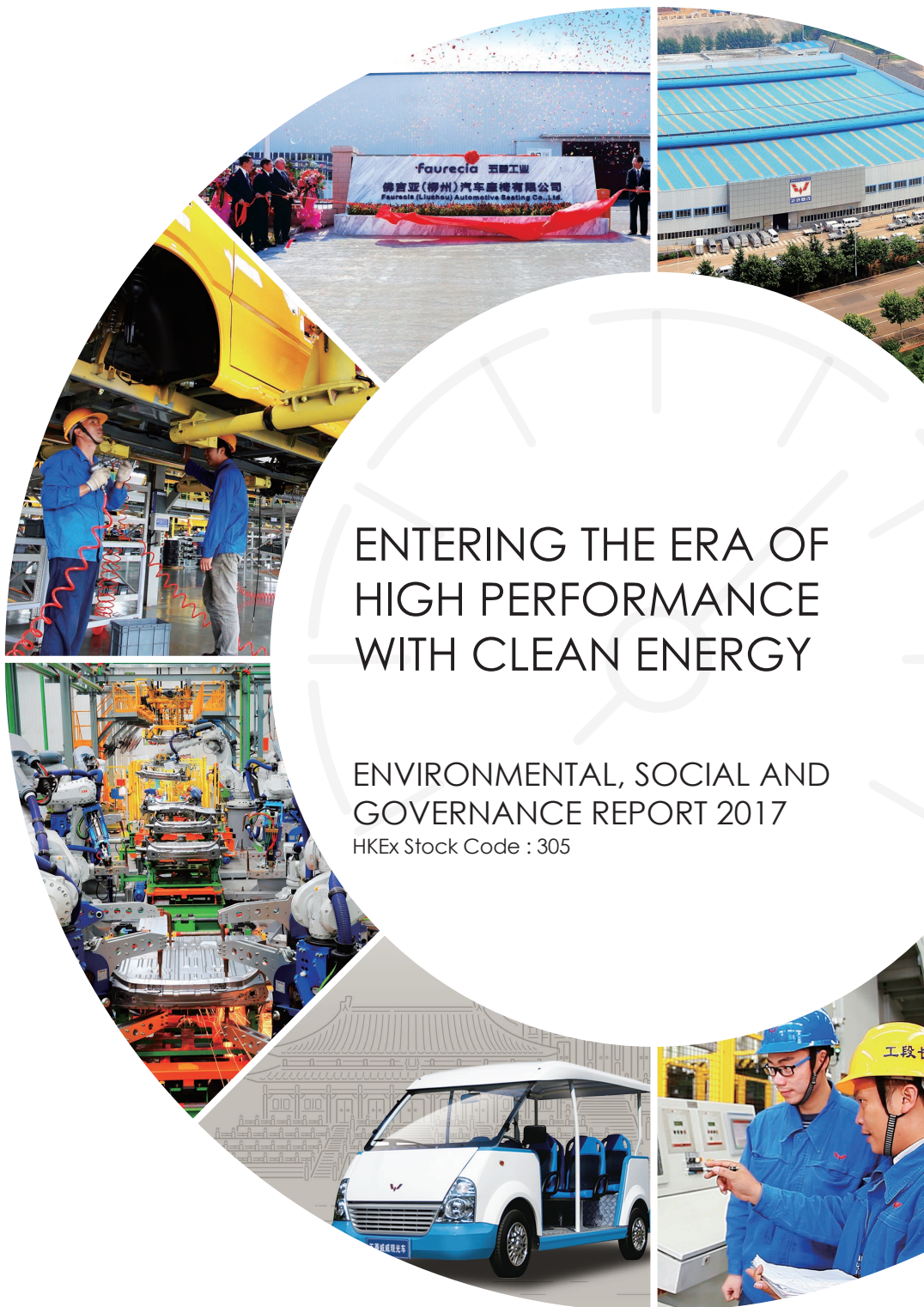




WULING MOTORS HOLDINGS LIMITED

五菱汽車集團控股有限公司

(Incorporated in Bermuda with limited liability)



ENTERING THE ERA OF
HIGH PERFORMANCE
WITH CLEAN ENERGY

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2017

HKEx Stock Code : 305



Wuling Motors Holdings Limited > Environmental, Social and Governance Report

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ABOUT THE REPORT

Wuling Motors Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “We”) are pleased to publish the Environmental, Social and Governance (the “ESG”) Report for the reporting period from 1 January 2017 to 31 December 2017. The ESG Report summarizes the efforts and achievement made by the Group in corporate social responsibility and sustainable development. As for the information of corporate governance, please refer to the “Corporate Governance Report” on pages 41 to 54 of the Annual Report 2017.

