

Great Wall Motor Company Limited

Corporate Social Responsibility Report 2016

I. Corporate Overview

(I) Corporate Profile

Great Wall Motor Company Limited (“Great Wall Motor” or the “Company”) is the largest SUV and pick-up truck manufacturer in the People’s Republic of China (the “PRC”). The H Shares and A Shares of the Company were listed in Hong Kong in 2003 and in the PRC in 2011, respectively. Currently, the Company has three product brands, namely Havel, Great Wall and WEY, covering three major product lines of SUVs, sedans and pick-up trucks. The Company has two production bases in Baoding and Tianjin, and is able to independently produce engines, transmissions, and other core parts and components. The Company has over 40 subsidiaries and more than 70,000 employees.

Adhering to its corporate philosophy of “making progress every day”, with its advanced corporate culture and management teams, the Company has established unique operating and management models. Its performance is one of the best in the automobile industry in mainland China.

In recent years, the development potential of Great Wall Motor has been widely recognized. It has been accredited as the first of the “China Union Top 100 Listed Company Results” (「中聯上市公司業績百強」) and one of the “Most Valuable Listed Automobile Companies” (「最具價值汽車類上市公司」) and “Top Ten Listed Automobile Companies in the PRC” (「中國汽車上市公司十佳」). It has also been repeatedly selected as the “Top 500 Enterprises in the PRC” (「中國企業 500 強」), the “Top 500 Machinery Enterprises in the PRC” (「中國機械 500 強」), the “Top 500 Manufacturers in the PRC” (「中國製造 500 強」). The Company has been named as the “Recommended Brand for Export” (「推薦出口品牌」) by China Chamber of Commerce for Import and Export of Machinery and Electronic Products and the “Automobile Export Enterprises of the PRC” (「國家汽車整車出口基地企業」) by the Ministry of Commerce of the PRC and the National Development and Reform Commission.

Products are developed under the brand philosophy of “Focus, Dedication, Specialization” with high-tech and high-performance features. It is the strategy of Great Wall Motor to produce high-quality products. The strategic approach of Great Wall Motor is to focus on the production of high-end automobiles. Great Wall Motor is committed to developing Havel into a world-class professional SUV brand.

Great Wall Motor has maintained its leading positions in both the overseas and domestic markets. In the domestic market, the sales volume of SUVs has ranked first for 14 consecutive years while the market share and sales volume of pick-up trucks of Great Wall Motor have also ranked first for 19 consecutive years. In the overseas market, the brand recognition and reputation of Great Wall Motor have been improving.

(II) Corporate Culture

Great Wall Motor has been established for more than 20 years. The management has been committed to the mission of “surprising customers, improving well-being of staff, creating value for customers and contributing to the community”. Based on the corporate philosophy of “making progress every day”, the Company has developed an extraordinary corporate culture to promote loyalty of staff, customers and business partners by virtue of the essences of fidelity, integrity, creativity and quality, which provides perpetual momentum to Great Wall Motor for its development as a legend of the industry as well as its sustainable and coordinated development.

II. Shareholders and Protecting the Rights and Interests of Shareholders

(I) Prudently performing the obligation of information disclosure

The Company has established an effective information disclosure management system and actively performed the obligation of information disclosure in accordance with the laws and regulations including 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 the Administrative Measures for the Disclosure of Information of Listed Companies as well as relevant rules and regulations of the Company. It has ensured the truthfulness, accuracy, completeness and promptness of the information disclosure and guaranteed that all shareholders have equal access to the disclosed information of the Company.

(II) Striving to maximize the interests of shareholders

In pursuit of mutual benefit and harmonious cooperation, the Company actively expanded its business coverage in domestic and international automotive market to enhance profitability. In tandem with its sustainable development and balanced dividend distribution among shareholders, the Company also attached great importance to the investment returns. Dividends have been distributed every fiscal year since its listing. As of 2015, the Company has distributed dividends of approximately RMB10.892 billion in aggregate. Pursuant to the proposed profit distribution plan of the Company for 2016, every 10 shares should be distributed with a cash dividend of RMB3.5 (tax inclusive) and a total of approximately RMB3,194,544,150 will be distributed as cash dividends.

(III) Strengthening the investor relations management

1. The Company has exerted effort in the management of its investor relations. Corporation information was disclosed on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company in strict compliance with the provisions of relevant documents such as 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 the articles of association of the Company. As such, investors can keep abreast of the operation conditions of the Company.

2. The Company will explain its operating results to its investors through various channels, such as road show and telephone conference, after its operating results have been announced.
3. Designated personnel have been appointed by the Company to give objective and truthful answers to the questions raised by investors through various channels, such as telephone, email and e-interaction at the Shanghai Stock Exchange (上交所 e 互動), without violating relevant laws and regulations. As a result, its prompt communication with investors has been ensured.

