ltd.

GAC's Industrial Park for Intelligent & Connected New Energy Vehicle, located in the core area of Guangdong-Hong Kong-Macao Greater Bay Area, will constantly promote the development of auto industry in Guangdong-Hong Kong-Macao Greater Bay Area towards a higher level, surrounding "intelligent manufacturing + innovative service + auto town"



Foster Craftsmanship

With the evolution of the new trend of "electrification, intelligence, connectivity and sharing" in auto industry and the upgrading of user demands, the auto service field will experience an evolution across the field. When purchasing cars, consumers pay more attention to service quality and user experience, thus the matter whether they can enjoy more careful and valuable services becomes an important factor affecting the purchasing decision making. Therefore, GAC Group insists on satisfying consumers' increasing demands for a better life with high-quality products and services, conducting product and service innovation, trying hard to create innovative and leading products that attract consumers, achieving a breakthrough in technical innovation, strengthening product design, quality control, customer service and other aspects, and dedicating itself to the transformation from traditional auto manufacturer to the mobility service provider, so as to continue to support the better mobile life.

Providing quality products

Adhering to the user-centered idea, we will focus on new demands of customers, promote technical innovation and continuously create new products meeting market expectation, so as to make mobility become more comfortable and lift living quality.

2019 GAC Group New Models and Models of Modification and New Generations - Passenger Car



▲ GAC Trumpchi GS8 MY 2020



▲ GAC Trumpchi GM8 MY 2020



▲ GAC Trumpchi Second Generation GS4



▲ GAC Trumpchi New Generation GA6



▲ GAC Trumpchi GM6



▲ GAC Honda ODYSSEY Sport Hybrid



▲ GAC Honda BREEZE



▲ GAC Honda VEZEL



▲ GAC Toyota New Generation Levin

2019 GAC Group New Models and Models of Modification and New Generations - Passenger Car



▲ GAC Toyota YARIS X



▲ GAC Mitsubishi New ASX MY2019



▲ GAC FCA New Jeep Renegade



▲ GAC FCA Compass Night Eagle

2019 GAC Group New Models and Models of Modification and New Generations - Commercial Vehicle



▲ GAC Hino 700 Tractor (North)



▲ GAC Hino 700 Tractor (High Power)



▲ GAC Hino 700 Tractor (Upgraded)

2019 GAC Group New Models and Models of Modification and New Generations - Motorcycle



▲ Wuyang-Honda PCX



▲ Wuyang-Honda Jingyuan A1



▲ Wuyang-Honda Xiyun



▲ Wuyang-Honda Zhidao

Strengthening quality management

Upon realized that "quality is the life line of product and is the link with the highest attention paid by customers", we gave the first priority to quality among product function, performance and technology, and focused on building and improving the warning and solution mechanism of product quality problems. Therefore, the specially-assigned person should be responsible for quality problem and solve such problem within the limited period. No quality problem should be left in the air. In addition to manufacturing link, we actively called defect products back and eliminated quality problems immediately, so as to protect the legal interests and rights of each consumer. In 2019, manufactured vehicle callback issued by enterprises investing in vehicle manufacturing under the Group involved 355,571 vehicles and the accumulated number of vehicles called back recorded 264,722*.

GAC Motor fully advances quality management

While centering on meeting the demands of customers, GAC Motor integrated comprehensive quality management, standards of the international quality management system, excellent performance management and other core ideas, built prevention thought surrounding "four-heart" quality of whole staff participation and whole process management, and created excellent GAC quality management system and process upon constant

evolution and improvement through multiple iterations of standard, implementation, identification and improvement, and PDCA cycle. In 2019, GAC Motor passed the certification of ISO 9001:2015 quality management system for Guangzhou plant, Hangzhou plant, Xinjiang plant and Yichang plant and was awarded certificates, achieving a quality management system with "unified standard, management and system" in four plants.

New car quality management

- Reflect customer demands in design while adhering to the customer-centered and prevention thought
- Conduct reform of new car quality cultivation and lift the growth degree of new car development cross the process driven by the system of 10 processes relevant to new car development

Parts quality management

- Establish a supplier qualification affirmation and assessment system consisting of 11 main items and 77 sub-items.
- Ensure the quality of parts to be stable through strict quality assurance process and product quality acceptance standards.

Manufacturing quality management

- Insist on standardized operation and regard "zero defect" as its goal.
- Upon combining laws and regulations in China and international standards, formulate unique "Trumpchi 3-method" and ensure manufacturing quality through standards of overall quality examination based on customers' views.

Market quality management

- Implement the special management system in the earlier period of new car launch, and ensure that bad projects will be handled as soon as possible.
- Establish standardized callback process for major problems.

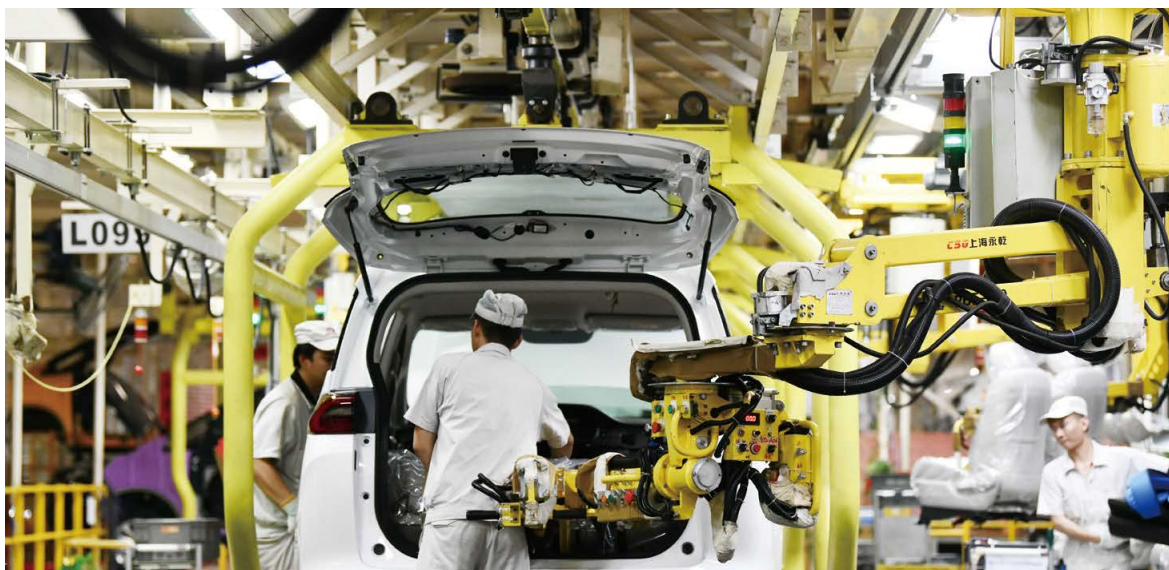
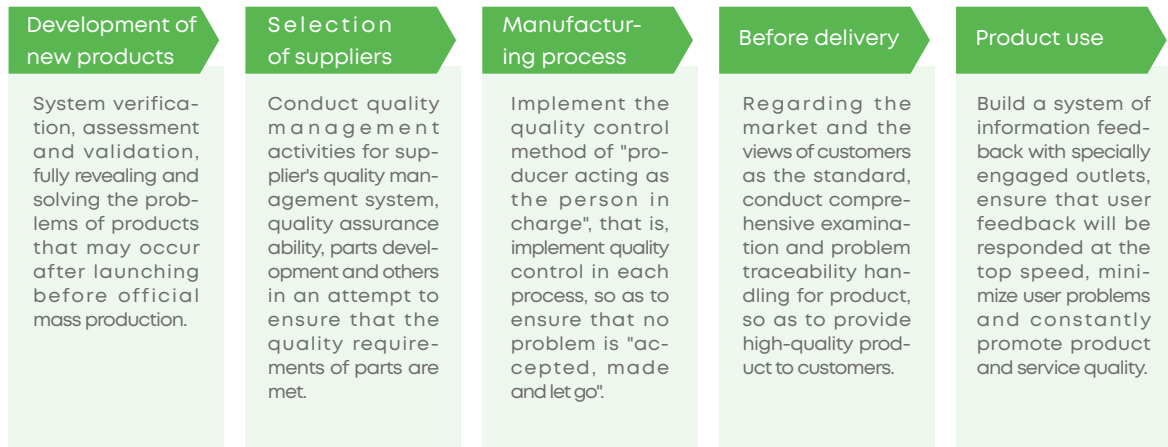
*In this year, GAC Group will disclose relevant recall information in the Social Responsibility Report for the first time. In future, we will continue to disclose performance of the recall requests during each year (since 2019) of the report period in the Social Responsibility Report.

GAC NE passed the ISO 9001:2015 quality management system certification

Adhering to the quality policy of "creating customer value with world leading product and service" and the quality purpose of "zero non-conforming product and zero-distance service", GAC NE built a standardized system covering all items of ISO 9001:2015 Standards and all departments across the company, based on the principle of "top leader responsibility system". In order to ensure the efficient implementation of system, GAC NE built an internal review and supervision mechanism in the company which would continuously improve the management business and process through company-level internal audit, department-level audit and special review and supervision, and supervise the on-site standardized operation and product through process supervision and complete vehicle supervision, so as to provide products and experience with high quality to customers. In July 2019, GAC NE passed the quality management system certification and was awarded the certificate of ISO 9001:2015 quality management system certification.

GAC Honda product life cycle quality management system

By virtue of the quality management experience of Honda and combining its own features, GAC Honda established a quality management system (GAC Honda) covering the life cycle of products. As quality management involves all key links from product design to practical application, all departments should be coordinated and make checks at all levels, so as to ensure that the quality of every product is controlled in each link.



Exclusive and caring service

Upon strictly observing the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Advertising Law of the People's Republic of China*, and regarding customer experience as the core of all processes, we advanced the optimization of dealer's facility and the upgrading of informatization and digitization, strengthened training for marketing and after-sale workers, improved the digitized marketing ability and after-sale service level of dealers, and fully met the demands of customers. Meanwhile, in order to meet the diversified demands of customers, we expanded the ecosystem of service, advanced the integration of commerce and trade, utilized mobile and interconnected information instrument to serve the customer in a more efficient way, improved traditional dealer business, explored the transformation of sale mode, strengthened auto logistics and built integrated logistic platform, activate aftermarket, conducted business operation mode innovation, provided services covering several scenes.

GAC Motor focuses on user experience improvement and promotes online mobile services

According to the guidance of "e-TIME" campaign issued by the group and adhering to the working method of GSSW, GAC Motor actively explored and took the lead in breaking the traditional user-dealer-OEM chain relationship and built a "golden triangle" service mode among the three players in an innovative way; it launched exclusive swap car service to practically solve the mobility problem of users during the maintenance period of auto; and an intelligent service platform covering intelligent booking service, palm-top workshop, visible road rescue and other functions in response to user demands, so as to provide worry-free intelligent auto experience to users; advancing interaction and exchange among users, dealers and OEM through the interaction and exchange platform focused on vehicle and living, built by virtue of "open" service evaluation system and online community.



▲ QR Code of Trumpchi User App (scan to find more)

GAC NE launches the brand of "one-key exclusive service"

In 2019, as the core carrier of GAC Group for developing intelligent connected new energy vehicles, GAC NE launched the Aion "one-key exclusive service" system according to the service idea of "Golden Triangle for Marketing". GAC NE will create an Aion service center covering "vehicle, charging pile and grid" and penetrating the life cycle of "purchasing, using, maintenance and changing" based on advanced auto machine system and intelligent technologies, as well as set up an Aion club, so as to conduct member classification and analysis through the application of big data, create an online and offline community platform based on "circle culture" and "living service" and fully upgrade the new intelligent mobility experience in the times filled with technologies.

GAC Honda leads the new level of service with its new service brand proposition

On November 22, 2019, GAC Honda attended Guangzhou Auto Show with all series products under the brands of Honda, Acura and Everus, and announced its new proposition of brand service - FUN LINK. In response to the increasingly diversified demands of users and intelligent life, GAC Honda, closely surrounding the double cores of "people" and "vehicle", re-built the depth and range of customer service, put forward new propositions of service brand, and improved customer satisfaction with "satisfied" services, enabled customers to have more available time with "smart" products, and advanced the connection among persons with "social and sharing" products, and created new values. GAC

Honda, supported by the new service brand, would build a new connection among person, vehicle and specially engaged outlet and bring more surprises and gratefulness to users.



GAC Toyota explores new service mode to improve service quality

Faced with the new market environment, GAC Toyota chose to return to the origin back customer and achieve new advantages through awareness improvement as a result of strengthening customer service. In 2019, GAC Toyota, in the middle planning phase of brand development, put forward a new service mode regarding smart store, 1V1 exclusive service and third space of community as main breakthrough points, so as to provide better services to customers in a skip-level way.

Smart store	Based on the existing 4S stores, import the latest intelligent equipment including AR and VR, and upgrade the traditional 4S stores to smart stores.
1V1 exclusive service	After arrived at the store for the first time, users can choose a sales consultant on the self-help terminal, and the specially chosen consultant will follow all service demands from vehicle purchasing and using to mobility.
Third space of community	Customers can hold a birthday PARTY, anniversary PARTY and other activities in the theme pavilion of community life housing coffee bar and reading corner.



▲ GAC Toyota Dealer Store

Urtrust Insurance takes several measures simultaneously to efficiently lower customer complaint

In 2019, Urtrust Insurance conducted several return visits including survey and investigation of customer opinion, return visit for insurance acceptance and claim settlement, and return visit for customers free of accidents in an attempt to constantly optimize service experience through collecting and analyzing problems concerned by customers in several ways. Meanwhile, it also ensured the customer complaint channels including phone, internet and counter unimpeded, implemented the mechanism of general manager reception day, provided the all-round convenient window to customers for suggestion feedback, improved the difficulty point and pain point of claim settlement and complaint with respect for the special improvement project of claim and complaint settlement, built a top leader responsibility system for complaint so as to improve management level of customer complaint work, and built early warning mechanism for complaint so as to ensure the rapid handling of complaint cases and do well in early warning and management of complaints. In 2019, Urtrust Insurance saw a year-on-year decrease of 41.65% in complaint volume per 100 million yuan of insurance premiums, and a year-on-year decrease of 51.76% in complaint volume per 10,000 policies. Its customer satisfaction recorded 99.47%.



▲ In 2019, GAC Group upgrades more than 500 GAC Motor dealer stores in an attempt to create intelligent living experience that is warmer and happier

Improving Internationalization Level

GAC Group insisted on advancing internationalization development, deeply excavated the market arising from "the Belt and Road Initiative" and fully took advantage of global resources, so as to gradually cover each main auto market with its products through diversified cooperation modes and constantly improve its international awareness with the vision of "becoming the middle and high-end auto brand of China with the sound international reputation". The self-owned brand GAC Motor has gradually formed a new layout integrating "global research and development, global purchasing and global sales". In 2019, GAC R&D Center Detroit was officially inaugurated, adding new driving force to the internationalization of GAC Motor.