SCOPE OF THE REPORT

The ESG Report focuses on the environmental and social performance of the Group’s automotive businesses. The disclosure of the key performance indicators (“KPIs”) in 2017 focuses on the performance of member companies of the Group in the People’s Republic of China (the “PRC”), including Liuzhou Wuling Motors Industrial Company Limited (“柳州五菱汽車工業有限公司”), Liuzhou Wuling Liuji Motors Company Limited (“柳州五菱柳機動力有限公司”), Liuzhou Zhuotong Automotive Parts and Components Company Limited (“柳州卓通汽車部件有限公司”), Chongqing Zhuotong Motors Industrial Company Limited (“重慶卓通汽車工業有限公司”) and Liuzhou Wuling Motors Industrial Company Limited — Shandong Branch Office (“柳州五菱汽車工業有限公司山東分公司”). The ESG Report presents our sustainability approach and performance in the environmental and social aspects of our business in 2017. The Group will continue to strengthen information collection in order to enhance the performance in environmental realm and to disclose relevant information in sustainable development.

REPORTING FRAMEWORK

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

STAKEHOLDER ENGAGEMENT

We have engaged employees from different divisions to help us recognize our sustainability performance. The diligently collected and carefully analyzed data underscores was not only the Group’s sustainable initiatives in 2017, but also the basis for the Group to set up short-term and long-term sustainability strategies. The Group will increase the involvement of stakeholders via constructive conversation with a view to charting a course for long term prosperity.

INFORMATION AND FEEDBACKS

For detailed information about the environmental, social and corporate governance, please refer to the official website (<http://www.wuling.com.hk>) of Wuling Motors Holdings Limited. Your opinions will be highly valued by the Company. If you have any advice or suggestion, please email to info@wuling.com.hk.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

BUSINESS PHILOSOPHY OF WULING

At the Wuling Group, corporate social responsibility is an integral part of our business. Our core principle is 'Safety Comes First', which implies that safety comes before profit. We have adhered to this principle by instilling high standards of safety into our daily operation and have complied with the laws and regulations as required by the country and the industry.

Being a responsible, caring corporate citizen is at the heart of our corporate philosophy. To us, this means protecting and lessening our impact on the environment, giving back to society in meaningful ways, taking good care of our employees, and doing what's right for our stakeholders.

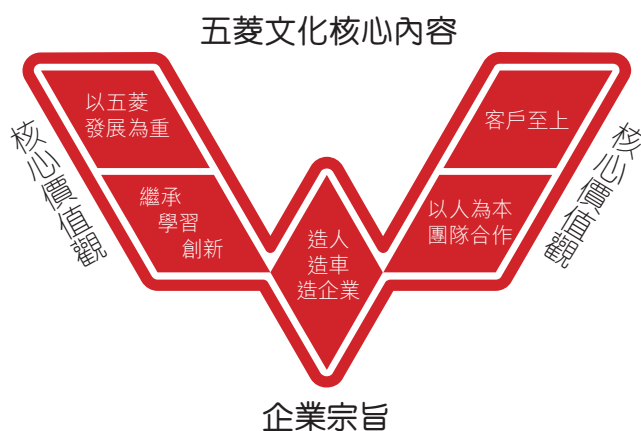


Meanwhile, our innovations in emissions-free electric vehicles are a key example of how we are building cleaner products for customers. In supporting our communities, our efforts are primarily focused on helping the underprivileged in the communities where we operate. As for our employees, our greatest asset and our engine for growth, we have put in place employee programs for development and training, healthy living, work safety and well-being.