III. Protecting the Rights and Interests of Employees

Based on the strategic objective of “a strong enterprise underpinned by talents” and adhering to the principle of “talents are the foundation of car production”, Great Wall Motor focuses on talent development and provides a platform for career development of various talents. A high caliber, career-specific and passionate workforce has been developed to serve as a strong talent base to facilitate the achievement of the visions and targets of the Company. Under the “people-oriented and staff caring” approach, the Company has developed a safe and healthy work environment as well as a simple and transparent work atmosphere. Through a visible career development platform, staff can develop their career along with the Company. The Company provides a distinctive happy life platform to ensure work-life balance so as to fulfill the target of providing its employees with a career secure living and happiness.

(I) Providing a safe and healthy workplace based on people-oriented philosophy

1. Enhanced occupational health and safety management

Pursuant to the principle of “safety is top priority and prevention is the answer”, the Company strictly complies with the Law of the PRC on Work Safety (《中華人民共和國安全生產法》), Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), Fire Protection Law of the PRC (《中華人民共和國消防法》) and other laws and regulations as well as the work safety accountability system at all levels. The Company has continued to improve the occupational health and safety management system to ensure its applicability, adequacy and effectiveness. Through strengthened assessment, employees are motivated to contribute in work safety and to ensure the effectiveness of safety activities. Safety responsibility is achieved through performance appraisal. Safety incidents have been effectively prevented. The Company has also launched monthly activities such as the Safety Month (安全月) and Fire Prevention Month (消防月) to promote a good safety culture and atmosphere.

2. *Continuously improving work environment*

Through a regulated operation according to safety work standards, the Company has practically enhanced the workplace safety. The Company systematically identified occupational risk factors through workplace operation observation, analysis of tasks and experience and equipment inspection. The items, measurement and indices of occupational health environment inspections in major workplaces are identified for regular review and dynamic management. Professional institutions are retained to conduct annual inspection and assessment of toxic and hazardous workplaces. The Company increased investment to improve dust and noise reduction in workplaces, to prevent occupational risk factors arising from the use of raw materials and work process. The Company has maintained comprehensive staff health records and organized regular staff health examinations. Standard safety work tools are provided whenever necessary. It has been the practice of the Company to take both prevention and remedial safety measures. The Company has continued to improve occupational health and safety conditions through automation and improvement in engineering and work processes. It is the objective of the Company to create a safe, healthy and comfortable work environment.

3. *Improved contingency plan*

The Company has a firefighting team to inspect firefighting equipment and the safety measures of workplaces. It is also responsible for the establishment of on-site safety contingency plans and the improvement of fire prevention facilities in major fire prevention areas to enhance the emergency management of risks relating to fires and explosions of oil tanks, dangerous goods stores and painting workshops. With the formulation of comprehensive plans, special plans and on-site emergency plans, regular drills based on the specific firefighting levels of each area are organized in order to evaluate and improve the procedures of emergency drills, which have strengthened the emergency management of significant risks of the Company.

(II) Recruiting talents at all levels

1. *Recruiting highly-educated graduates of key universities*

Great Wall Motor has recruited graduates majoring in automobiles and mechanics as its core workforce for technology research and development. The Company has 16,561 employees with a bachelor's degree or above. A postdoctoral research institute was established in May 2006 upon the approval of the Ministry of Personnel of the PRC and the National Post-doctoral Management Committee (全國博士後管委會). The expertise of the graduates is well recognized, employed and developed by Great Wall Motor which in turn provides those graduates with an extensive platform for career development.

2. *Employing college and matriculate graduates and interns*

In last three years, a total of 37,056 tertiary-level and secondary-level graduates (including high school graduates) have been employed by Great Wall Motor and

have made tremendous contributions to the development of the Company and the community. In addition, Great Wall Motor has established close relationship with tertiary institutions in Hebei province to organize internship programs for graduates majoring in mechanics and automobiles to acquire practicing experience. More than 8,500 interns were recruited by Great Wall Motor in 2016 under such program. These interns had the opportunities to acquire professional skills, to understand the operation of a corporate and to earn social experience so as to determine their career development path.

3. *Employment of laid-off civil servants*

In order to protect the livelihoods of retired soldiers and to maintain social stability, the Company provides various positions for retired soldiers.

4. *Various staff training and development programs*

Through innovative staff training methods, the Company improved the skills and speeded up the development of its staff in accordance with the business needs. Having reviewed its internal establishment, the external market conditions and its human resources, the Company introduced development and training systems for various staff at different levels. All-round management executives are developed through job rotation, assignment of major tasks, external training and consultation. Senior technicians and senior management executives are trained through our internal models, “one-on-one” training, cooperative problem solving, and experience accumulation and impartation. General management and technical staff are trained through job rotation, problem solving, project management, external training and consultation. Skillful technicians are trained through external professional training, study of industry benchmarking, practical skill training, study of special equipment manual and on-the-job training.