R&D internationalization

- Establish GAC R&D Center Silicon Valley in San Francisco, the U.S., taking charge of the R&D of forward-looking technologies including intelligent connected new energy vehicle.
- Establish GAC ADVANCED Design Center Los Angeles in Los Angeles, the U.S., taking charge of forward-looking and localization design.
- Establish GAC R&D Center Detroit in Detroit, the U.S., taking charge of the development of model for North America and the strengthening of technologies in conventional field.

Market internationalization

- Focus on the market of major countries alongside "the Belt and Road Initiative" and build sales and service network.
- Advance the expansion of Russian market in a stable manner according to changes in international trading situation.
- Strengthen the development ability of product differentiation, combining consumer demands of each region in the world.

Talent internationalization

- Conduct overseas talent recruitment in North America, Europe and other regions and attract abundant overseas elites to take part in the recruitment and become a part of the group.

24

Sales covered 24 countries and regions



1. GAC R&D Center Silicon Valley



2. GAC Advanced Design Center Los Angeles



3. GAC R&D Center Detroit

Global R&D Network of GAC Group



4. GAC Advanced Design Shanghai



5. GAC R&D Center



▲ On April 3, 2019, Ma Xingrui, Governor of Guangdong Province (second from right), Feng Xingya, President of GAC Group (second from left) and representatives of Moscow state government of Russia attend the opening ceremony of GAC Motor International (Russia) Company



▲ On May 21, 2019, the opening ceremony of GAC Motor International (Hong Kong) Co., Ltd. is held in Causeway Bay, Hong Kong, opening the new article of internationalization development of GAC Motor

GAC Group attends 2019 North American International Auto Show with its self-owned brand models

On January 14, 2019, GAC Motor, the self-owned brand of GAC Group, attended the 2019 North American International Auto Show with its new concept vehicle ENTRANZE and star vehicles in the fields of sedan, SUV and MPV, under the theme of "Vision Unlimited". As the first Chinese brand attending North American International Auto Show, GAC Group has taken part in the auto show for five times successively, showing GAC Group's global process accelerated and comprehensive strength improved continuously.



▲ All-star lineup of GAC Motor in North American International Auto Show

"By virtue of its global layout, advanced R&D system and excellent quality, GAC Motor has been praised for a long time, and its star models have constantly refreshed our knowledge about Chinese auto and left a profound impression in the media and the public in the U.S."

——Rod Alberts,
Chairman of Organization Committee of North American International Auto Show

GAC Group enters the Russian market with GAC Motor GS8 launched in Moscow

On December 9, 2019, GAC Group held the brand launching conference and GS8 launching conference in Museum of History of Moscow, Russia, themed on "strive for more". As an important country alongside the north line of "the Belt and Road Initiative", Russia is expected to become the largest auto market of GAC Group in Europe. Entering Russian market will significantly advance GAC Group's European layout and the internationalization development of global layout.



▲ GAC Motor GS8 Launch Conference in Russia

New Driving Force of Smart Manufacturing with Craftsmanship

Driven by the new round of scientific and technical revolution and industrial transformation, auto industry embraced a development trend of electrification, intelligence, connectivity and sharing, and was faced with deep transformation in product research and development, manufacturing, business mode, industrial ecology, development layout and other aspects. Therefore, GAC Group insisted on driving innovation, strengthening the capability of independent innovation, improving the competitiveness of self-owned brand, motivating new development power and making contributions for a richer and better mobility with its high-quality development.

Motivating Creative Vitality

Talents are seen as the paramount resource while innovation is deemed as the primary driving force. GAC Group, based on the grown platform of GAC R&D Center, constantly improved the system, process, instrument and method relevant to innovation and conducted technical innovation with human resources, funds and materials input in a planning manner. GAC Group has built a high-quality and international team for research and development consisting of more than 4,300 talents, including high-end talents from more than ten countries and regions such as German, the U.K., Italy and Japan. Meanwhile, it possessed several innovation platforms including overseas innovation and startup base for high-level talents, scientific research workstation for postdoctoral fellows, academician workstation and doctor workstation, and more than ten senior experts with the outstanding scientific and technological talents in the auto industry in China.

GAC Group created a strong innovation atmosphere with competitive and incentive mechanism, encouraged employees to conduct market-oriented technological innovation and provided platforms to employees for giving full play to their talents. Meanwhile, it strengthened the layout of high-end talents and the cultivation of local innovation talents, and brought in international high-end talents so as to improve competitiveness with global vision and technology. As of the end of 2019, GAC Group recorded 6,079 patent applications accumulated including 1,930 patents for invention. In 2019, the number of patent applications added 1,455 with 799 patents granted.

2019 Patent Granting and Application of GAC Group

799 Number of additional granted patent	Number of additional granted invention patents	166	1,455 Number of additional valid patents	Number of additional valid invention patents	585
	Number of additional granted utility model patents	496		Number of additional valid utility model patents	655
	Number of additional granted design patents	137		Number of additional valid design patents	215

IGA continuously motivates the innovative and creative ability of employees

Innovative Guangzhou Automobile (hereinafter referred to as IGA, a featured enterprise cultural activity of GAC Group and mainly consisting of QC activity, improvement proposal and technical innovation, calls for total involvement, encourages employees to conduct innovation and improvement constantly in all fields such as manufacturing, technical research and development and enterprise management, and covers the whole industry chain ranging from research and development, parts, vehicle manufacturing and trading to financial service. Thus, it has become the gold-lettered signboard of enterprise culture in GAC Group. Since its initiation in 2006, IGA has received 4.4 million improvement proposals in total with the number of accumulated participants totaling 0.49 million and economic returns created directly recording RMB 6.85 billion,

among which such activity in 2019 produced 0.48 million improvement proposals with the number of accumulated participants totaling 63,000 and economic returns created directly recording RMB 1.065 billion, equivalent to the economic returns created per employee surpassing RMB 10,000.



◀ The proposer explains the analysis method of improvement proposal in 2019 IGA

Cultivate professionals by virtue of resources of good quality

On January 9, 2019, GAC R&D Center and SAE International signed a strategic cooperation agreement. SAE International will assist GAC R&D Center on completing study and consultation of relevant standards of auto industry, resources of technical/academic paper database and technical standards as well as laws and regulations in the world, provide resources relevant to professional skill training, support the technical talent cultivation by the headquarter of GAC R&D Center and North America R&D Center, and enable GAC Group to implement talent development.



▲ Wang Qijung, President of GAC R&D Center (left) and Mark Chung, Chief Market Officer of SAE International (right) signs the agreement on behalf of their own party



▲ 2019 Tech Week activity, themed on "impounding, creating and leading" and held by GAC Group, displays more than 110 results of technical innovation in 16 technical fields and attracts more than 5,000 visitors in 46 batches for visiting and exchanging, showing GAC Group's resolution of transforming into scientific and technological enterprises through improving scientific and technological innovation capacity



▲ Youth representatives of GAC Group attend the 2019 Asia-Pacific Forum on Youth Leadership, Innovation and Entrepreneurship and deliver speeches in round-table conference, showing the charm of GAC Group employees in innovation and creativity




▲ Surrounding the technical brand of "GAC Design", 2019 GAC Design Award, the first global and public-interest platform of GAC for high-end design talents, accumulates 300 design schemes for innovative vehicle through extremely professional training and exciting competitions participated by more than 70 universities at home and abroad including Tsinghua University, precisely radiating target groups and creating an experience and improvement platform for high-end design talents

Cultivating Development Driving Force

GAC Group focuses on supporting and guiding scientific and technical innovation, improving capacities of independent innovation system, advancing the layout planning and independent research and development of key system assembly and core parts, making expert arrangement and global talents introduction for core and key fields such as power assembly, quality management, intelligence and connectivity, new energy and big data, strengthening combination of research, manufacturing and learning, building cross-field and cross-industry intelligent ecology and enabling the group to achieve high-quality development. With the coming of 5G era, GAC Group will focus on the "electrification, intelligence and connectivity, digitization and emotion" of auto, conduct technical innovation, enable the product with new technologies, continuously launch new products increasingly meeting market expectation, promote industrial transformation and technical upgrading, provide driving force to the high-quality development of GAC self-owned brands continuously and provide better mobility experience to users. In 2019, the group launched "ADiGO ecosystem".

"At present, the auto industry is at the profound historic transformation period when the traditional drivers are replaced by new ones. Thus, GAC Group devotes itself to transforming from traditional vehicle manufacturer to mobility service provider, actively embraces new trend, conducts in-depth research and development of automatic drive and intelligence and connectivity technology, and plans to become the leader of intelligence and connectivity field by 2025."

- Feng Xingya, President of GAC Group



The diagram illustrates the ADiGO ecosystem structure. At the top center is the ADiGO logo, with the text "ADiGO (智驾互联) 生态系统" and "ADiGO ecosystem" below it. Below the logo are four main components, each with an ADiGO logo above it: "自动驾驶系统" (Autonomous driving system), "智能物联系统" (Intelligence and connectivity system), "云平台" (Cloud platform), and "大数据平台" (Big data platform).

▲ Structure of ADiGO Ecosystem

Know you

Perceive users actively, know users' demands and preference and respond accordingly

Taking FACE ID as an example, FACE ID utilizes the function of face identification to identify the identity of current users. If the user used the vehicle before, the system will automatically conduct one-stop adjustment of chairs, steering wheels, air conditioners, music, maps, temperatures in the car and other aspects according to its memory function, making users free from adjustment problems.

Know car

Find and deal with potential problems immediately

Taking the non-inductive charging system ADiGO E-plan as an example, ADiGO E-plan can actively provide instruction in advance in each stage of charging and actively recommend charging piles nearby and make identification and appointment in case of being out of power. When the user is close to the charging pile, ADiGO E-plan can provide direct navigation, precisely calculate the power needed to reach the charging pile, and guide users to charge the car, making users free from charging problems and concerns.

Know life

Immerse users in a visual, acoustic and multi-sense scenario

As the first vehicle regulation-level cold-formed screen fully bonded in the world, it has an ADiGO Space intelligent immersed scenario with several exclusive sound effects and fragrances, an instant question and answer intelligent AI partner and the first ecological education simulation game ADiGO World which has integrated all software and hardware data in cars in the world, so as to set users in a pleasant surrounded scenario, make driving more interesting and enable users to enjoy it.

GAC Group establishes mobility platform with related parties

In 2019, GAC Group, Tencent, Guangzhou Public Transport Group and DiDi Chuxing jointly invested on innovative mobility business and established ON TIME. The company, headquartered in Guangzhou, aims at becoming the preferred mobility brand in the Greater Bay Area, further expanding the nationwide market and providing convenience to citizens' mobility. The platform system of ON TIME will be connected to the telematics system of vehicle manufacturing enterprise, so as to reach an interconnected situation between mobility platform and vehicle connectivity system of vehicle operation. Benefiting from the data connectivity and sharing of the two ports, it is possible to significantly improve the operation ability of mobility platform, lift the efficiency of vehicle deployment and the precision of route planning, improve the schedule matching, promote the safety and compliance of operation service, and make users enjoy better mobility service.

The construction of South (Shaoguan) Test Center for Intelligent Connected New Energy Vehicle is started officially

On December 26, 2019, the work site meeting and foundation stone laying ceremony of South (Shaoguan) Test Center for Intelligent Connected New Energy Vehicle project jointly established by GAC Group and Shaoguan, Guangdong was held. The construction of a test center for intelligent connected new energy vehicle is not only an inevitable choice following the development trend of the international auto industry, but also an important practice for implementing the development strategy driven by innovation and revitalizing real economy. The construction of the test center will lay a solid foundation for GAC Group's layout and development in electrification, intelligence and connectivity, and strongly support the upgrading of all auto enterprises in Guangzhou even in Guangdong

Province from traditional manufacturing to intelligent manufacturing.



▲ Effect Picture of South (Shaoguan) Test Center for Intelligent Connected New Energy Vehicle

Guangdong Province Intelligent Connected Vehicle Innovation Center is established under the leadership of GAC Group

On November 21, 2019, Guangdong Province Intelligent Connected Vehicle Innovation Center (hereinafter referred to as "Innovation Center") was established and listed officially in the Conference of Guangdong Province for Promoting High-quality Development of Manufacturing Industry. Innovation Center, jointly established by several scientific and technological enterprises and electromobile enterprises under the leadership of GAC Group, is the first collaboration platform at the provincial level in the field of intelligent networking in Guangdong Province. Innovation Center, under the "1+3" mode (one platform and three extended functions) and aiming at "building a world-class innovation center for intelligent connected vehicle", will solve problems such as technical limitation, lacking standards, laws and regulations, talent shortage and exchange barrier in the intelligent connected vehicle industry, create an open innovation platform, support the sound industry development, form a new mode of intelligence, connectivity and collaboration and support the construction and development of Greater Bay Area.

One platform

- The innovation management research platform serving intelligent connected new energy vehicles

Three extended functions

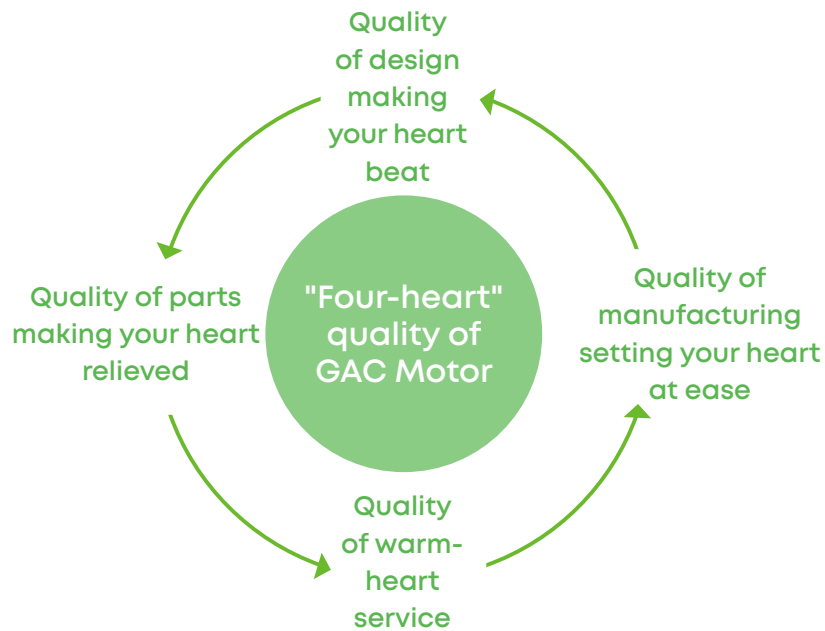
- Research and development function of key common and cross technology
- Function of third party test
- Function of venture investment on and incubation of new technologies

Cast Self-owned Brand

GAC Group firmly advances the innovation development of self-owned brands, strives to achieve high-quality development in self-owned brand business while regarding GAC Motor as the core, seizes the opportunity with keen market insight and forwarding-looking vision, provides high-quality products leading the improvement of market, creates "four-heart" quality through innovation, drives the improvement of key operations ranging from R&D, global supply, intelligent manufacturing, sales to after-sale service constantly, wins trust towards national brands from millions of auto owners, builds the "Golden Triangle for Marketing" in digital times and initiates the "4×2+1 Project", as well as vigorously promotes the marketing and innovation of self-owned brands. In 2019, with the establishment of GAC Motor International Company and GAC Motor International (Russia) Company, GAC Motor embraced constant expansion of overseas business platform and continued to create a pleasant mobility life for consumers in the world, guided by the international strategy of "dual-track approach and global coverage". In 2019, GAC Motor topped the List of Chinese Brands in Initial Quality Study by J. D. Power for the 7th consecutive year.