In 2017, we have championed a variety of Environmental, Social and Governance ("ESG") initiatives. Going forward, we aim to create value for society, the environment, our employees, shareholders and other stakeholders through the implementation of our ESG efforts.

CULTURE OF WULING

With our established corporate culture of perseverance, from top to bottom, we adhere to our corporate spirit of persistence and self-reliance and strive to provide quality goods to every customer through our united, efficient and harmonious team effort.



- ◆ **Corporate Spirit**
Hard Working and Self Reliance
- ◆ **Corporate Mission**
Cultivating excellent staff
Manufacturing customers' favorite vehicle
Building responsible and sustainable enterprise
- ◆ **Core Values**
Wuling development foremost,
Pursue learning and innovation,
Customer First,
People oriented, Teamwork
- ◆ **Behavioral Guidance**
Core: Teamwork, High Efficiency, Harmony,
Responsible, pursue team success!
Quick reaction and continuous improvement for
creating value for customers!

WORKPLACE QUALITY

WORKING CONDITIONS

Hiring New Employees

The Wuling Group strives to hire and retain the best people. In doing so, we offer our employees rewarding career opportunities, attractive career advancement options as well as competitive remuneration.

To ensure we recruit employees who match the Group's labor needs and comply with the Group's standards for hiring new employees, we have put in place our "Job Qualification Management Guidelines" ("崗位說明書"), a set of job qualification guidelines that we follow when hiring and job delegation of the new employees. These guidelines call for an assessment of the job candidate's product knowledge, technical skills, certifications, abilities and any special training that is required for the position. The Group will hire employees based on their capability applicable to the vacancies and provide equal employment opportunities to all suitable candidates irrespective of their gender, race and religion.

The Group also has a 'No Child Labour' policy and does not hire persons under the age of 16. In this connection, members of the Group and their respective departments are required to comply with the relevant provisions in the applicable rules and policies such as "Rules and Regulations on Recruitment" ("聘用制度"), "Provisions on the Management of Despatch of Labour" ("勞務派遣人員管理辦法") and "Provision on the Management of Intern Employees" ("實習生管理辦法") as set out by the Group.

Employee Benefits

We offer our employees competitive remuneration. Our human resources team monitors the competitiveness of the Group's remuneration to employees to make sure it is up to the industry's standard.

Based on the Group's principle of compensation management, we strongly consider our employees' on-the-job performance when setting their remuneration. Moreover, when we determine employee wages, we consider the wage levels of the labor market in the region as well as related industries' remuneration for a similar position. Carrying out these market analyses enables us to develop remuneration packages for our employees that are competitive in the marketplace. We believe this is important for attracting and retaining top talents.

We believe in fostering a good work-life balance for our employees and have adopted an 8-hour workday and 5-day workweek for our employees. We also provide holiday leaves to ensure the employees have sufficient resting time. Subject to the operation requirements of the Group, we may require employees to work overtime. Extensions of the working hours will be determined after consultation with Worker's Union and employees to avoid forced labour. We make contributions to various social insurance premiums, housing provident fund and enterprise annuity for employees in accordance with the relevant laws and regulations of social insurances, housing provident fund and enterprise annuity.

The Group is a fair employer and has established policies that govern its dismissal of employees as well as employee resignations in accordance with the relevant regulations and guidelines of the PRC government. We have followed procedures required in the relevant laws and regulations for those resigned employees.

WORKPLACE QUALITY

Workforce Statistics

As at 31 December 2017, our entire workforce comprised approximately 13,400 employees (2016: 13,700) who were aged between 18 and 60. Amongst which, the percentage of female staff was approximately 21% (2016: 22%). The percentage of female staff in the supervisor grade was about 18% (2016: 17%). With regards to the geographical placement of our workforce, as at 31 December 2017, we had approximately 9,100 employees based in Liuzhou (2016: 10,500), approximately 4,300 employees based in regions outside Liuzhou (2016: 3,200), which include Qingdao, Chongqing, Hong Kong and Indonesia. Amongst them, 141 employees were located in our new production plant in Kabupaten Bekasi, Indonesia, which commenced operation in the second half of 2017. The overall staff turnover rate of the contracted employees for the year ended 31 December 2017 maintained at approximately 7% (2016: 7%).