(III) Establishing a career development platform for staff development

1. *Multi-channel and transparent career paths to facilitate staff development*

The Company has created four major career and job rotation paths covering “management, technology, expertise and skill”, in order to provide a comprehensive career development platform and to align the personal career development and corporate development. All employees, including senior management, are provided the opportunities of vertical promotion and horizontal rotation. Position responsibilities, learning requirements, ability and performance requirements, and remuneration packages are clearly defined to create a transparent internal and external career development system to motivate staff development.

Staff development of the Company is based on performance appraisal and ability evaluation. The Company has established a career development system based on fair and equal internal competition, competency training, remuneration adjustment, consultation and guidance.

2. *Fair, open, equal and transparent promotion system*

Under the principle of “fairness, openness, competition and superiority”, the Company clearly specified the criteria for promotion in respect of knowledge, experience or achievement, expertise, improvement and innovation. Employees are selected for promotion through qualification assessment, performance assessment, professional test, post-matching evaluation and personal interview. Vacancies are posted for open application. Candidates are selected through investigation and are required to pass a probation period before confirmation of promotion. A fair promotion system has been established for various positions through selection and competition.

(IV) Creation of Joyful Life for Employees to Promote Sense of Belonging and Satisfaction

1. *Showing care for employees based on the philosophy of people-orientation to improve their sense of happiness*

Employees are the backbones to support the sustainable development of our business. Seeking happiness for them is one of our core objectives. Pursuant to our mission of “Happiness in our Small City”, Great Wall Motor launched six “happiness projects” for our employees who are mainly at their young ages. The Company has developed the “Great Wall City”, a new motor city with Great Wall Home at its centre for employees of Great Wall Motor, to create a unique living environment with a perfect blend of life, work and culture.

Income guarantee: the income of general staff is competitively high in Baoding and the income of key positions is comparable to that of the peers in tier-one cities;

Transportation: special offers for car purchases and fuel subsidies are provided and bus stops are jointly developed by Great Wall Motor and the government;

Leave policy: employees are released from work when temperature is too high; staff can take vacation to visit relatives or go for a journey to relieve work pressure; and our Chinese New Year holidays are longer than that required by the law so that our employees can have more time for gathering.

Health: stadiums, badminton courts, table tennis rooms and aquatics centres are available and free annual health checkups for employees are provided;

Living provisions: employees are provided with quality public and household services and shopping offers.

In addition, the Company provides well-furnished free accommodation and down payment loans for young employees to buy houses.

Adhering to the philosophy of “people-oriented and care for employees”, the Company provides various living guarantees and personal supports so that they can concentrate on their works with more initiatives and enjoy their happy lives.

2. *Complying with labor laws and regulations and protecting the rights and interests of employees*

In full compliance with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant regulations, the Company implemented the policy of employment, working hours and dismissal and entered into labor contracts with employees. The Company contributes statutory social insurance for all employees to dispel their worries. We treat all genders equally and no discrimination of gender, race, tribe, religion and physiological condition is allowed for staff recruitment. The legal rights and interests of employees are protected. The employment of child labor is not allowed and is prevented by the use of ID card verification system. For the women employees, especially those in pregnancy, the Company strictly complies with the laws and regulations in respect of working hours, intensity and environment. Gifts are provided to women employees on 8 March every year.

IV. Protecting the Rights and Interests of Suppliers and Customers

(I) Protecting the rights and interests of suppliers

The Company facilitates its growth by maintaining its integrity and honesty. The Company established a mutual-benefit relationship with suppliers through fair, equal, open and transparent cooperation. “Sunshine Agreement” (《陽光協議》) was signed as a base for cooperation and to promote the sense of integrity and to regulate the cooperation. Corruption is strictly prohibited to protect the benefits of suppliers. The cooperation platform is maintained as a major support for sustainable and healthy cooperation. To regulate the conducts of employees, all key personnel of the Company are required to sign the Ethical Conduct Commitment (《廉潔承諾書》). The cooperation between the Company and the suppliers is governed by the Regulations on Integrity of Cooperating Parties (《合作方廉潔制度》) and the Sunshine Agreement (《陽光協議》). The procurement, tender and other essential operation of the Company are subject to the

inspection of a supervision department and a public hotline and mailbox of the chairman are provided for whistle-blowing so as to effectively safeguard the interests of the cooperating parties.