No. 1

Ranking of GAC Motor on the List of Chinese Brands in Initial Quality Study 2019 by J. D. Power



2nd generation Trumpchi GS4 achieves skip-level development with classical gene inherited

GAC Group created the 2nd generation GS4 based on the new GAC global platform modularity structure GPMA. Faced with the auto demands of the new generation youth who are pickier, more fashionable and pursue more self-value, the 2nd generation GS4, upon inheriting outstanding driving and controlling gene from previous generation, provided a new targeted solution. It stands for not only the highest product design, technology and quality standard of GAC Motor, but also the leading design, technology and quality level of SUV in China.

Younger

Slenderer body with the best width among the same segment matching with the latest metal plate technology brings the light and shadow aesthetics 3.0 style to life, embodying a dynamic, sharp, fashionable and young design style.

More comfortable

Equip "five-sense comfortable cabin" of vision, auditory sense, smell, sense of touch and experience for the first time and preciser chassis with better damping effect after comprehensive upgrading.

Safer

Conduct development according to the five-star safety standards of the latest China-New Car Assessment Program (C-NCAP) and equip Bosch ESP 9.3 system for the whole series so as to reach L2+ aided automatic drive function.

Smarter

Coordinating with the latest developed ADiGO ecosystem by GAC Group, provide multiple joys including the navigation, social contact, entertainment, voice and auto life, and act as the first model with WeChat in mass production in the world.



▲ Two million vehicles and the second generation of GS4 of GAC Motor roll off the production line



▲ GAC Motor attends 2019 Dubai International Motor Show in November 2019



▲ The first exhibition hall of GAC Motor in Oman opens in November 2019

Develop New Energy Business for Energy Conservation and Environmental Protection

With the development of society, people pay increasingly high attention to environmental protection and take part in activities responding to climate change one after another. The change of idea makes consumers give consideration to not only the product quality but also the green value of products when choosing products and services. Upon realizing that cars which are greener and more energy-efficient and environment-friendly will become the mainstream in the future, GAC Group seized the development opportunity of new energy auto, put more effort into new energy technology research and development and created new energy models. Moreover, it strengthened management of energy conservation and emission reduction in the process of production, actively advanced the wide spread of green idea, strive to make contributions to creating a pleasant ecological environment and make mobility more convenient and faster.

Develop New Energy Business

GAC Group, surrounding the development strategy of new energy and oriented to consumer demands and market development trend, fully exerts the development opportunity of intelligent, connected and new energy vehicle, builds the research and development system and platform for new energy technology, insists on combining independent research with joint venture cooperation, integrates new technologies such as 5G in new energy models, focuses on providing world-class products and services of intelligent new energy vehicle by virtue of the development of GAC NE and creates green and intelligent mobility life for users.

New energy technology

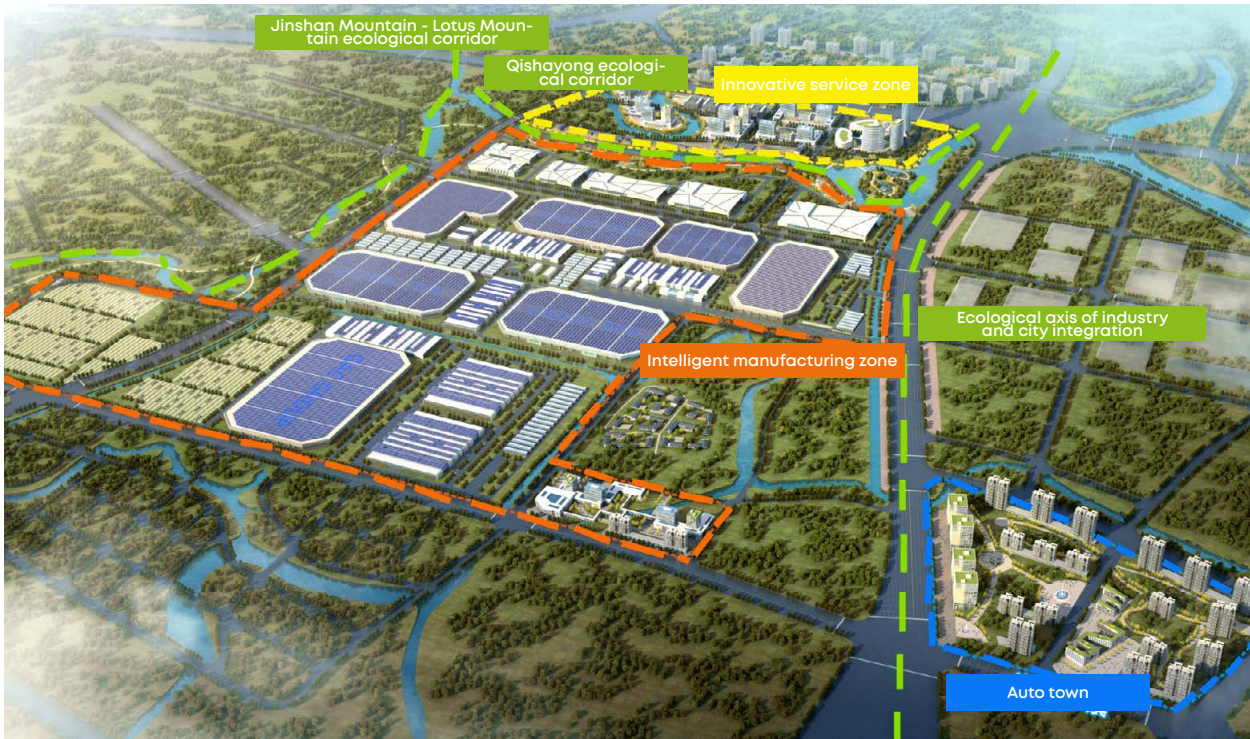
We have the world-leading electric technology, the world-leading second generation pure electric exclusive platform GEP2.0 and the first deeply integrated "electric drive, electric control and suppression" three-in-one electric drive in the world, conduct research and development for new generation power battery technology, fourth generation intelligent temperature control system and BMS battery management system, achieve preciser and safer control, create solar energy intelligent ecological cabin, regard clean solar energy as the ultimate energy, realize battery charging, ventilation and other functions, promote the development of electrical coupling system G-MC 2.0 and the project of fuel battery development, advance the test of independently developed power battery cell for boosting assembly, continuously explore the technology of hydrogen fuel battery vehicle and provide engines for creating greener new energy products.

New energy product

Depending on the technical accumulation in the field of new energy technology research and development, we insisted on the way taking pure electric and plug-in hybrid into account with respect to the path planning of new energy technology and has built a platform for two new energy models that is pure electric vehicle and plug-in hybrid electric vehicle, launched new energy models of GAC NE such as Aion S and Aion LX, created "intelligent, connected and electric" product lineup upon combining AI and other technologies, acted as a pioneer in introducing new energy technology and model under the self-owned brand to joint ventures, and launched several new energy vehicles including GAC Mitsubishi Qizhi EV, Qizhi PHEV, GAC Honda Shirui PHEV, GAC Toyota iA5, GAC FCA Yuejie PHEV, GAC Honda VE-1 and GAC Nio HYCAN 007, for meeting users' green mobility requirement.

New energy industrial park

We complement each other's resources and advantages and achieve coordinated development with partners, create a manufacturing and sharing platform of intelligent connected new energy vehicle, build an intelligent connected new energy ecosystem integrating "intelligent manufacturing + innovation service + auto town" and finally form an open and innovative ecosystem for the whole industry integrating smart living, depending on the research and development, sale and after-sale service of complete vehicle and key parts with the industrial park actively bringing in excellent upstream and downstream enterprises in the industry chain of intelligent connected new energy vehicle. GAC's Industrial Park for Intelligent & Connected New Energy Vehicle will be built as an international innovation ecological town for intelligent connected new energy vehicles that is intelligent, open, innovative, green, sharing and ecological, and will be open for the public and joint ventures of GAC Group, and share the platform of research, development, production and sale. The industrial park is expected to embrace a gross output surpassing RMB 170 billion, and profits and taxes surpassing RMB 42 billion, and create 20,000 job opportunities. In 2019, the first project GAC NE Intelligent Ecological Plant (phase I) in GAC's Industrial Park for Intelligent & Connected New Energy Vehicle was officially put into operation. So far, the park has received project investment reaching RMB 28.5 billion in an attempt to advance the comprehensive intelligent upgrading of the manufacturing system.



▲ GAC's Industrial Park for Intelligent & Connected New Energy Vehicle will build an international innovation ecological town for intelligent connected new energy vehicles that is intelligent, open, innovative, green, sharing and ecological, surrounding "intelligent manufacturing + innovation service + auto town".

New Energy and Energy Saving Models of GAC Group in 2019



▲ GAC NE Aion LX



▲ GAC NE Aion S



▲ GAC Honda VE-1



▲ GAC Toyota iA5



▲ GAC Toyota Levin Hybrid E+



▲ GAC Mitsubishi Qizhi EV 2019



▲ GAC FCA New Commander PHEV

Advocate Energy Conservation and Emission Reduction

GAC Group strictly observes *Environmental Protection Law, Atmospheric Pollution Prevention and Control Law, Environmental Quality Standards for Surface Water, Law on the Prevention and Control of Environmental Pollution by Solid Waste*, and other international laws and regulations, and relevant international practices and conventions. The head office of group formulated *Measures for Management of Environmental Protection* while each investment enterprise formulated the special system¹ for waste emission, energy utilization and other aspects, so as to strictly control energy utilization and emission of “three wastes” in the process of production and operation. Meanwhile, GAC Group encourages employees to effectively solve difficulties in energy conservation and emission reduction through an innovative mode, so as to reach a “win-win” situation in economic benefit and environmental benefit.

List of Pollutants Discharged by GAC Group²

Particulate matter	ton	68.70
Benzene	ton	2.50
Toluene	ton	5.09
Xylene	ton	24.05
VOCs	ton	1,552.99
Nitrogen oxide	ton	93.21
Sulfur dioxide	ton	6.01
COD (Chemical Oxygen Demand)	ton	94.12
Bioc hemical Oxygen Demand (BOD)	ton	19.15
Ammonium nitrogen	ton	11.30
Petroleum	ton	1.91
Nickel	ton	0.06

List of Green Gas Emission by GAC Group³

Total greenhouse gas emission (express in CO ₂ equivalent)	ton	752,196.04
Density of greenhouse gas emission	ton /10,000 vehicles	3,716.75
Direct greenhouse gas emission (express in CO ₂ equivalent)	ton	95,882.39
Indirect greenhouse gas emission (express in CO ₂ equivalent)	ton	656,313.65

List of Wastes Discharged by GAC Group⁴

Total hazardous wastes	ton	15,886.70
Total non-hazardous wastes	ton	224,603.89
Density of hazardous wastes	ton /10,000 vehicles	78.50
Density of non-hazardous wastes	ton /10,000 vehicles	1,109.81

1. For relevant systems about emissions and resource/energy utilization of investment enterprises of GAC Group, please refer to Appendix (II).

2. The disclosure ranges include vehicle enterprises under GAC Group, such as GAC Motor, GAC NE, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino and GAC BYD, as well as Wuyang-Honda.

3. The disclosure ranges include vehicle enterprises under GAC Group, such as GAC Motor, GAC NE, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino and GAC BYD. Calculation formula for green house gas emission density: green house gas emission density = total green house gas emissions (vehicle manufacturing enterprise) ÷ automobile output of GAC Group.

4. The disclosure ranges include vehicle enterprises under GAC Group, such as GAC Motor, GAC NE, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino and GAC BYD. Calculate formula for harmless/harmful waste density: density of harmless/harmful waste = total harmless/harmful waste emissions (vehicle manufacturing enterprise) ÷ automobile output of GAC Group.

GAC Motor fully improved the performance of energy conservation and environmental protection

According to the energy conservation plan and environmental requirements under the "13th five-year plan", GAC Motor conducted the energy conservation and environmental protection from employee awareness improvement and management improvement to energy-saving and environmental friendly equipment, and integrated green operation in each link so as to jointly create a beautiful environment.

Strengthen environment management

- Improve 6 policies relevant to energy and environmental protection, build management standards of energy target, energy conservation improvement, routing inspection for energy conservation, management of energy equipment and other aspects.
- Implement the management system of energy conservation evaluation for workshop.
- Formulate management requirements relevant to emergency contact, environmental monitoring, control of dangerous wastes, source of major environmental effect and correspondence of laws and regulations compliance.
- Conduct two routing inspections for energy conservation and environmental protection per week, rectify 216 on-site operations wasting energy in total and save 500,000KWH of electrical energy.

Conduct improvement activities

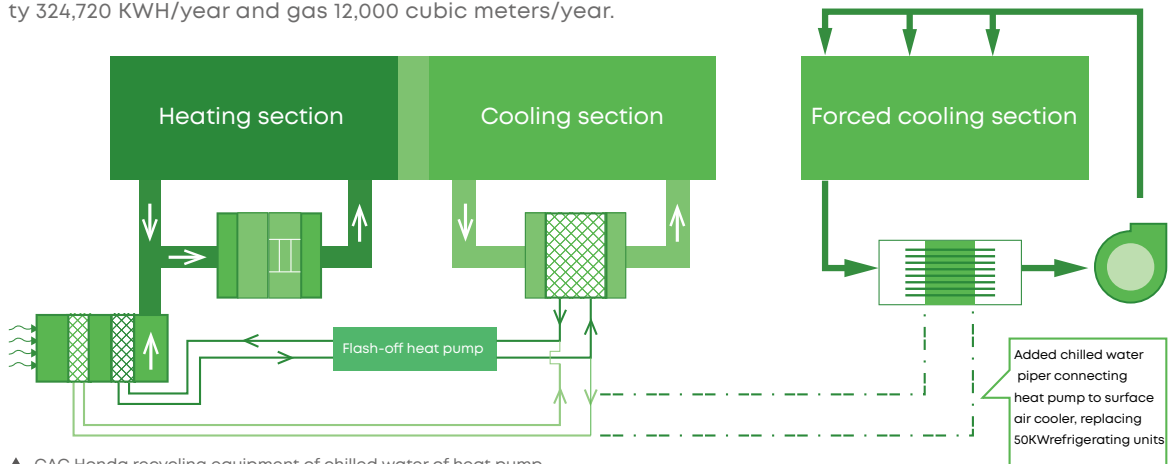
- Totally conduct 166 projects for energy conservation during the year, decrease the comprehensive energy consumption per piece to 11.62 kg standard coals/piece, and save RMB 17.1 million.
- The environmental protection and improvement project reduced 378 tons of sludge emission and 28.5 tons of paint slag emission, saving RMB 2.451 million of dangerous waste disposal expense.