The Company closely cooperated with suppliers in product research and development, quality control and product delivery for mutual benefits. As the market price of raw materials is highly volatile, the Company entered into a Price Adjustment Agreement (《價格聯動協議》) with suppliers to protect their interests and guarantee their profit margin. VA/VE activities were jointly organized with suppliers to improve quality, cost and delivery for mutual benefits. Problems and complaints in respect of research, production, delivery and distribution are collected from suppliers through various channels for consideration and improvement by relevant departments so as to improve the satisfaction of suppliers.

(II) Protecting the rights and interests of customers

In accordance with the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Law of the PRC on Product Quality (《中華人民共和國產品質量法》), the Advertisement Law of the PRC (《中華人民共和國廣告法》) and other relevant laws and regulations, the Company has long been pursuing its strategic objective of becoming a market leader highly acclaimed by customers. It strives to provide customers with high-quality service experience under the principle of “integrity, sincerity, professionalism and uniqueness”.

In order to improve its competitive edges, the Company established an industry-leading sales and services system to create excellent customer experience. The “1+N” network was developed and “rural projects” were launched to facilitate regional integration for refined regional management. The Company focused on the development of service functions and the enhancement of brand image to provide customers with more convenient and better services.

The Company made good use of the internet to promote online sales. It is an objective of the Company to develop the most reliable car service platform. The Company adopted an innovative business mode by using mobile internet technologies. The best seamless O2O customer services are provided through our Haval+Users comprehensive internet ecosystem.

Customer satisfaction is measured by five indices, namely staff competence, integrity, quality, sincere care and brand image. Self-improvement of all network terminals is encouraged by policies. Based on the demand of customers, the Company innovated service experience and surprised the customers, which led to a boost in general service quality and efficiency and promoted the loyalty of customers.

In order to effectively protect the rights and interests of customers, the Company launched a reliable service system. The Company provides reliable services in car production, provision of accessories, and repair and maintenance so as to improve customer satisfaction and brand image.

No matter how insignificant, dissatisfaction of customers can be a reflection of big problem. The Company handles complains carefully and sincerely to gain trust and satisfaction of customers through the provision of professional and convenient technical supports by our frontline technicians. Customer complains can be handled promptly by our technicians strategically deployed to different regions and skilful personnel at sales points.

To effectively protect the security of customer information, the Company has established a customer data and information control system. The rights of access, distribution and authorization are strictly determined. The management, process and security technology of customer information are comprehensively controlled.

The Company has maintained General Enquiry (萬事通) and Sunshine Platform (陽光曬平台) to eliminate the communication bottleneck with suppliers. Effective channels were established to receive feedbacks from distributors so as to create an equal, fair, open and transparent cooperation environment. The Company also forged a win-win relationship among suppliers and sales agents based on the concept of sincere cooperation and mutual benefits.

V. Product Health and Safety

Great Wall Motor aims to maintain the harmony among human, automobile and the environment by focusing on the health and safety of automobile products. Pursuing its customer-oriented and innovative development strategies, the Company provides high quality, healthy and safe automobile products. It is also our contribution to the community as a social responsible corporation. All employees of the Company are involved in product improvement. The Company has established a management system for the whole process of product design and development, covering planning, input, evaluation, testing, decision making, process control and after-sales services.

(I) Emission control

1. Fully understanding laws and regulations to ensure strict compliance in operation

With a full understanding of relevant laws and regulations such as the Limits and Measurement Methods for Emissions from Light-duty Vehicles (GB 18352) (《GB 18352 輕型汽車污染物排放限值及測量方法》) and the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國空氣污染防治法》), the Company examined the features of the vehicles at their initial development stage and carried out the works in strict compliance with the requirements of relevant documents so as to ensure that the products are in compliance with or of higher level than the national standards.

2. *Emission control by setting up emission standards*

During the product research and development process, the highest standard is always adopted for emission control. The standards of emission of our products are generally higher than the international standards for a particular model adopted by the local markets.

3. *Passing all tests and inspections and continuous improvement*

The Company tests the compliance of emission standards in stages through the platforms of RDM and TDM to ensure the validity of examination. The Company analyzes the results of each test to determine whether the standards are met and identify any insufficiency for determination of further improvement and re-examination. Experts are involved to participate in the analysis to better understand the situation.

(II) Control of VOC

1. *In-depth study of VOC for determination of standards for the design and use of VOC*

In order to offer healthy, green, care-free and pleasant driving experience to our customers, the Company conducts in-depth study on VOC in accordance with international and national standards (such as the Guideline for Air Quality Assessment of Passenger Car (GB/T 27630) (《GB/T 27630 乘用車內空氣質量評價指南》) and the Determination of Volatile Organic Compounds and Carbonyl Compounds in Cabin of Vehicles (HJ/T)) (《HJ/T 400 車內揮發性有機物及醛酮物質採樣測定方法》) and determines the standards for the control of various VOC materials and products, including “Regulations on the Quantity of Restricted Solvent and Volatile Organic Compounds in Interior Decoration and Painting” (《汽車內飾塗料中限用溶劑及揮發性有機化合物限量要求》) and “Regulations on the Quantity of Volatile Organic Compounds and Aldehydes in Non-metallic Automotive Parts” (《車內非金屬零部件揮發性有機物及醛類物質限值要求》). All standards adopted by the Company are determined by a specific department in accordance with the requirements of the government, the industry and the market and are regularly reviewed and revised.

2. *Standard professional tests at various stages*

The Company has a team of professional VOC inspectors and all necessary facilities, instruments and laboratories to conduct VOC testing. The Company has determined VOC testing standards, including “Sampling of Volatile Organic Compounds and Aldehydes in Non-metallic Automotive Parts” (《車內非金屬零部件揮發性有機物及醛酮類物質採樣測定方法》) and “Testing Methods and Quantity of Volatile Organic Compounds and Aldehydes in Non-metallic Supplementary Materials” (《內飾用非金屬輔料揮發性有機物及醛酮類物質檢測方法及限值要求》), to standardize the testing methods and to ensure that the testing is conducted in a scientific and efficient manner.

(III) Recycling and reuse

1. *Regulating recycling and reuse based on laws and regulations*

In accordance with the regulatory documents including the Road Vehicles – Recyclability and Recoverability – Calculation Method (GB/T 19515) (《GB/T 19515 道路車輛可再利用率 and 可回收利用率計算方法》) and the Technical Policy for the Recovery and Utilization of Automobile Products (《汽車產品回收利用技術政策》), the Company has formulated the Regulation on the Design and Assessment of Vehicle Recyclability (《汽車可回收性設計及評價規範》) to improve its capability of recycling and reusing automotive products.

2. *Promotion of recycling and reuse of resources through involvement of the entire supply chains and selection of suppliers*

Suppliers are selected in accordance with the recycling requirements for car production of the Company. The ability to fulfill the recycling requirement, especially in respect of key components and products, is one of the major considerations for selection of suppliers. The Company has to reach agreement with the suppliers on recycling and reuse measures before further discussion on business cooperation. Original equipment manufacturer and supplier cooperate to promote the recycling and reuse of vehicles.

3. *Encouraging participation of all employees through training and introduction of proper design concept*

The Company attaches great importance to the training on recycling. Various ad-hoc trainings were organized for employees to advocate common understanding on environmental protection. With the change of perspectives, the recycling and reuse concepts are better integrated into vehicle design. Designers analyze the use and the quantity of hazardous materials during the design, procurement and production process to realize a higher level of recycling and reuse.

(IV) Active and passive safety control measures

1. *Continuous improvement of product safety based on customers' feedback*

The Company appreciated all voices from customers and conducted comprehensive study on the standards, laws and regulations in relation to product safety, such as the Protection of the Occupants in the Event of a Frontal Collision for Motor Vehicle (GB 11551) (《GB 11551 汽車正面碰撞的乘員保護》) and the Interior Fittings of Passenger Car (GB 11552) (《GB 11552 乘用車內部凸出物》). All the efforts of the Company to enhance its product safety were premised on the fulfilment of such requirements.

2. Breakthrough by technology innovation

The Company has introduced the “3DP” technology, a vehicle collision avoidance system designed to protect passengers, pedestrians and vehicles and is the first of its kind in the industry, through its long time research on vehicle safety. The Company has developed its own technology of active vehicle safety and a development process for collision performance, marking a breakthrough in the protection of passengers, pedestrians and vehicles. To realize advancement in both collision safety and the development of vehicles model, the Company has also established an integrated development process for the safety of collision performance including the evolution in the crashworthiness in vehicles structure, pedestrian safety and constraints system as a whole. The Company will continue to improve the safety of its automobile products through further studies on automobile safety and innovation of technologies.

3. Adequate provision of active and passive safety equipment

The Company has a department responsible for the development of vehicle safety features. Design engineers will determine the provision of safety equipment of various models of vehicles according to their market positions, market and customer demands to satisfy the customer’s need and to ensure driving safety. The Company has been increasing investment in the research and development of vehicle safety features. Various safety devices have been jointly developed with outstanding suppliers, including automatic parking, lane change assist system, 360 observation and blind spot detection. The Company will continue to install new vehicle safety devices to improve its products and driving safety.

VI. Environmental Protection and Sustainable Development

According to the philosophy of “harmonic relationship among people, cars and environment”, the Company manages its energy consumption and environment protection in strict compliance with the Law of Environmental Protection of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and other regulations. The Company has striven for sustainable development with low pollution and energy consumption.