Improve employee awareness

- Conduct special activities for the energy conservation week themed on "practice energy conservation and environmental protection to create blue sky", and create strong atmosphere of energy conservation and emission reduction through publicity video, poster, label publicity, WeChat Q&A for energy conservation and environmental protection, contest for environmental knowledge and competition of TikTok video.

GAC Honda recycles chilled water to reduce energy consumption

As bumper painting line needs forced cooling section equipment to ensure the cooling effect. After the added bumper painting line was built, GAC Honda connected the heat pump to the surface air cooler of forced cooling section through the added chilled water pipe, and recycled the surplus chilled water in the flash-off heat pump for the added forced cooling section through connecting the added chilled water pipe, so as to achieve a sound operation with cold and heat balance in heat pump, lift the temperature of fresh air, reduce gas consumption, provide sound refrigerants to forced cooling section and reduce the power consumption of added refrigerating units. Upon implementation, it can save electricity 324,720 KWH/year and gas 12,000 cubic meters/year.



GAC FCA saves resources through recycling

Upon fully considering the reduction management of wastes before usage, during usage and after usage of materials, GAC FCA conducted reasonably recycling to reduce resources wasting, that is filling single piece of glue with qualified residual glues not used up by automatic gumming stations, saving about RMB 0.41 million* per year. As for the large water consumption of cooling tower in the cooling system of workshop due to evaporation, it reduced water resources wasting through the transformation of condensate recovery project, expecting to save about 50,000 tons of water per year.

Wuyang-Honda reduces waste emission through sludge drying at low temperature

Wuyang-Honda has set sewage treatment stations in the plant in an attempt to conduct treatment for industrial and domestic wastewater in the plant before emission. While abundant sludge, a kind of dangerous waste, would be generated in the process of wastewater treatment. In order to further reduce the quantity of dangerous waste, Wuyang-Honda transformed the equipment for sludge treatment and conducted drying treatment for sludge through introducing drying system of the heat pump at low temperature, lowering the water content of sludge to 16% from 85%, and effectively reducing the output of dangerous wastes. Moreover, the drying process of sludge at low temperature was conducted in a fully closed circulation, no waste would be generated, and all wastewater generated in the drying process would be recycled for treatment in sewage treatment station. In the second half of 2019, upon the implementation of this project, Wuyang-Honda saw a reduction in sludge recording about 107 tons and saved RMB 0.26 million of cost for dangerous waste treatment.



▲ In 2019, GAC Toyota holds the 8th Environmental Case Presentation to evaluate each energy conservation and environmental protection case from 13 dimensions including originality, horizontal development and continuity of result, so as to build a platform for showing the energy conservation, environmental protection and innovation ability of employees.

*The saved cost includes the harmful waste handling expense and the purchase cost of erection glue.

Practice green culture

While improve its green management, GAC Group continuously delivers green idea to the society and the public, strengthens the employee's awareness of energy conservation, and makes people understand and appreciate the beauty of nature in person through varied public benefit activities for environmental protection, as well as practices the environmental protection idea.

List of the Resources Used by GAC Group*

Total quantity of packing materials	ton	16,160.35
Density of packing materials	ton /10,000 vehicles	79.85
Electricity consumption	10,000 KWH	100,876.83
Density of electricity consumption	10,000 KWH /10,000 vehicles	498.45
Gasoline consumption	ton	11,864.71
Density of gasoline consumption	ton /10,000 vehicles	58.63
Natural gas consumption	m ³	43,554,290.50
Density of natural gas consumption	m ³ /10,000 vehicles	215,210.45
Total water consumption	ton	6,912,879.99
Density of total water consumption	ton /10,000 vehicles	34,157.92

GAC NE puts pure electric taxi into operation to fuel green mobility in Guangzhou

On April 30, 2019, GAC NE officially delivered 1,500 new generation GE3 530 pure electrical SUV taxis in the "Launching Ceremony of Overall Promotion of Pure Electrical Taxi in Guangzhou", marking the application of domestic new energy auto in public utility. Each pure electrical taxi is estimated to reduce about 5 tons of carbon per year, equivalent to 15 trees planted. According to the existing number of taxis in Guangzhou, no less than 0.6 million trees can be saved for Guangzhou if pure electrical taxis were fully used. The operation of pure electrical taxis of GAC NE will enable more Guangzhou citizens to know the advantages and charm of new energy auto, and will also support the air and environment improvement in Guangzhou and make its sky blue and the cloud white.



▲ GAC NE New Generation GE3 530 Pure Electrical SUV Taxi

*The disclosure ranges include vehicle enterprises under GAC Group, such as GAC Motor, GAC NE, GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino and GAC BYD. The calculation formula for resource consumption density: resource consumption density = total resource consumption of (vehicle manufacturing enterprise) ÷ automobile output of GAC Group.

GAC Motor protects the three-river-source region

Since 2016, GAC Motor, WWF and Administration Bureau of Three-River-Source National Park jointly built the first national park, creating a new layout for the ecological protection of three-river-source region. In 2019, GAC Motor conducted the "three-river-source region protection" wetland ambassador action, and jointly issued the *Handbook of Phased Results of Project "Born in Three-River-Source Region - Establishment of National Park"* with WWF and Administration Bureau of Three-River-Source Park, enabling more people to understand the importance of ecological protection.



GAC Honda carried out more than ten years of forest planting

In August 2019, GAC Honda again took part in the forest planting activity in Inner Mongolia by the associated enterprises of Honda in China. During 11 years from the initiation in 2008 to now, GAC Honda has planted totally more than 1.65 million tree seedlings with 15 associated enterprises of Honda in China, recording 17,300 *mu* (around 1153 *hectares*) area of forest coverage and effectively protecting the steppe ecology of Inner Mongolia.



GAC Toyota builds the train Forest Adventure

GAC Toyota creates the tramcar "Forest Adventure" with forest 3D visual effect with urban tramcar. Bringing forest scenes through 3D images, the tramcar themed on forest seemly sets every passenger in the nature, so as to enable them know the nature and pay attention to the nature through a series of exciting interactions.



Wuyang-Honda conducts low carbon environmental protection in community

Wuyang-Honda and a community jointly held an activity aiming at embedding green idea in the community, so as to advertise low-carbon life, waste recycling, power and water conservation and other environmental knowledge to community citizens, and contribute to the joint construction of green community.



Multilateral Cooperation for a New Bright Future

With the rapid development of economy, the society consisting of several stakeholders has increasingly diversified demands, posing several challenges to the continuous development of enterprise. GAC Group strongly believes that only resource integration can lead to joint development and only cooperation will result in a win-win situation. Thus, it constantly expands its "friend circle", delivers positive energy, create value and advance social harmony and prosperity.

Expand the Partnership

GAC Group constantly promotes open innovation and cross-industry integration, closely follows the new trend of "electrification, intelligence, connectivity and sharing" in auto industry, conducts in-depth study for improving the level of cooperation with existing partners, improves the full coverage of supplier management, constantly empowers the growth of dealers and builds a closer community of shared interests.

Advance cross-industry cooperation

Based on the existing joint venture cooperation, we deepen the strategic cooperation with Toyota in fields such as new energy, intelligence, connectivity and talent exchange, discusses the communication and cooperation with Honda in the field of new energy, Mitsubishi Motors in the field of research and development, FCA in the field of R&D and overseas market and Hino in the field of export, further strengthens the innovative cooperation with leading science and technology as well as auto related enterprises at home and abroad including Tencent, Huawei and China Mobile, accelerates the research and development of innovative technology such as IoV, automatic drive and intelligent voice control, fuels the group's development of diversified business through varied cooperation modes and achieves a win-win situation with partners.

GAC Group cooperates with Tencent and Visteon for developing intelligent cabin

On January 8, 2019, GAC R&D Center officially entered a strategic cooperation with Tencent and Visteon in the U.S. Las Vegas International Winter Consumer Electronics Show. The three parties will fully exert their own advantages in technology and business ecology in an attempt to explore technical innovation in the field of cabin electronics, jointly develop intelligent and integrated cabin, further advance the development of cab digitization, centralized computing and automatic driving, create products possessing leading competitiveness in the industry and create value for users' mobile life.



▲ Wang Qiuqing, President of GAC R&D Center (first from left), Sachin Lawande, Global President and CEO of Visteon (second from left) and Zhong Xiangping, Vice President of Tencent (first from right) jointly announce the initiation of strategic cooperation

GAC Group strengthens cooperation with SAIC Motor to jointly contribute to the construction of a powerful nation of auto

According to the framework agreement for strategic cooperation of GAC Group and SAIC Motor signed on December 23, 2019, both parties will actively discuss the cooperation in technology research and development, resources coordination, market expansion, business mode innovation, international operation and other relevant fields, follow the general trend of economic globalization and market integration, achieve sustainable development while looking forward to the future, reach resources sharing, jointly create large-scale economy and synergy, provide better products and services to customers and advance the high-quality development of auto industry in China.



▲ Signing Ceremony for Strategic Co-operation Frame Agreement between GAC Group and SAIC Motor

Joint development of core technology	Joint investment in and development of strategic core technology and platform for new energy, intelligence, connectivity and lightweight.
Sharing industrial chain resources	Share resources in manufacturing, logistics, auto finance, insurance service, aftermarket field, industry investment and other aspects.
Focusing on new business mode	Strengthen study and cooperation in new business modes including auto sharing, mobility service and separation of vehicle and battery.
Jointly expand overseas market	Cooperation was conducted in areas such as overseas dealership network resources, overseas business partnership, overseas manufacturing resources and international logistics.

GAC Group and Toyota devote to a deep cooperation in electrification, intelligence and connectivity

GAC Group and Toyota entered into a strategic cooperation frame agreement in electrification, intelligence and connectivity on September 26, 2019. Through the agreement, the parties will deepen their cooperation in electric vehicle including new-energy vehicle and in the field of intelligent connectivity. Apart from launching HEV and PHEV that are popular among the Chinese consumers, the parties will also introduce high-quality and cheap EV, FCV and other types to meet diversified requirements of the Chinese consumers, so as to mutually promote the research and development and popularity of electric vehicles in China.



▲ Group Photo of Zeng Qinghong, Chairman of GAC Group (Left) and Akio Toyoda, Director of Toyota Motor (Right)

GAC Group conducts cooperation with State Grid EV Service in new energy vehicle

On December 6, 2019, GAC Group entered into a strategic cooperation agreement with State Grid EV Service Co., Ltd. Through the agreement, the parties will give full play to their respective advantages to achieve a deep cooperation between them in fields such as new-energy vehicle products, charging service, transportation service and energy service so as to promote a healthy development of China's new-energy vehicle industry.



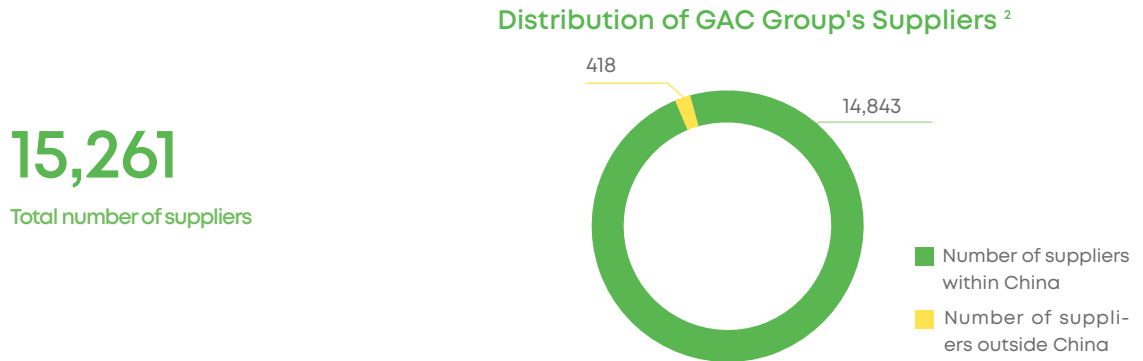
▲ GAC Group and State Grid EV Service Entering into a Strategic Cooperation Agreement



▲ As an Officially Designated Partner for the 17th Guangzhou International Automobile Exhibition, ON TIME Providing Automobile Using Service for over 15,000 Persons Cumulatively

Improving Supply Chain Management

Based on the national procurement laws and policies, we take into consideration the features of its businesses and prepare the *Measures for Procurement and Management of Cargo and Service*, promote investment enterprises to establish strict procedures¹ for procurement of spare parts and management of suppliers, carry out the evaluation of suppliers on a regular basis, and include environmental and social risks into the supplier evaluation system, so as to enhance a comprehensive sustainable development among suppliers. Meanwhile, our company also strengthens cooperation and alliance among suppliers and promotes industrial cooperation among suppliers to enhance the aggregation of more excellent suppliers for a joint contribution to a high-quality development of China's motor industry.



GAC Motor conducted field certification of suppliers in an all-round manner, promoting suppliers' comprehensive improvement

GAC Motor carried out field certification of suppliers' qualification in aspects such as production qualification, equipment management, production organization and safety and environment management in 2019. While conducting field evaluation on suppliers' production capability, GAC Motor focused on conditions of suppliers in their environment system certification, ventilation and exhaust facilities in workshops, placement of hazardous chemicals, measures for equipment safety and other aspects, and took into consideration their performance in multi-dimensional factors including quality, safety and environment to present an evaluation, achieving selection of excellent partners and promotion of suppliers' comprehensive capability to control and manage economic, environmental and social risks at the same time.



▲ The 11th Supplier Meeting of GAC Motor

1.For details of relevant systems about investment enterprise recruitment and supplier management of GAC Group, please refer to Appendix (III).
 2.The disclosure covers headquarters of GAC Group and various investment enterprises.

Promoting Development of Dealers

Since the dealership network of GAC Group has covered major cities, in order to improve business capability and professional quality of distributors, we carried out all kinds of capability-improving activities to promote development of dealers so as to provide a more professional and attentive purchasing service for customers.

GAC Motor promoted development and growth of GAC Motors Dealers by implementing training program

In 2019, GAC Motor carried out training campaigns for GAC Motor dealers in four aspects, namely, product sales eloquence, occupation ability, operation management and internal-training management to help dealers to conduct a smooth operation and enable distributors to develop in a sustainable manner.

Product Sales Eloquence

- Training was held for product sales eloquence of new vehicle models with 100% of dealers being involved.

Occupation Ability

- A total of 117 training phases were conducted for 11 crucial pre-sales and post-sales positions with total attendances of 2,500.
- National sales skills competition was held to replace the training so as to provide skills and methods for improvement of occupation ability with total attendances of 2,836 from 493 salesdealers.

Facility Operation

- Guidance was given to 36 new facilities.
- One-to-one assistance was carried out for 28 "gray-warning stores" with "intentions to improve" and their operation indexes were increased by 86% after the guidance.