(I) Emission reduction and low-carbon development

The design, construction and operation of pollution control facilities for sewage, exhaust gas, hazardous waste and noise were carried out together with the construction of the main structure, to ensure that the emission of pollutants is in compliance with environment protection regulations. For instance, the coating exhaust gas produced by the coating workshop I in Tianjin contained 0.0327mg/m³ of benzene and a total of 0.177mg/m³ of toluene and xylene while the exhaust gas produced by the automobile plant and coating workshop in Baoding contained 0.09mg/m³ of benzene and a total of 4.48mg/m³ of toluene and xylene. Their emissions were far lower than the national emission standards of 1mg/m³ of benzene and a total of 20mg/m³ of toluene and xylene. As for sewage discharge, the COD emission level in the Baoding automobile plant

and Tianjin automobile plant was 46.2mg/L and 110mg/L, respectively, which was far lower than the national COD emission standard of 500mg/L. The product sites are not near noise-sensitive regions in which cultural and educational facilities are located. The maximum level of noise pollution measured at the transportation hub was 59.3dB which was far lower than the national standards.

In 2016, total hazardous waste produced by the Company amounted to 17,200 tons and hazardous waste produced amounted to 0.016 tons/vehicle, which was transferred strictly under the transfer approval systems of competent authorities in Tianjin and Baoding in accordance with the Measures on Duplicated Form for Transfer of Hazardous Wastes (《危險廢物轉移聯單管理辦法》). All hazardous waste of Tianjin plant was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. for disposal, while all hazardous waste of Baoding plant was transferred to Hebei Fenhwa Environmental Protection Services Co., Ltd for disposal. Non-hazardous waste produced by the Company mainly includes domestic waste. In 2016, total non-hazardous waste of the Company amounted to 18,000 tons, which were all disposed by qualified waste collection and recycling factories engaged by the Company.

The products of the Company are mainly vehicles which do not involve a large quantity of packaging materials during logistics process.

Since 2012, the Company has monitored greenhouse gas emission in accordance with the ISO 14064 standard and the “Calculation Methods and Reporting Guidelines for Greenhouse Gas Emission of Machine Manufacturers in Hebei Province (Trial)” (《河北省機械製造企業溫室氣體排放核算方法與報告指南(試行)》). In 2016, total greenhouse gas emission of the Company amounted to 1.37 million tons.

The Company has strictly controlled the emission of all pollutants to ensure continued emission reduction in accordance with regulations. Pollutant emission has been reduced through adoption of system management measures and equipment, upgrade of sewage treatment works, exhaust gas treatment facilities and other environmental protection facilities, as well as introduction of emission reduction technologies. For sewage emission reduction, the Company has developed reclaimed water reuse projects to reduce its sewage emission. For exhaust gas emission reduction, the equipment of exhaust spray treatment of coating workshops has been upgraded to effectively reduce the emission of volatile organic compounds. For solid waste reduction, silane process has been used in Xushui chassis and Boxin chassis to replace phosphating process in a bid to reduce the emission of phosphate residue. For noise reduction, the Company has strictly complied with the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) (《工業企業廠界環境噪聲排放標準》(GB12348-2008)) by prohibiting the use of noisy equipment and promoting noise-reduction process to reduce noise pollution.

(II) Saving energy and reducing consumption for sustainable development

In line with its philosophy of “green production and sustainable development”, the Company has striven to develop into a resource-saving and environmental-friendly enterprise. Since 2012, the Company has established a professional energy management

team to improve its professional level, lead the Company to organize energy management activities and implement energy management under the energy management system. By setting the double-control targets of total energy consumption, the energy-saving awareness of all employees has been promoted and the energy consumption of the Company has been gradually reduced. Apart from incorporating energy-saving tasks into its production processes, the Company has also conducted researches on energy-saving technology. The processes have been improved to thoroughly reduce energy consumption and lead employees to create innovative energy-saving improvement for production lines/equipment. In strict compliance with the energy policies of the PRC, the Company has identified and replaced energy-intensive and outdated equipment. Clean-energy and energy-efficient equipment has also been introduced to reduce emission and consumption to facilitate the environmental protection efforts of the PRC.

In 2016, the Company had an overall energy consumption level (electricity, natural gas and steam) of 245,400 tons of standard coal and an energy consumption level per vehicle of 224 kilogram of standard coal. As for energy conservation, the self-generated photovoltaic power facilities generated 23,000,000 kWh in 2016. An energy control system was installed in some of the factories to devise technology and management improvement measures for utility facilities and key equipment with large amount of energy consumption in a bid to achieve a reduction in energy consumption of 1,600 tons per year. Energy conservation measures have also been adopted for each production process of automobiles and components. An energy consumption reduction of 1,757 tons of standard coal per year has been achieved through the project of collection of wasted heat of organic compounds in coating workshops. An energy consumption reduction of 125 tons of standard coal per year has been achieved through the improvement project of die casting machine actuation system. Improvement in LED lighting, replacement of efficient motors and other equipment have been carried out continuously while the production processes in automobile coating have been improved to achieve a reduction in energy consumption of 60,000 tons in 2016 as compared with that of 2015.

In 2016, the Company had a total water consumption level of 4,320,000 tons and a water consumption level per vehicle of 3.95 tons. As for water conservation and use, the Company has formulated a classification system of water resources and applied such system according to different water qualities based on process requirement. A concentrated water reuse project has been carried out. The concentrated water is used for greening and cleaning purposes after being purified. Through an upgrade of the water treatment plants, the Company has achieved zero emission of reclaimed water in certain production sites by extracting purified water from reclaimed water.

VII. Public relations and social commitment

(I) Promoting solidarity in corporate recognition and compliance with ethical systems

The senior management believes that integrity, honesty and coordination are strongly interrelated and all of them facilitate corporate development. The Company has advocated solidarity in corporate recognition and compliance with ethical systems through progressive measures.

The Company has guided its employees to establish positive values through various internal methods, such as ethical education, adoption of employee code of conduct, speech and debate competition, viewing of movies with morality themes and introduction of integrity cases. Visits and project exchanges of senior management were made between the Company and relevant parties to exchange respective values of integrity so as to raise moral awareness of internal and external parties.

Great Wall Motor has complied with the law and operated with integrity over the years. The Company has gained several titles in the PRC, such as Trustworthy and Reliable Business Enterprise” (「守合同、重信用」單位), winner of National Labor Medal (「全國五一勞動獎」) and one of the Top Ten National Enterprises in After-sales Services (「全國售後服務行業十佳單位」). It has also obtained the credit rating of “AAA” from various banks.

(II) Establishing an effective public welfare system with extensive participation of employees

The senior management lives up to its commitment and endeavors to give back to the community. The Company has encouraged its employees to participate actively in public welfare to promote responsible corporate citizenship and harmonious development amongst citizens, automobiles and environment. In line with the corporate development strategy, industry characteristics and geographical considerations, the Company has placed its emphasis on industry research, education, environmental protection and charity support. Active participation in public welfare has also been made. As such, it has contributed to the co-existence of social advancement, cultural development, environmental protection and economic growth.

1. Industry research: The Company provided strong support for the professional research on automobile by major institutes of the PRC. It established laboratories for teaching and research of colleges, such as Hebei Agricultural University, and provided automobiles for teaching purpose to major institutes, including Tsinghua University, Jilin University and Yanshan University.
2. Education: The Company provided off-campus practice bases and science and technology competition fund to Yanshan University. Subsidies were provided for the construction of regional hope primary schools. Scholarships were given to poor students while teaching materials were donated to high schools, middle schools, primary schools and kindergartens.
3. Environmental protection: Other than energy conservation and emission reduction in the process of product design and manufacturing, the Company organized volunteer activities and encouraged employees to practice low-carbon commuting with a view to protect the environment of their hometowns.
4. Charity support: The senior management regularly visited Jinqiu Home for the Elderly and Baoding Welfare Institution I to present gifts on behalf of the Company in a bid to show its love and care for the elderly without family and bring hope and encouragement to the disabled children.

The Great Wall Motor has followed the “Great Wall Motor Declaration of Public Welfare” (《長城汽車公益宣言》) and adopted the “Great Wall Motor Support Plan for Public Welfare” (《長城汽車公益支持計劃》) to build an internal culture of “extensive participation in volunteering works and public welfare” (「全員是義工、人人做公益」). Meanwhile, it has called on the society for the continuity and innovation of the Chinese public welfare culture. It has created a public welfare support system with the Company as the pioneer for launching sales service in favor of public welfare and encouraging the extensive participation of automobile buffs. Efforts have also been made to implement and explore new public welfare initiatives.

In recent years, the Company has contributed RMB48,203,500 to public welfare. Its endeavor and enthusiasm in public welfare have been widely recognized by the society and has been awarded, among others, the “Advanced Units in Donation for Education of Hebei Province” (「河北省捐資助學先進單位」), the “Civilized Units of Hebei Province” (「河北省文明單位」) and “Caring Enterprise” (「愛心企業」).