Internal-training Management

- An internal-training management system with internal trainer as the core was established, through which 350 internal trainers were certified cumulatively and the implementation rate of internal training in dealers was prompted to 89.7% .
- 132 micro courses and sales-promotion tools were uploaded to E-Trumpchi Learning platform.



▲ GAC FCA customizes a new distributor SPI program for new distributors and provides a three-month multi-phase training and guidance as well as a six-month follow-up observation and counseling assistance for distributors initiating business after acceptance. More specifically, GAC FCA provides item-to-item counseling assistance for distributors in terms of contents from business process standard and product knowledge instruction for the basic-level sales person to target decomposition plan and marketing activity strategy for middle-level managers, so as to ensure that all new distributing partners can successfully pass through the growth stage and achieve a healthy development

GAC Honda promotes the growth of front-line sales person in special stores by virtue of AI technology

In 2019, the 8th "Glad Star" Competition for Sales Elite was held by GAC Honda with the application of the latest AI technology to the learning function module of sales consultant simulation, enabling sales consultants to learn from the actual situational dialogue with simulated customers through mobile APP. Through this technology, evaluation of sales consultants from 8 dimensions such as professional ability and attitude was carried out to find their weaknesses in a timely manner and effectively strengthen their sales capabilities accordingly. During the competition, participants from 547 competing stores carried out pre-competition practices and field contests of more than 5,000 times.



▲ "AI Fun Exercise" Link in the 8th GAC Honda "Glad Star" Competition for Sales Elite

GAC Toyota sales stores improved communication activities and shared improvement results

Since 2009, GAC Toyota has been adhering to the improvement idea of "TOYOTA WAY" + "Localization". It has been continuously promoting the activity of marathon improvement, leading sales stores to use Toyota's working methods for improving their daily business, and cultivating the whole staff in sales stores in problem and self-improving consciousness as well as self-improving capability, so as to produce business elites and improvement know-hows and build a talent basis for sustainable development and expansion of sale stores. 2019 GAC Toyota Conference for Improvement of Distributors was held in Guangzhou on December 12, 2019. Almost 300 general managers, department managers, improvement elites and other personnel from 64 sales stores around the country, shareholders' units and affiliated units attended the conference. Through "New Era - Toyota Climbing Alliance", "Marathon Improvement" and the proposed contents from 11 presenting stores excellent in marathon improvement, the sales stores fully exchanged and shared their improvement results in the conference, enhancing the gradual brand promotion and strengthening the mid-stage plan for brand evaluation of GAC Toyota.



▲ 2019 GAC Toyota Conference for Improvement of Distributors

Focusing on Growth of Employees

Employees are the basis for development of enterprises, while enterprises are the platforms for employees to give full play to their abilities. GAC Group puts people first, treats its employees as the important partners, safeguards legal rights and interests of each employee and fully respects diversified development of all employees, aiming to create a happy, harmonious and healthy working environment for employees.

Safeguarding employees' legal rights and interests

In strict compliance with the *Labor Law*, *Provisions on the Prohibition of Using Child Labor* and other national special laws for labor, as well as the international labor rules and practices, we carry out employee recruitment and salary administration in a fair and balanced manner, treat each employee with different nationalities, genders and beliefs in the same way, put an end to all forms of employing child laborers and create opportunities for employees' participation in democratic management of enterprise as per our *Recruitment System* and *Employee Compensation and Benefit Management System*. As of 2019, the total number of employees in the Group reached 93,854 with 100% of them entering into the labor contract and a turnover rate of 14.2%¹.

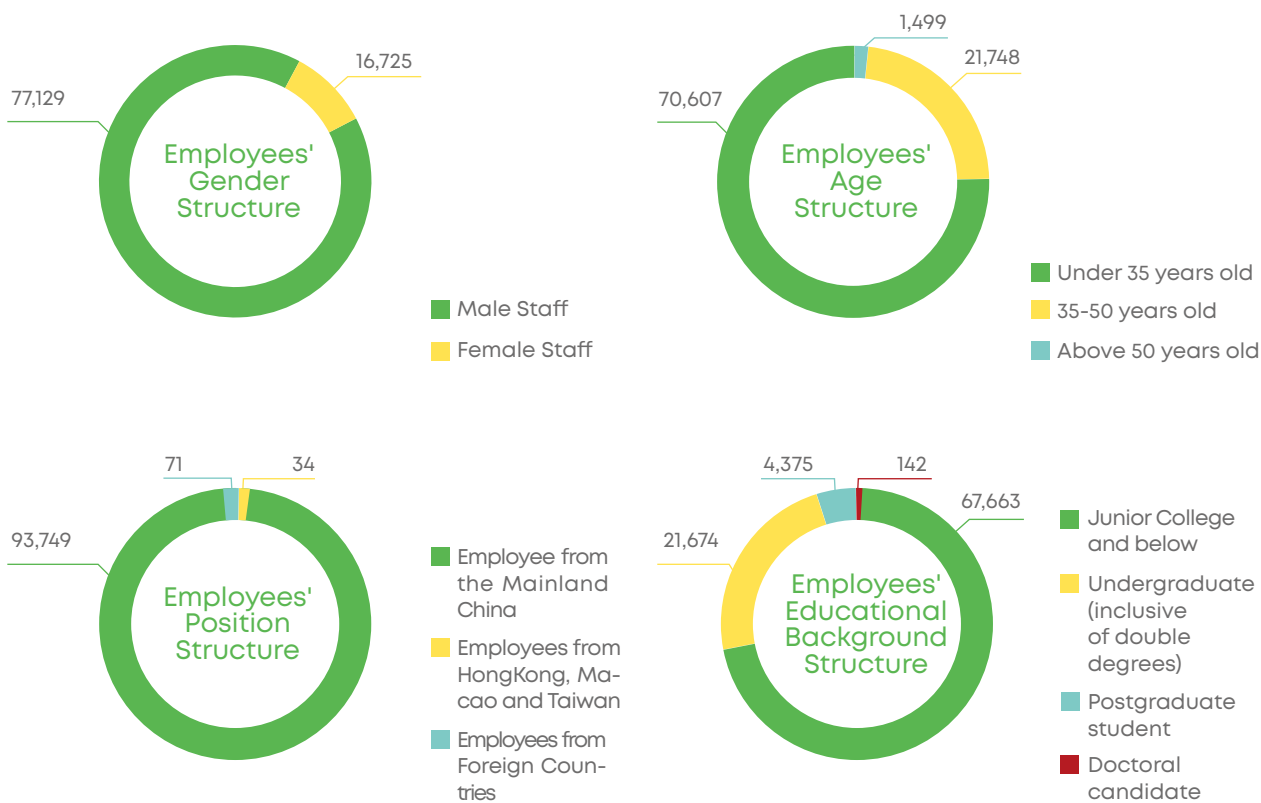
No. 12

Global 2000: World's Best Employers 2019 – Forbes

No. 2

Global 2000: World's Best Employers 2019 - Forbes - Ranking of Chinese Enterprises

List of Employee Composition of GAC Group²



1.Turnover rate = employee turnover number within report period ÷ total employee number at the beginning of the report period.

2.The disclosure covers headquarters of GAC Group and various investment enterprises.

Safeguarding health and safety

In strict compliance with the *Work Safety Law*, the *Prevention Law for Occupational Disease* and other occupational health laws and regulations and policies, we follow the working policy of "safety first, prevention foremost, comprehensive treatment", continuously improve the work safety management system, enhance the work safety standardization, carry out safety risks screening and control as well as accident threat screening and treatment in a deep-going way and cultivate a culture of work safety, so as to build a safe and healthy working environment for employees. In 2019, the Group invested an amount of RMB 1.446 billion¹ in work safety and arranged 296 days² for employees taking off from work due to occupational injury. No major or higher safety accident occurred in the year and the overall work safety was progressed in an orderly manner.



▲ GAC Finance Holding Safety Emergency Treatment Activity to Strengthen Safety Emergency Coping Capabilities of Employees

<p>Fulfilling Safety Responsibility</p>	<ul style="list-style-type: none"> • Promoted all investment enterprises to fulfill their main responsibilities for work safety. • Created a work safety responsibility list for all levels of responsible person to specify the safe production responsibility at all levels. • Carried out annual work safety assessment of subordinate investment enterprises and headquarter departments and offices in an all-round way.
<p>System Improvement</p>	<ul style="list-style-type: none"> • Made modifications to the <i>Work Safety Management System for Investment Enterprises</i> and prepared the <i>Work Safety Target Management System for Group Headquarters</i>, the <i>Management Measures for Physical Examination of Employees</i> and other systems.
<p>Strengthening Safety Management</p>	<ul style="list-style-type: none"> • Performed work safety target management of subordinate investment enterprises. • Promoted investment enterprises to exercise standard and conduct internal and external audit as per the latest work safety standardization for working.
<p>Enhancing Double Prevention</p>	<ul style="list-style-type: none"> • Strengthened prevention of safety risks, and cooperated with a professional third-party safety technology organization to identify and assess safety risks of the Group and the investment enterprises. • Pushed emphasized management and control of the 271 identified major safety risks and important risk sources. • Took serious measures to screen and treat hidden safety risks, and organized safety supervision and inspection for about 120 times through which over 686 hidden risks were found, achieving a rectification rate of 100%.
<p>Cultivating Safety Culture</p>	<ul style="list-style-type: none"> • Held training courses for occupational health and learning courses for continuous education and training of work safety responsible person and management personnel with a total attendance of 918 person times. • Organized 53 work safety management personnels to attend special training courses for relevant knowledge such as work safety responsibility system and occupational health held by China Association for Work Safety. • Carried out Work Safety Month campaign, traffic safety and civilization publicity and education, and the activity of "attending to the same class" - work stop and resumption safety education for all workers and staff.

1.The safety production investment fund is mainly used for fields such as safety technology, occupational health, propaganda, education, potential hazard rectification, work-related injury insurance, operation environment improvement, etc.

2.GAC Group will comfort the employees asking for work-related injury leave, adjust their work, negotiate cost and insurance and carry out other work, reducing their losses incurred due to the work-related injury accident to the largest extent.

Promoting Occupational Development

With GAC University and GAC Party School as the platform for talent cultivation, we coordinate training resources, strengthens the construction of internal trainer team, carry out training activities involving the whole staff in a systematic manner, and implement programs including training courses for young and middle-aged cadres, and training classes for GAC business administration and GAC engineering management, aiming to ensure that each employee could obtain a sustainable competitiveness while working happily. In 2019, the Group invested an amount of RMB 83.042 million in employee training and the attendances of all kinds of training activities reached 1,060,786.

List of Staff Training of GAC Group*

Training Employees' Gender Structure

Female Staff



Male Staff



Gender Structure in Terms of Average Training Time

Female Staff



Male Staff



Training Employees' Gender Structure

Management Personnel and Professional Technical Personnel



Production Worker



Position Structure in Terms of Average Training Time

Management Personnel and Professional Technical Personnel



Production Worker



Enriching Training Courses

- Held the first-phase training class for young and middle-aged cadres and opened up business administration training class and engineering management training class by cooperation with colleges and universities with GAC University and GAC Party School as the carrier.
- Completed four "GAC Professional Seminars" and carried out 300 "GAC Learning Club" courses with more than 13,640 persons being trained.

Strengthening Construction of Internal Trainers

- Improved the capabilities of internal trainers with combination of competition and training, and held "Competition for Good Lecturers" to provide a platform for excellent internal trainers.
- Approved and appointed 31 new group-level internal trainers, increasing the total number to 97.

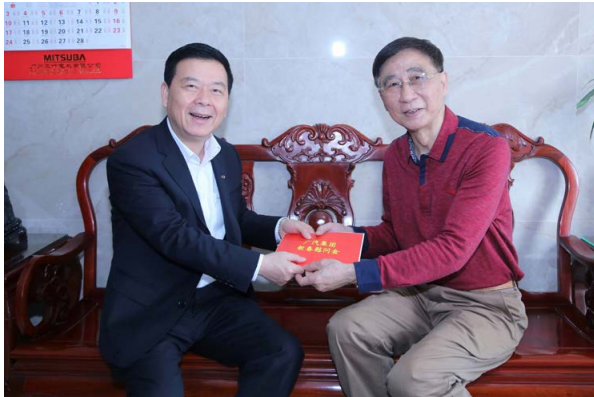
Management Mode for Innovative Training

- More than 300 courses were updated in GAC Mobile Class and the course lists were recommended on a weekly basis to promote the formation of a learning atmosphere.
- Reservation system was opened and GAC University field was managed scientifically through which the usage rate reached 197 days/year, solving the shortage of training field.

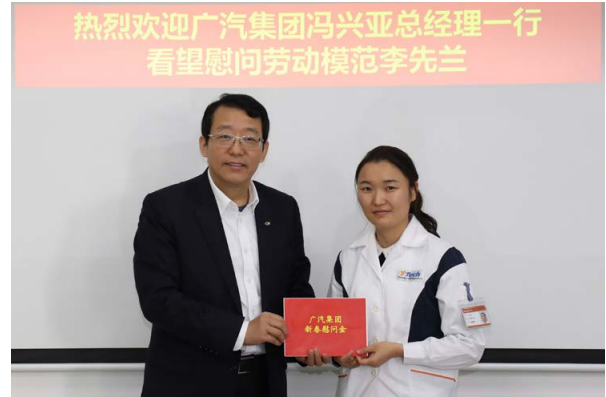
*The disclosure covers headquarters of GAC Group and various investment enterprises.

Treating Employees with Care

We pay attention to reasonable needs and special demands of employees, continuously improve assistance mechanism, strengthen efforts to help employees with difficulties, and conduct condolence to such employees as model workers, CPC party members with difficulties, and the ones with low income, long-term illness and occupational injury, becoming a reliable, dependable and happy homestead for employees. In 2019, the Group Foundation added three types to the original 6 types of diseases to be assisted and there were a total of 9 types of diseases included in the assistance range. In the same year, the Group provided temporary assistance to 513 persons and regular assistance to one employee with low income, granted relief fund of RMB 3.21 million, and invested an amount of about RMB 8 million to carry out "summer cool service and winter warm service", expressing condolence to all front-line employees including regular employees, contract employees and interns.



▲ Zeng Qinghong, Chairman of GAC Group (first from left) Expressing Condolence to a Retired Cadre



▲ Feng Xingya, President of GAC Group (first from left) Expressing Condolence to an Excellent Employee Obtaining the National May 1st Labor Medal

Creating a Life of Abundance

We continuously conduct colorful recreational activities and make innovations to the form and content of the activities, so as to stimulate employees' vitality, encourage employees to balance their life and work, enhance communication and cooperation with each other, improve group cohesiveness and increase employees' sense of gain and happiness.



▲ GAC Group Releasing MV of its Company Anthem for the First Time and Organizing the Whole Staff to Participate in the Anthem Singing Activity "Music' Coming for You and Singing with GAC"



▲ GAC Group Holding "Love in GAC" for Building Friendship among the White-collar Employees



▲ A Group Wedding in GAC R&D Center



▲ "The Path of Youth Never Stopping" Flower Arranging Campaign for Female Employees in GAC Capital



▲ Family Day Activity for GAC Group's Employees



▲ A Basketball Match in GAC NE



▲ A Birthday Party for an Employee in ON TIME



▲ A Parent-child Music Garden Party in GAC-SOFINCO

Contributions to Community Harmony

Taking the development of the community as an important channel for value sharing and with "becoming an excellent corporate citizenship" as its objective, GAC Group makes positive response to community needs, devotes deeply to public welfare and charity causes, promotes targeted poverty alleviation and industrial development, sponsors emergency relief, supporting the disabled and the poor, prompting ambition and giving educational aid and other campaigns, engages in safe driving and green environmental protection, supports development of public welfare causes and makes continuous contributions to social harmony. GAC Group formulates *Measures for Administration of External Donations for Public Welfare* to ensure a scientific and effective transmission of "love" and an earnest practice of donating campaign. 2019 was the fifth successive year for the Group to win the Golden Award of "Kapok Cup for Poverty Alleviation in Guangdong". In that year, the Group was granted awards such as the "Five-Star Philanthropic Unit on the Charity List of Guangzhou from 2015 to 2019, the Most Influential Enterprise on the Charity List of Guangzhou in 2019 and the Model Enterprise with Sustainable Competitiveness among the Global Enterprises in 2019. Its performance in public welfare cause was recognized by society.

79.2783 Million

Contribution in public welfare and charity

60+

Number of public-welfare and charity assisted projects

Boosting Poverty Alleviation

Alleviating poverty and stepping forward to the moderate prosperity together. We have been earnestly implementing the national agenda for poverty alleviation and contributing its corporate power to build a moderately well-off society in an all-round way in China. We exercised an organic integration of education improvement and ambition promotion to reduce poverty through industrial development and develop people-benefit projects through which all the three targeted poor villages, namely, Lianyi, Baishi and Silian in Jiupo Town, Lianzhou, Qingyuan, Guangdong Province shook off poverty - the incomes of the poor households were steadily increased, the establishment of village infrastructure was progressively completed and the working and living environment of villagers were continuously improved. As of the end of 2019, GAC Group invested an accumulative assistance amount of RMB 52.836 million through which 245 households have been lifted out of poverty with disposable income per capita of over RMB 13,000 and the collective income of each village reached RMB 0.3 million. We were deeply involved in East-West coordination for poverty alleviation by assigning assisting cadres to promote partner assistance programs such as the establishment of automobile sales outlets, spare parts supporting service, training service, university-enterprise cooperation and village-enterprise pairing in Bijie, Guizhou. We also schemed for enhancement of university-enterprise cooperation by jointly working with Bijie Vocational and Technical College in Guizhou Province to set up a "GAC Class" for dedicated education of professionals in the automobile industry and resolution of employment problems after graduation. We put into a fund of RMB 0.15 million for each village each year for pairing assistance to 5 extremely poor villages in Shedongguan Township, Nayong County, Bijie City, Guizhou Province and provided solutions to 1-2 problems for each village each year. The assistance program was designed to last until 2020.

We helped with the revitalization and development of areas in east, west and north of Guangdong Province. In terms of the partner assistance in Guangzhou-Meizhou industry, we have completed the plan of GAC Spare Parts Industrial Park in Meizhou with planned total investment of about RMB 1.6 billion and introduction of more than 10 spare parts enterprises dedicated to elastic parts, electronic control unit, etc. When reaching the production standard, the project will bring an increasing output of about RMB 4 billion and create a tax income of about RMB 400 million, driving the local economic development. As of the end of 2019, 9 projects of the industrial park program were completed and put into operation, while 7 projects were under construction.



▲ Zeng Qinghong, Chairman and Secretary of CPC Committee of GAC Group (first from left) Expressing Condolence to a Poverty-stricken Family



▲ Feng Xingya, President and Deputy Secretary of CPC Committee of GAC Group (third from right) Investigating and Surveying a Vegetable Planting Base in Poor Area

Providing Assistance in Post-disaster Reconstruction

Helping each other to fight against the disaster. We played an active role in fighting against earthquake and flood, sending relief to disaster areas and the reconstruction program after a disaster, and sent warm to the disaster areas as soon as possible by virtue of its own advantages in road transport and resources to help people in afflicted areas get through the difficulties.

The subordinate enterprises to GAC Group cooperated to carry out earthquake relief campaigns

The M6 earthquake occurring in Changning, Yibin, Sichuan on June 17, 2019 brought about a huge negative influence on the life of local residents. Many enterprises such as GAC Motor, GAC FCA and GAC Business subordinate to GAC Group promptly initiated emergency relief programs and executed them continuously. They brought mineral water, instant noodles, wafer biscuits, canned mixed congee, tissue and other life supplies to people in the afflicted area to help them rebuild their home as soon as possible.



▲ GAC Group Donating Living Materials to the Disaster Area

GAC Group helped people affected by a flood get through the difficulty

Since June 2019, Guangzhou, Guilin, Heyuan and other areas in South China have been severely afflicted by flood disasters due to continuous rainfall. Among the areas, Heyuan suffered a more severe rainfall condition. Due to heavy rains for several days, almost 100 thousand people were affected, a large area of farm crops was damaged and a certain amount of public facilities were destroyed, causing a great loss to the production and life of people in the area. After learning about the actual difficulty of the afflicted area, GAC Group made joint efforts with GAC Motor to donate money and supplies and provide relief and maintenance service. A total of 11 scooters and Demo cars and one 9-meter trunk were assigned as the supplies carrier to send drinking water, instant noodles and other badly-needed materials for living to people in the disaster area. Besides, an amount of RMB 0.7 million and a batch of relief materials were donated to Guangdong Heyuan Charity Federation to help people in the area live through the difficulty.



▲ GAC Group and GAC Motor Donating RMB 0.7 million to Heyuan Charity Federation to Support Its Relief Actions

Enthusiasm for Recreational & Sports Cause

Developing recreations and sports and strengthening confidence. We have been continuously engaging in donating money for education to improve the learning environment for children in poor areas, enrich their learning resources, broaden their horizons and provide them an opportunity to enjoy the right for fair education. Besides, we also actively promoted the development of sports cause, offering a chance for urban residents to build their bodies in busy life and feel the happiness brought by exercises.



▲ GAC Toyota Using Levin with Full-engine Power to Provide Escort for Riders Participating in the 18th Qinghai International Road Cycling Race in 2019 throughout the Way, to Reach the Peak of Extremity Together and Enjoy the Beauty along the Road



▲ An educational aid commission was established by Wuyang-Honda since its founding to carry out scholarship and educational aid campaigns in nearby schools and village committees. As of 2019, the scholarship and aid program had been implemented for 13 years and a total of 2,241 students cumulatively received scholarship.



▲ GAC Mitsubishi Cooperating with Eclipse Cross to Help "2019 Charity Run in Changsha, China" - A Public Campaign for Creation of a Child-friendly City, Sharing a Meaningful Children's Day with Thousands of Children

GAC R&D Center conducted educational aid co-construction campaign for promoting popular science of automobiles

GAC R&D Center entered the primary school - Hualong Central Primary School in the community where it locates for twice to carry out the educational aid co-construction campaign with the theme of "Small Hands in Big Hands - Enjoying the Popular Science of Automobiles" which brought about popular science courses related to automobile such as automobile manufacturing, automatic driving and automobile styling. Besides, the Center also invited student representatives to visit GAC R&D Center and enjoy the pleasure and charm arising from automobile manufacturing. Meanwhile, GAC R&D Center also invited experts from 22 cultural and moral education experimental schools to supervise the activity so as to ensure a scientific and age-appropriate campaign for the promotion of popular science. In

2019, about 400 students benefited from the educational aid co-construction campaign - "Small Hands in Big Hands - Enjoying the Popular Science of Automobiles" held by GAC R&D Center.



▲ Children from the Primary School in the Community Visiting GAC R&D Center

Advocacy of safe travel

Safe accompanying, happiness for tens of thousands of families. As an automobile company, we not only integrate safe production to enterprise operation, but also spread safety concept to all sectors of the society, making everyone safe and making the people really enjoy happiness of convenient traffic.

GAC Honda worked with stakeholders on protecting travel safety of children

In 2019, GAC Honda launched the activity of "Dreameed Travel of Children - Public Welfare of Safe Road for Children" with the government departments, professional institutions and interested parties. Centered on the core of "being aware of dangers and be capable of avoiding dangers" and based on professional courses of the overall system, the activity was carried out in a variety of forms, such as "Animation about Young Travel Man VS. Road Monster", "Melodrama for Children", "Course of Road Safety", "Safety Knowledge Card" and "Road Safety Play Chess", popularizing safety knowledge about road travel for children and safeguarding the children for road travel with all sections of the society. By the end of 2019, the "Dreameed Travel of Children" of GAC Honda had been launched in 530 authorized stores and 67 schools and kindergartens nationwide. Cumulatively, 13,000 parents,

students and teaches joined the off-line courses and the on-line page's views of safety courses reached 150 million.



▲ GAC Honda's Activity of Dreameed Travel of Children - Melodrama of "Young Travel Man VS. Road Monster"

GAC Toyota's Automobile Spirit - CSR Social Education Program

Since 2011, GAC Toyota has made open and deep explorations in traffic safety fields with powers of the society, promoted the innovation of "systematic traffic safety education" and advocated the three-in-one safety ideas of human, vehicle and traffic environment. Via a series of public benefit activities on traffic safety such as the automobile spirit safety courses and the automobile spirit tram, the "Automobile Spirit - CSR Social Education Program" has greatly promoted popularization of traffic safety education that the practical traffic safety knowledge has been spread to more than 0.66 million persons. In 2019, the sixth year of "Automobile Spirit Innovation Camp", the courses were given via the lively image of automobile spirit IP, making the children know the safe structure of automobile, stimulating their own creativity and imagination, rendering effective learning on traffic safety knowledge and driving the parents to concern on traffic safety with their children.



▲ Automobile Spirit Innovation Camp of GAC Toyota 2019

The activity of Wuyang-Honda "Safety China" increases car fans' safety awareness

From May to November of 2019, Wuyang-Honda held the activity Wuyang-Honda "Safety China" across 12 provinces. Wuyang-Honda worked with the professional safe driving teams, adopted the combined teaching mode of "theory + practical operation" and set courses from basic riding gestures and driver's sight, fine operations of accelerator and brake to evasive steering and turning skills (from basic to advanced knowledge), making the students learn more knowledge on safe driving of motorcycle and the car fans enjoy more riding funs. In 2019, 1,003 persons have participated in the Wuyang-Honda "Safety China" activity in total.



▲ Wuyang-Honda "Safety China" Activity

Concern on special demand

We have concerned on social problems and thought deeply on how to solve these problems via enterprise strength, meet the public's special demands and help the vulnerable groups integrate into the society as soon as possible, so as to actually feel prosperity and strength of China. The "Winter Sunshine" - the public benefit activity for bus of travel season of Spring Festival has been conducted by GAC Group for seven years¹, and the activity of "Give Way for Love, Warm Way Home" has been conducted by Wuyang-Honda for ten years². By continuously perfecting management modes and continuous project performance, more persons are benefited under the drive of love and the love is spread.

Departure of GAC Loving Home Returning Bus 2019

On January 26, 2019, GAC Group sponsored the "Loving Guangzhou, Winter Sunshine" of 2019 - the activity of loving home returning bus for the Spring Festival travel season, jointly held by Communist Youth League, Guangzhou Municipal Committee. Fifteen loving buses carried nearly 750 workers with desires for going home from Guangzhou to their respective hometowns, including East Guangdong, West Guangdong, North Guangdong, Nanning, Guigang and Wuzhou of Guangxi Province, Hengyang and Chenzhou of Hunan Province, Ganzhou and Ruijin of Jiangxi Province and other hot regions. The "Winter Sunshine" - the activity of GAC loving home returning bus had been launched for six years on 2019. Since its successful launch in 2014, the "Winter Sunshine" - the public benefit activity of spring festival bus has carried nearly 6,000 migrant workers home, making more and more workers and students in Guangzhou feel warm in Guangzhou.



▲ Migrant Workers Engaged in "Loving Guangzhou, Winter of 2019 - the Activity of Loving Home Returning Bus of GAC for Migrant Workers in Guangzhou

1. In January 2020, GAC Group has completed the 7th "Winter Sunshine" - the public benefit activity of bus for travel season of Spring Festival.

2. In January 2020, Wuyang-Honda had completed the 10th activity of "Give Way for Love, Warm Way Home".

"Give Way for Love" - Safeguard Way Home for Migrants by Wuyang-Honda

During each travel season of the Spring Festival, hundreds of thousands of migrants go their homes in Guangdong Province and Guangxi Province by riding motorcycles. Since 2011, Wuyang-Honda has worked with local government departments to conduct the public benefit activity of "Give Way for Love", safeguarding the motorcyclists going home and helping them safely return home. On January 23, 2019, Wuyang-Honda has continuously launched the activity of "Give Way for Love, Warm Way Home" for the 9th year. During the activity, 32 caring service stations and 6 caring services have been provided in the main national highways and provincial highways on the way home, helping the motorcyclists going home, providing professional service for the motorcyclists going home and making sure the motorcyclists reach home safely.



▲ Motorcycle Overhaul by Volunteers from Wuyang-Honda's Caring Service Station



◀ GAC Toyota volunteers send their respects to the elderly in the community nursing home. Since the establishment of the 15th club voluntary service team of GAC Toyota from 2018, volunteers have transferred positive energy and smile in a diligent form. The cumulative registered volunteers have reached 510 persons and totally 12 volunteer activities have been held.