(III) Persisting in “poverty alleviation and mitigation” to establish a comprehensive poverty alleviation system

The senior management attaches great importance to poverty alleviation and convened meetings to formulate plans and policies regarding poverty alleviation in impoverished areas. They also assigned specific personnel to conduct visits and investigations to understand the conditions of impoverished areas. In line with specific poverty alleviation plans, the senior management continued to improve the infrastructure, medical care, education and other public welfares

1. Offering employment opportunities for poverty-stricken areas: Offering numerous job positions in impoverished areas to lift the employees out of poverty by providing economic subsidies.
2. Offering health subsidies to employees in poverty: Offering a one-off poverty alleviation fund at an aggregate amount of RMB350,000 to staff who are in severe poverty due to natural and man-made disasters, serious illness and other reasons.
3. Visiting employees in poverty: The Company assessed and investigated the basic situation of employees reported to be in poverty to understand the reasons and extent of poverty as well as their living conditions. It visited more than 50 staff members during the Lunar New Year and distributed consolation money of RMB29,000 to express its sympathy and care.

Poverty alleviation is not merely an act of kindness but also an approach to showcase the prominent corporate value. Great Wall Motor has always focused on long-term sustainability instead of temporary assistance in poverty alleviation.

VIII. The establishment of corporate integrity

The Company complies with the Criminal Law of the PRC (《中華人民共和國刑法》), the Amendments to the Criminal Law of the PRC (《中華人民共和國刑法》系列修正案), the Law of the PRC for Administration of Public Security (《中華人民共和國治安管理處罰法》), the Companies Law of the PRC (《中華人民共和國公司法》) and other relevant laws and regulations in order to create a “fair, equal, simple and transparent” work and cooperation environment. With more than 20 years of development and innovation, the Company has adhered to integrity and honesty as always. The Company has exerted positive influences on the society by promoting its distinctive corporate culture. Its well-established brand image of integrity and honesty has made significant contribution to the development of the nation and the society.

(I) Strengthening organization and leadership as well as optimizing the committee for anti-corruption and integrity promotion

The Company has established an independent “anti-corruption committee” which is presided over by the Chairman of the board of the directors of the Company. The committee is mainly responsible for formulating objectives with regard to the integrity works of the Company, assigning works and missions to its subordinates and guiding the overall direction of such works. A disciplinary panel has been set up under the committee to mainly take charge of the overall establishment of the integrity mechanism of the Group, including formulation, maintenance and improvement of the mechanism, acceptance and investigation of information reported by employees/related parties and imposition of penalties, as well as integrity inspection of key positions and implementation of integrity education.

(II) Emphasizing education on integrity and cultivating a culture of anti-corruption and integrity promotion

With an aim to enhance the awareness of its employees on integrity, reinforce their moral standards and safeguard the implementation of anti-corruption and integrity promotion policies, the Company has established an integrity and honesty education mechanism. Education programs for orientation, promotion and expertise have been provided to employees for each stage of their career path. Work ethics and anti-corruption capability of employees have also been improved through training, pre-deployment tests, video learning and outreach activities.

(III) Optimizing polices and systems to regulate management on anti-corruption

In a bid to enhance the standardization, systematization and effectiveness of its anti-corruption approach, Great Wall Motor has developed a whole set of anti-corruption policies and systems which mainly include 14 subordinate polices such as the Management Policy on Corruption Prevention (《腐敗預防管理制度》), the Management Policy on Integrity and Honesty of Cooperation Parties (《合作方廉潔管理制度》) and the Employee Code of Conduct on Integrity and Honesty (《員工廉潔行為規範》). All these provide a substantial assurance for the carrying out of anti-corruption works.

As for prevention of corruption, the Company has identified fields and positions with corruption risks and pushed forward multi-party participation and process supervision through optimization of systems and procedures. The Company has also detected internal and external business risk exposures through performance appraisals, internal audits and other methods so as to provide information support for its management. For personnel assigned with important positions such as procurement and tendering, the Company has adopted rotation of positions on a regular basis to avoid corruption arising from exceedingly long terms of office.

As for the protection of the rights and interests of cooperation parties, the Company facilitates its growth by maintaining its integrity and honesty. The Company established a mutual-benefit relationship with its partners through fair, equal, open and transparent cooperation. “Sunshine Agreement” (《陽光協議》) was signed as a base for cooperation and to promote the sense of integrity and to regulate the cooperation. Corruption is strictly prohibited to protect the benefits of the partners. The cooperation platform is maintained as a major support for sustainable and healthy cooperation.

(IV) Enhancing anti-corruption and adhering to integrity and discipline through supervision and penalties

Great Wall Motor has maintained a zero-tolerance policy towards corruption including treats, gifts, cards, offers, bribe offering and taking. It has a share disciplinary team in place to conduct investigations and impose penalties on corruption. Moreover, it has established various whistle-blowing channels, including QQ, hotline, email, WeChat and an anti-corruption APP, for effective supervision by the public and related parties to enable early identification of and examination on corruption. People who act against laws and commit crimes shall be turned in to the juridical authority for criminal charges.

Great Wall Motor Company Limited

24 March 2017