GAC Nio donated RMB 30,000 to the public benefit activity for the visual impaired group, "Run for Your First Kilometer", held by Sun Yat-sen University - Lingnan College, and participated in the accompanied running activity for the visual impaired group

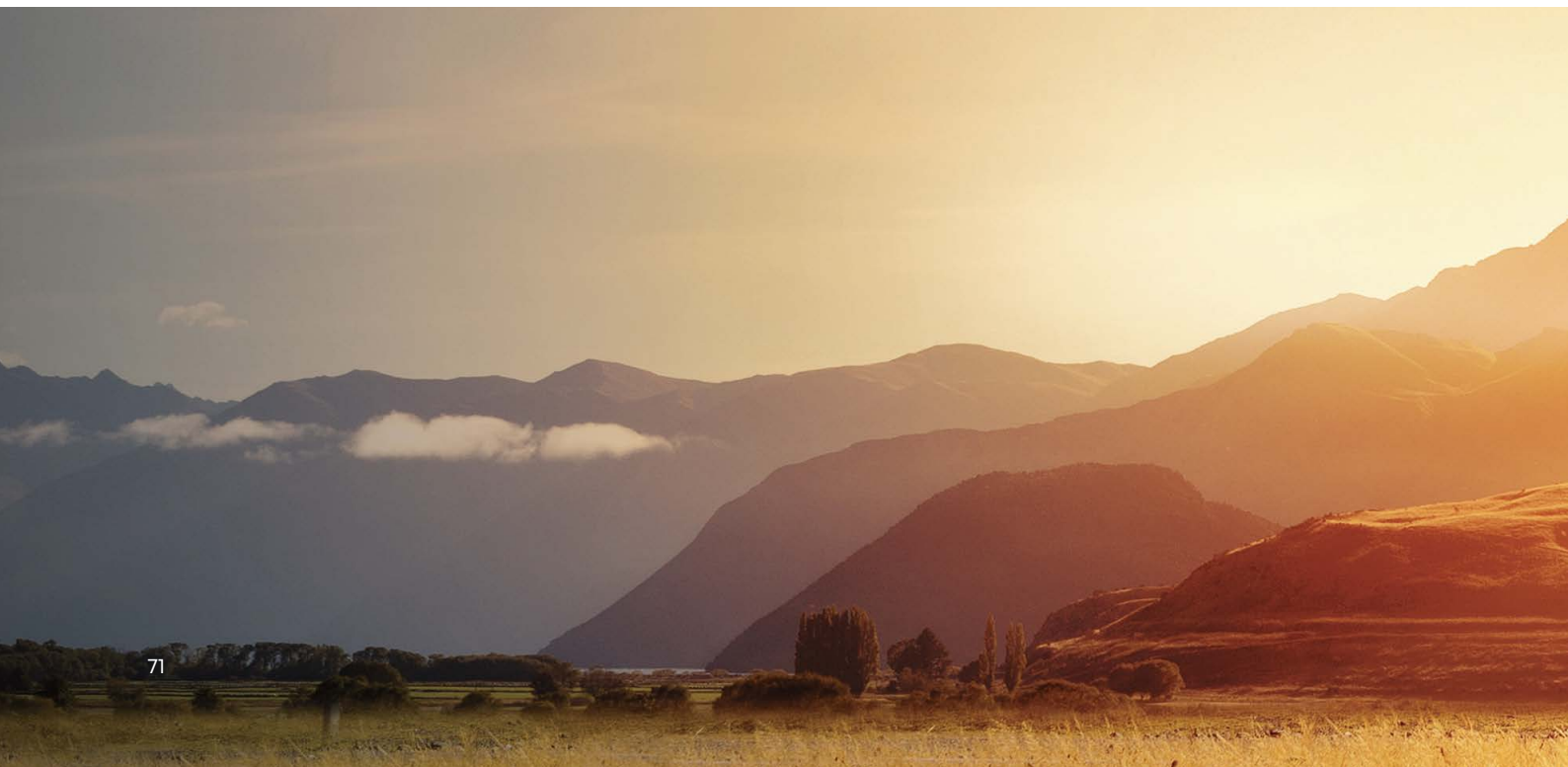


Future Prospect

2020 is the year of building a moderately well-off society in an all-round way and the last year of the "13th Five-year Plan". GAC Group will deeply implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and spirits of 19th National Congress of the Communist Party of China, adhere to and reinforce overall leadership of CPC, promote political construction, ideological construction, organizational construction, work style construction and discipline construction of CPC, carry out development ideas of "one center, two unshaken determinations, three transformations and four reformations", drive and quicken digital transformation and upgrade, advance deep reformation and stable development of enterprises and continuously create value, providing more abundant and better mobile life experiences for the people.

Stimulating vitality, trying the best for stable growth. We will act in accordance with the medium and long-term strategic layout, strategic planning objectives of the "13th Five Year Plan" and measures of the "e-TIME action" plan, closely adhere to the major strategic direction of transformation toward a scientific and technical, service type and digital enterprise, focus on key development fields such as advanced manufacturing industry, high-end producer service, core technology, new energy, intelligent drive, mobility and digitization, and fully digging out our development potentials. We will also deepen the reform of state-owned enterprises, further reinforce management on construction of modernization system and empower abilities coping with new market trends and sudden risks.

Honoring the customer, creating new service experience. We will continuously focus on quality products, highlight cultivation of star model, optimize product layout, continuously put forth new ideas and put effort into promoting product design, so as to create striking automobile products satisfied consumers and the markets and rapidly meet consumers' demand for change and innovation. Based on the customer experiences, we will build the digital "Golden Marketing Triangle" system, break the linear relationship between the conventional automobile manufacturer, the dealer and the user and build the biological structure among the three. We will also promote the integration of commerce and trade, expand automobile logistics, revive post-market service of automobile, quicken integration of industry and finance and provide multi-scenario service for customers.

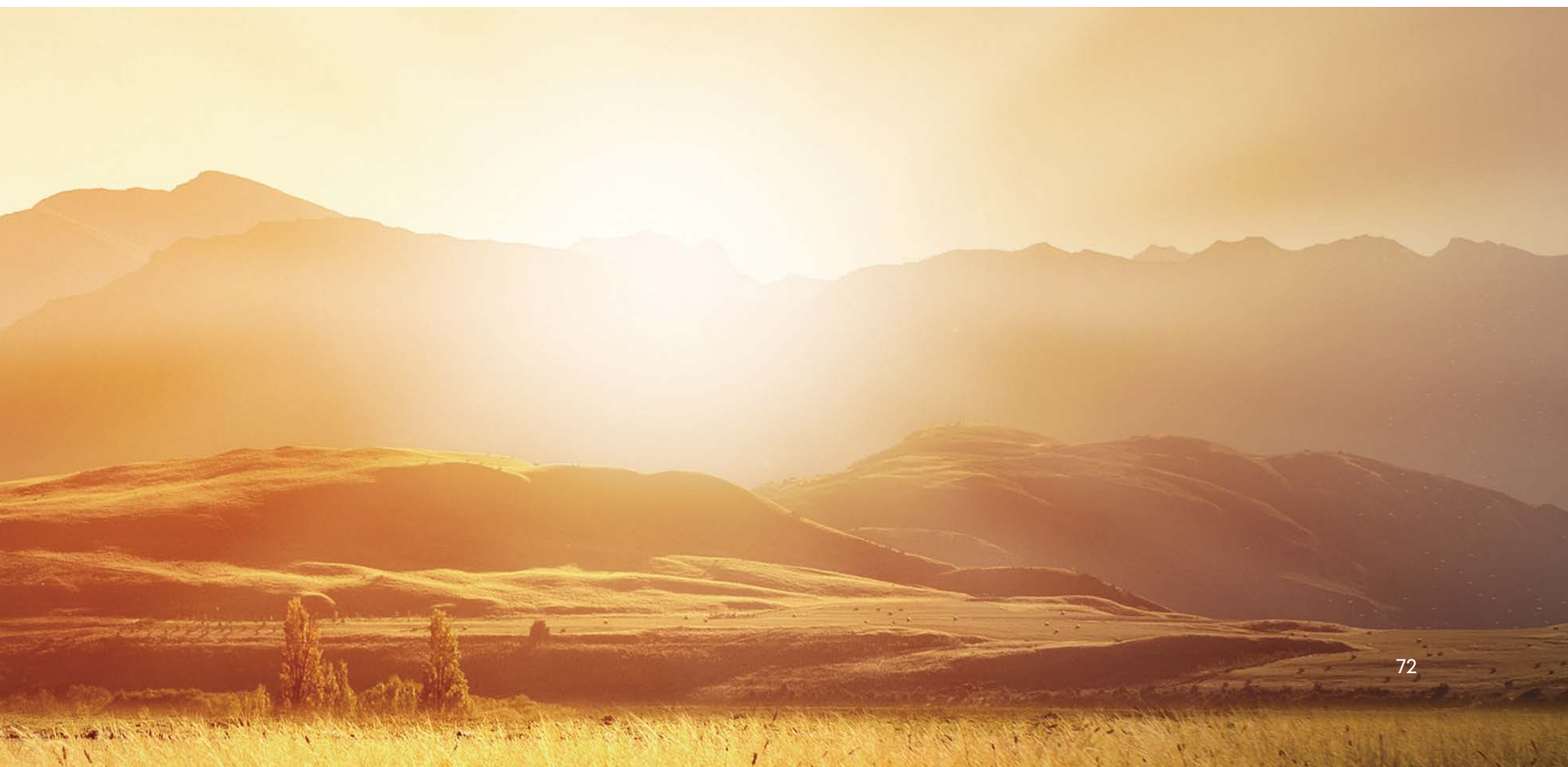


Driven by innovation, improving core competitiveness. We will perfect the integrated research, manufacturing and sales mechanism of our own brands, promote and stipulate strategic targets for our own brands and advance product planning and quality control. We will develop support and guide of scientific and technical innovation, optimize existing research and development system, improve capacities of our own innovation system, propel planning, layout and self-research and development of key system assembly and core parts and components, make expert arrangement and bring in global talents for core and key fields such as power assembly, quality management, intelligence, connectivity, new energy and big data, strengthen combination of research, industry and university, and build cross-field and cross-industry ecology of intelligence.

Making "four-orientation" development, overall cultivating new growth drive. We will keep up with electric, intelligent & connected, shared and digital development of the industry, stipulating technical route plans for intelligent networking, defining strategy for new car model with core intelligent networking technologies and promoting the development of key intelligent networking systems, parts and components. According to the development planning of the new energy automobile industry, we will optimize and perfect new energy strategies for our own brands, promote the development of key new energy systems, parts and components, and preliminarily make demonstrative operation conditions for fuel-cell vehicles. We will quicken and promote digital transformation of the Group and build the panorama for the digital application scenario. For the purpose of improving the "ON TIME" operation quality, we are going to make proactive innovation on the travel operation mode.

Making open cooperation, integrating resources for win-win goals. We are going to promote the internationalization process, continuously expand new market and explore diversified international cooperation forms such as KD production, OEM production and joint venture. We will improve the cooperation level of joint ventures and deepen cooperation on car model import, new energy, etc., so as to build a better benefit community. We also will promote open innovation and cross-border integration, and quicken innovation and cooperation on innovation technologies such as IOV, automatic drive and intelligent voice control.

In the coming year, we will continue to hold high the banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, remain true to our original aspiration, keep our mission firmly in mind and strengthen the construction of CPC, implement national strategic planning and policy deployment, turn our original aspiration and mission to conscious action promoting the high quality development and make a contribution to reviving the old Guangzhou, for purpose of becoming the world-class enterprise of global competitiveness as soon as possible, making great contribution to the social and economic development of Guangzhou and fighting with efforts for the Chinese dreams of bringing about a great rejuvenation of the Chinese nation.



Appendix

Key Performance Indicators of GAC Group

Indicator name	Unit	2017	2018	2019
Consolidated total assets	RMB 100 million	1,196.02	1,321.20	1,374.10
Gross revenue realized by the Group with joint ventures and affiliates	RMB 100 million	3,397.73	3,636.85	3,550.90
Consolidated business revenue	RMB 100 million	715.75	723.80	597.04
Automobile sales	10'000 units	200.10	214.79	206.22
Motorcycle sales	10'000 units	100.34	86.69	89.73
Total corporate income tax paid by the Group with its joint ventures and affiliates	RMB million	7,282.03	9,154.23	5,852.69
Net profits attributable to parent company shareholders	RMB 100 million	107.86	109.03	66.18
Basic earnings per share	RMB	1.65	1.07	0.65
Cash dividend	RMB 100 million	20.80	41.58	33.77
Rank in Fortune Global 500	Ranking	238	202	189
Patent applications	Nr.	516	1,212	1,455
Granted patents	Nr.	426	813	799
Total number of employees	Person	84,290	94,856	93,854
Proportion of female employees	%	16.70	17.55	17.82

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

GAC Motor:

Environmental Manual, Procedures for Pollutants Control and Management, Procedures for Identification and Evaluation of Environmental Factors, Procedures for Management on Environmental Objective, Indicator and Program, Procedures for Management on Environmental Monitoring and Measurement, Energy and Resource Management Procedure, Energy Management Regulation

GAC NE:

Energy and Resource Management Procedures, Water Pollutant Control and Management Procedures, Air Pollution Control and Management Procedure, Noise Control and Management Procedures, Solid Waste Management Procedures, Intelligent Mini-grid Management Procedures, Environment Protection, Management Procedures for Power Battery

GAC Honda:

Sewage Control Procedures, Procedures for Management on Solid Wastes, Noise Control Procedures, Air Pollution Control Procedures, Energy Management Procedures, Energy Review Procedures, Procedures for Management on Energy Benchmark Performance Parameters, Objectives and Indicators, Procedures for Stipulation and Implementation of Energy Management Plan, Procedures for Management on Energy Purchasing

GAC Toyota:

Emergency Plan for Environmental Accident, Pollutant Management and Control Procedures, Water Management Regulations, Electricity Management Regulation, Resource and Energy Management Procedures, Energy Target Indicator Control Procedures, Energy Review and Control Procedures, Construction Project Energy Control Procedures, Energy Service, Produce, Equipment and Energy Purchase and Control Procedures, Energy Monitoring and Measuring Equipment Control Procedures

GAC Mitsubishi:

Procedures for Management on Exhaust Gas, Dust, Noise and Wastewater, Energy Management Procedures, Measures for Management on Wastes, Dangerous Waste Management System of Painting Division, Dangerous Waste Management System

GAC FCA:

Air Pollution Control Procedures, Water Pollution Control Procedures, Dangerous Waste Management Procedures

GAC Hino:

Control and Management System for Exhaust Emission, Wastewater (Sewage) Control and Management Regulations, Solid Waste Management System

GAC BYD:

Regulations on Management of Environmental Protection, Regulations on Dangerous Waste Management

Wuyang-Honda:

Procedures for Control of Exhaust Gas Pollution, Procedures for Control of Resource and Energy Saving, Procedures for Control of Wastewater Pollution, Procedures for Prevention and Control of Splash and Leakage of Chemicals

List of Supplier Recruitment and Management Systems of GAC Group

GAC Motor:

Environmental Management Procedures for the Parties Involved, Assessment Procedures for Parts and Direct Material Suppliers, Procedures for Management on Qualification Authentication of Parts Suppliers, Procedures for Management on Matching Selection of Parts Suppliers, Procedures for Management on Strategic Cooperation of Parts Suppliers, Management Measures for Engineering, Equipment and Purchasing, Management Measures for Purchasing of Materials and Equipment and Spare Parts, Management Measures for Services and Trade

GAC NE:

Procedures for Assessment on Supply Cycles of Parts and Direct Material Suppliers, Procedures for Management on Productivity Construction and Supply Guarantee of Suppliers, Procures on Management on Claim Against Parts, Procedures for Management on Single Source Purchase, Procures for Management on Open Tendering of Project, Procures for Management on Optimal and Competitive Purchase

GAC Honda:

Procedures of Selection of Suppliers and Domestic Development, Measures for the Administration on Purchasing of General Articles, Measures for the Administration on Contract Review, Measures for the Administration of Bidding

GAC Mitsubishi:

Measures of GAC Mitsubishi for the Administration on Purchasing of General Articles, Measures of GAC Mitsubishi for the Administration on Purchasing of Items below RMB 0.1 million, Measures of GAC Mitsubishi Motors Co., Ltd. for the Administration on Bidding

Wuyang-Honda:

Administrative Regulations on Assessment for QCDDM Comprehensive Abilities of Supplier, Management Procedures for Selection and Assessment of Suppliers

GAC SOFINCO:

Purchase Management Details, Basic System for Outsourcing Risk Management, Management Details for Outsourcing Risk

Urtrust Insurance:

Purchasing Management System of Urtrust Insurance Co., Ltd.

List of the Anti-Fraud, Blackmail and Money Laundering Policies of GAC Group

GAC Finance:

Basic System for Management on Anti-Money Laundering & Anti-Terrorism Financing, Detailed Rules for Implementation of Freezing the Assets Involved in Terrorist Activity, Detailed Rules for Implementation of Customer's Money Laundering Risk Assessment and Classified Management, Detailed Rules for Implementation of Saving Customer Identity Data and Transaction Records, Detailed Rules for Implementation of Anti-Money Laundering Publicity and Training, Management Measures on Reporting of Block Trade and Suspicious Trade, Management Measures for Self-assessment of Money Laundering Risk, Management Measures for Anti-Money Laundering Check, Detailed Rules for Implementation of Anti-Money Laundering Confidentiality

GAC SOFINCO:

Detailed Rules for Anti-fraud Management, Basic System for Management on Money Laundering & Terrorism Financing, Detailed Rules for Management on Freezing the Assets Involved in Terrorist Activity, Management Details for Anti-Money Laundering Work of Retail Credit Business, Management Details for Anti-Money Laundering of Inventory Financing Business, Operation Details for Self-Evaluation of Customers' Money Laundering Risks, Customer Identity Recognition Details, Reporting Details of Dubious Transaction

Urtrust Insurance:

Anti-Fraud Internal Control System, Anti-Money Laundering and Anti-Terrorism Internal Control System of Urtrust Insurance Co., Ltd. for Management of Money Laundering Risks, Money Laundering Risk Management Measures of Urtrust Insurance Co., Ltd., Management Measures of Urtrust Insurance Co., Ltd. for Customer Identification and Keeping of Customer Identity Information and Transaction Records, Management Measures of Urtrust Insurance Co., Ltd. for Reporting Block Trading and Dubious Transactions, Management System of Urtrust Insurance Co., Ltd. for Freezing the Assets Involved in Terrorist Activity, Operation Guide of Urtrust Insurance Co., Ltd. to Self-Evaluation of Money Laundering Risks, Management Measures of Urtrust Insurance Co., Ltd. for Emergency Disposal of Major Money Laundering Cases

GRI Standard Index

	Disclosure items of general standards	Index position	
Organization generalization	102-1	Name of the organization	P5
	102-2	Activities, brands, products and service	P5
	102-3	Location of headquarters	P5
	102-4	Location of operation	P5
	102-5	Ownership and legal form	P5
	102-6	Markets served	P5
	102-7	Scale of the organization	P5
	102-8	Information of the employees and other workers	P59
	102-9	Supply chain	P56
	102-10	Significant changes of the organization and its supply chain	Not involved
	102-11	Precautionary approach or principle	P74-75
	102-12	External initiatives	Not disclosed
	102-13	Membership of associations	Not disclosed
Strategy	102-14	Statement from the senior decision-maker	P1-2
	102-15	Key impacts, risks and opportunities	P1-2
Ethics and integrity	102-16	Values, principles, standards and codes of conduct	P17-18
	102-17	Mechanism of suggestions on ethics and concerns	P25-26
Governance	102-18	Governance architecture	P22
	102-19	Authorization	P25
	102-20	Administrative management's responsibilities for economic, environmental and social issues	P25
	102-21	Exchange views about economic, environmental and social issues with the stakeholders	P26
	102-22	Composition of the senior governing body and its committee	P22
	102-23	Chairman of the most senior governing body	P1
	102-24	Nomination and selection of the most senior governing body	P22
	102-25	Conflict of interest	Annual report
	102-26	Roles of the most senior governing body on formulation of purpose, value and strategy	Not disclosed
	102-27	Collective cognition of the most senior governing body	Not disclosed
	102-28	Performance evaluation of the senior governing body	Not disclosed
	102-29	Identification and management of economic, environment and social impacts	P25
	102-30	Effects of risk management process	P25
	102-31	Review of economic, environmental and social issues	Not disclosed
	102-32	Roles of the most senior governing body in sustainability development report	P25
	102-33	Communication for important concerns	P25
	102-34	Property and total number of important concerns	P25
102-35	Remuneration policy	P59	
102-36	Process to decide the remuneration	Not disclosed	
102-37	Stakeholder's participation in remuneration decision	Not disclosed	
102-38	Ratio of annual total remuneration	Not disclosed	
102-39	Growth rate of annual total remuneration	Not disclosed	
102-40	List of stakeholders	P26	
Participation of stakeholders	102-41	Collective bargaining agreement	Not disclosed
	102-42	Identification and selection of stakeholders	P26
	102-43	Stakeholder's participation policy	Not disclosed
	102-44	Main issues and concerns proposed	P26

Disclosure items of general standards			Index position
Report practice	102-45	Entities included in the combined financial statement	P11
	102-46	Definition of report contents and issue boundary	Cover 2
	102-47	List of substantive issues	P26
	102-48	Information restatement	Not involved
	102-49	Report change	Not involved
	102-50	Report period	Cover 2
	102-51	Latest report date	Cover 2
	102-52	Report period	Cover 2
	102-53	Information about the contact person answering the related problems in the report	Cover 2
	102-54	Statement conforming to GRI standards reported	Cover 2
	102-55	GRI content index	P76-78
	102-56	External authentication	Not involved
Management measures	103-1	Descriptions about substantive topics and their boundaries	P26
	103-2	Management methodology and its components	P5
	103-3	Assessment on management measures	Not disclosed
Economic performance	201-1	Direct economic value generated and distributed	P73
	201-2	Financial implications and other risks and opportunities due to climate change	P46-50
	201-3	Compulsory benefit plans and other retirement plans	Not disclosed
	201-4	Financial subsidies provided by the government	Not involved
Market performance	202-1	Ratio of standard starting salaries by gender to the local lowest salary	Not disclosed
	202-2	Ratio of senior executives employed from the local community	Not disclosed
Indirect economy impact	203-1	Investment on infrastructures and supporting service	P65
	203-2	Major indirect economic impacts	P1
Procurement practice	204-1	Ratio of expenditure for procurement from the local suppliers	Not disclosed
Anti-corruption	205-1	Operation sites that have been subject to corrosion risk assessment	P24
	205-2	Communication and training of anti-corrosion policies and procedures	P24
	205-3	Confirmed corrosion events and actions taken Improper competitive behavior	P24
Improper competitive behavior	206-1	Lawsuits for improper competitive behavior, antitrust and anti-monopoly practices	Not involved
Material	301-1	Weight or volume of the used materials	P51
	301-2	Recycled feed materials used	P51
	301-3	Recycled products and their packaging materials	P51
Energy	302-1	Energy consumption inside the organization	P48
	302-2	Energy consumption outside the organization	Not disclosed
	302-3	Energy intensity	P48
	302-4	Reduction of energy consumption	P48
	302-5	Energy demands reducing products and services	P49-50
Water resources	303-1	Water intake divided by the source	Not involved
	303-2	Water resource significantly impacted by water intake	Not involved
	303-3	Water recycle and reuse	P49
Biodiversity	304-1	Organization of operation sites that have, lend and manage bio-diverse areas located in or close to and outside the protection zone	Not involved
	304-2	Major impacts on biodiversity from activities, products and services	Not involved
	304-3	Protected or reconstructed habitats	Not involved
	304-4	The habitats affected by operation, listed into IUCN Red List and the national protection list	Not involved
Emission	305-1	Emission of direct (category 1) greenhouse gas	P48
	305-2	Emission of indirect (category 2) greenhouse gas of energy	P48
	305-3	Emission of other indirect (category 3) greenhouse gases	P48
	305-4	Emission intensity of greenhouse gas	P48
	305-5	Emission reduction of greenhouse gas	P48
	305-6	Emission of ozone depleting substances (ODS)	P48
	305-7	Emission of nitric oxide (NOX), sulfur oxide (SOX) and other major gases	P48
Sewage and wastes	306-1	Total discharging capacity classified by water quality and discharge destination	Not disclosed
	306-2	Total wastes classified by category and handling method	P48

Disclosure items of general standards			Index position
	306-3	Major leakage	Not involved
	306-4	Transportation of hazardous wastes	Not involved
	306-5	Water affected by drainage and/or runoff	Not involved
Environmental compliance	307-1	Violation of environmental laws and regulations	Never happened
Assessment on the supplier's environment	308-1	New supplier screened by the environmental standards	Not involved
	308-2	Negative effects of the supply chain on the environment and the actions taken	P56
Employment	401-1	Turnover rates of new employees and employees	P59
	401-2	Welfare provided to the full-time employees (exclusive of temporary or part-time employees)	P62
	401-3	Childcare leave	P59
Labor-capital relationship	402-1	Shortest notice period for the operation change	Not disclosed
Occupational health and safety	403-1	Workforce represented in joint management - worker health and safety committees	Not disclosed
	403-2	Ratios of industrial injury categories, occupational injury, occupational diseases, lost work days, absenteeism	P60
	403-3	Workers engaged in occupations with high prevalence of occupational diseases or high occupational disease risk	P60
	403-4	Health and safety topics covered in formal agreements with trade unions	Not disclosed
Training and education	404-1	Average hours of training per year per employee	P61
	404-2	Employee skill improvement plan and transition assistance plan	P61
	404-3	Percentage of employees who regularly accept performance and career development appraisal	Not disclosed
Diversity and equal opportunity	405-1	Diversity of governing body and employees	P61
	405-2	Ratio of basic salaries to remuneration of man and woman	Not disclosed
Anti-discrimination	406-1	Discrimination incident and corrective actions taken	Never happened
Freedom of association and collective bargaining	407-1	Operation sites and suppliers' rights of freedom of association and collective bargaining that may encounter risks	Not involved
Child laborer	408-1	Operation sites and suppliers having the risk of major child laborer incidents	Not involved
Forced or compulsive laborer	409-1	Operation sites and suppliers having major risk of forced or compulsive labor incidents	Not involved
Security practice	410-1	Security personnel trained for human rights policies or procedures	Not disclosed
Rights of aborigines	411-1	Incidents involving infringement on the rights of aborigines	Never happened
Assessment on human rights	412-1	Operation sites subject to review of human rights or impact assessment	Not involved
	412-2	Employee training on human rights policies or procedures	Not disclosed
	412-3	Important investment protocols and contracts that include articles of human rights or have been subject to review of human rights	Not disclosed
Local community	413-1	Operation sites, with attendance of the local community, affecting assessment and development plans	Not disclosed
	413-2	Operation sites having actual or potential significant negative influence on the local community	Not involved
Supplier's social assessment	414-1	New suppliers screened by the society standard	Not disclosed
	414-2	Negative influence of supply chain on the society and the actions taken	P56
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Customer's health and safety	416-1	Assessment on health and safety impacts of the product and service categories	P34-35
	416-2	Violations involving health and safety of products and services	Never happened
Marketing and Identification	417-1	Requirements for products and service information and marks	Not disclosed
	417-2	Violations involving products and service information and marks	Never happened
	417-3	Marketing violations	Never happened
Customer's privacy	418-1	Proved complaints relating to infringement on customer's privacy and missing of customer's information	Never happened
Social economic compliance	419-1	Laws and regulation violating social and economic fields	Never happened

ESG Index

Main scope, level, general disclosure and KPI			Page No.
A.Environment			
Level A1: effluents	General disclosure	Disclosure about relevant exhaust gas and greenhouse gas emissions, discharges into water and land, hazardous and non-hazardous waste: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P49、 P74
	KPI A1.1	Types of emissions and relevant emission data.	P48
	KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P48
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P48
	KPI A1.4	Total non-hazardous waste produced (in ton) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P48
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	P49-50
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P49-50
Level A2: resource utilization	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P49、 P74
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (per 1,000 KWh) and intensity (e.g. per unit of production volume, per facility).	P51
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P51
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P49-50
	KPI A2.4	Description of whether there is any issue about sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not involved
	KPI A2.5	Total packaging material used for finished products (in ton), and, if applicable, proportion of per production unit.	P51
Level A3: Environment and natural resources	General disclosure		P74
		Policies on minimizing the issuer's significant impact on the environment and natural resources.	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P48
B. Society			
Level B1: Employment	General disclosure	Disclosure about compensation and dismissal, recruitment and promotion, working hours, vocations, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P59
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	KPI B1.2	Employee turnover rate by age group and geographical region.	P59
Level B2: Health and safety	General disclosure	Disclosure about providing a safe working environment and protecting employees against occupational hazards: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P60
	KPI B2.1	Number and rate of work-related fatalities.	P60
	KPI B2.2	Lost days due to work injury.	P60
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P60

Main scope, level, general disclosure and KPI			Page No.
Level B3: Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		P61
	KPI B3.1	Percentage of employees trained by employee category (e.g. senior management and middle management).	P61
	KPI B3.2	Average training hours completed per employee by gender and employee category.	P61
Level B4: labor standards	General disclosure Disclosures about preventing child and forced labor: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		P59
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Not disclosed
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Not disclosed
Level B5: Supply chain management	General disclosure Policies on managing environmental and social risks of supply chain.		P75
	KPI B5.1	Number of suppliers by geographical region.	P56
	KPI B5.2	Description of practices relating to engaged suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	P56, P74
Level B6: product liability	General disclosure Disclosure about health and safety, advertisement, label and privacy matters relating to products and services provided and methods of redress. (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		P36
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P34
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P37
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P40
	KPI B6.4	Description of quality assurance process and recall procedures.	P34-35
	KPI B6.5	Description of consumer data guarantee and privacy policies, and how they are implemented and monitored.	Not disclosed
Level B7: Anti-corruption	General disclosure Disclosure about bribery, extortion, fraud and money laundering: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		P23, P75
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not disclosed
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Level 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.		P65
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P65-70
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P65-70

Feedback Form

To continuously improve our social responsibility efforts and enhance our ability to perform social responsibility, we want very much to hear your opinions and suggestions.

We would like you to assist in answering the questions in this feedback form and return it to us as described below:

Tel: +86 20 8315 1139

Email: csr@gac.com.cn

Address: GAC Center, No. 23, Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, China

Your information

Name: _____

Employer: _____

Tel: _____

Email: _____

Feedback

1. Your overall rating of our social responsibility report:

Excellent Good So-so

2. Do you think the report can reflect the significant influence of the company on the economy, society and environment?

Yes Average N/A

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed herein?

Very high High Average Low Very Low

4. How do you rate the performance of the company in serving customers and protecting their interests?

Excellent Good Average Low N/A

5. Which part(s) of the report is/are you most satisfied with?

6. What information do you hope to know about further?

7. What are your suggestions on our future release of the report?



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