HEALTH AND SAFETY

The Wuling Group adheres to its core principle of 'Safety Comes First'. We foster a people-oriented culture that embraces healthy living and workplace safety.

Due to the importance of health and safety to the Group, our top management oversees all aspects of health and safety of the Group. We carry out risk control planning to identify hazards and take preventive measures to reduce risk. Besides, we provide the required protective equipment to the employees in compliance with the relevant laws and regulations of occupational health and safety, and arrange regular health check for employees who are deployed in the positions which are exposed to occupational hazards.

WORKPLACE QUALITY

Since 2009, we have passed the national government's work safety assessment and have obtained the Work Safety Standard Certificate from the national government of the PRC, which certifies our adherence to the national government's standards for production work safety practices.

The Group has been recognized by the municipal government of Liuzhou City as a model enterprise that highly values safety. We have also been recognized by the municipal government of Liuzhou City for our advanced safe production technology, and for being a role model for other enterprises to follow for our production safety training.



Health and Safety Management System and Policies

We continue to implement our "Occupational Health and Safety Management System" ("OHS"), a systematic framework for maintaining a healthy and safe working environment for our employees. This system is monitored and reviewed by top management on a timely basis to ensure its continued suitability, adequacy and effectiveness.

The main purpose of establishing and maintaining our OHS is to minimize the incidence of accidents and occupational diseases. Based on our OHS, we have established safety objectives and targets. We make regular assessments of our OHS to ensure that the Group's health and safety requirements are met. In 2017, we have implemented our original health and safety management system and policies in accordance with the standards of GB/T28001-2011 Occupational Health and Safety Management System, GB/T24001-2015 Environmental Management System and GB/T33000-2016 China Occupational Safety and Health Management System, and ensured their content and comprehensiveness are in compliance with the relevant laws and regulations, such as the Production Safety Law of the PRC and Law of the PRC on Prevention and Control of Occupational Diseases.

Since 2006, we have obtained the OHSAS 18001 certification. The OHSAS 18001 is an internationally applied standard for occupational health and safety management systems. The Group was honored to receive its OHSAS 18001 certificate, which certifies that the Group has complied with the occupational health and safety requirements of the OHSAS 18001. We view this certification as a testimony to our deep commitment to maintaining a safe and healthy work environment for our employees.

In addition to our OHS, we have also established a Safety Committee that is responsible for overseeing the health and safety matters of the Group. These Group-wide policies provide us a framework for conducting safety evaluations on a timely basis, and for evaluating our existing manufacturing processes for adherence to the government's and the Group's health and safety standards.

Track Record on Health and Safety of Employees

In 2017, the Group registered one fatal accident which claimed the precious life of one of our valuable workers, which was the only fatal incident happened in the last 17 years. Following this fatal incident, the Group had immediately performed substantive investigations of the incident to ensure proper implementation and compliance of the OHS which had been effectively in operation for the past years. Other than this incident which was evaluated to be an unfortunate and isolated case, the Group had not experienced any serious incidents of fatalities, occupational diseases or fire accidents. Besides, the Group continued to maintain our solid track record of the occurrence of injuries in 2017, from which only a low amount of injuries were inflicted on our employees. In 2017, excluding the fatal incident based on our calculation, the aggregate number of working days loss resulting from injuries amounted to 10 days (2016: 89 days).

WORKPLACE QUALITY

EMPLOYEE DEVELOPMENT AND TRAINING

To expedite the potential of employees, the Group carries out appraisals on employees on a monthly, semi-annual and annual basis. Performance-based remuneration is aligned with the results of appraisals to ensure rewards to employees with outstanding performance are commensurate. The results of appraisals will also be used as important references for training, job re-delegations, promotion, recruitment, ranking adjustment and evaluation of the employees. Besides, for further enhancing the technical standard and relevant knowledge of the job positions of employees, the Group has also specifically designed training programs suitable to different grades of employees which include the following three employee training programs:

- (a) Training Program for Managers — Trainings of the requisite basic management skills and the provision of related structured courses, such as the advance workshop courses offered by Tsinghua University for the automobile industry and other courses covering the topics of corporate governance and financial management, industrial knowledge 4.0 and aspects relating to operation management, are provided to the managerial level employees such as directors, supervisors and senior management personnel.
- (b) Training Program for Professional Level Employees — Trainings for professional level employees encompass investment analysis and decision making, recruitment and interviewing skills, enhancement of sales skills, audit, management accounting, qualification requirements of engineer and management for production planning training. As for the professional employees served under the technical areas, specific training focuses are being put on the enhancement of techniques and skills on the industrial robotic application and automation aspects.
- (c) Training Program for Assembly Line Workers and Production Workers — Trainings for assembly line workers and other production workers involves providing certain training relating to the aspects of production knowledge enhancement, safety and quality basics and technical standard of job positions, etc to these workers to update and improve their skills.



In 2017, we provided on-the-job training for over 95% of our employees (2016: 95%), comprising approximately 94% for female employees (2016: 93%) and approximately 98% for male employees (2016: 98%). The average hours of training per employee for 2017 was approximately 48 hours (2016: approximately 49 hours), which exceeded the standard average hours of training of 38 hours as fixed by the Group.

WORKPLACE QUALITY

CARING FOR OUR EMPLOYEES

We aim to maintain a strong and healthy workforce. As such, we have created a spectrum of caring programs for our employees for their personal and career development.

To cope with the needs of business expansion and in caring for our employees, the Group has persistently improved our logistic facilities. For instance, dormitories and staff quarters furnished with domestic appliances and furniture have been rented to employees to cater for the needs of the employees who work in the industrial areas which are far away from the downtown area of Liuzhou. Such facilities currently accommodate a total number of 1,237 employees. We also provide transport vehicles to the employees who work in the new industrial districts in Chongqing and Liuzhou which are far away from the downtown area to ensure a safe and normal trip to the working places.

We encourage employees to live a healthy lifestyle and exercise regularly. We build up communication platforms for staff and organize social events to foster harmony in the workplace. Through Worker's Union and committee groups, we launch activities for repair and maintenance work of staff dormitories, environment cleaning programs to enhance living conditions of employees. To promote exercising to our employees, from time to time, we put on sporting tournaments for them including basketball, football, balloon volleyball and badminton tournaments. In 2017, we also organized parent-child sports day to provide opportunities to employees to have a wonderful family day through exercises.



We care about our employees' well-being. Apart from organizing festival functions and the provision of festival gifts, through our Worker's Union, we have established Wuling Caring Fund to provide financial aid to employees who are in dire need of it. The Wuling Caring Fund also provides financial aid to employees who have special difficulties. In addition, to care for our employees' children, on Children's Day of each year, we distribute lucky money to employees who have an only child. This small sum of lucky money is meant for providing the children some spending money for purchasing useful items such as educational materials and medical products.

We strive to instill a corporate culture that embraces learning and education. To this end, the Group encourages its employees to learn by sponsoring the educational fees for employees who meet the Group's qualification criteria for furthering their education at external educational institutions such as universities, colleges and trade schools.

ENVIRONMENTAL PROTECTION

At the Wuling Group, environmental protection is a priority. We are conscientious about the potential impact that our actions have on the environment and strive to reduce our impact on the environment. To do our part in protecting the environment, we have adopted a number of environmentally friendly initiatives. The Group has adopted appropriate measures and control procedures to ensure members of the Group and their respective departments will observe and comply with the applicable laws and regulations in the PRC, including the Environmental Protection Law of the PRC (“中華人民共和國環境保護法”), Atmospheric Pollution Prevention and Control Law of the PRC (“中華人民共和國大氣污染防治法”), Water Pollution Prevention and Control Law of the PRC (“中華人民共和國水污染防治法”) and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (“中華人民共和國固體廢物污染環境防治法”), etc. For the road ahead, we plan to further strengthen our environmental protection efforts as well as develop new programs to care for the environment.

EMISSIONS AND WASTES

With respect to emissions control, the Group endeavours to comply with the relevant laws and regulations of the PRC’s government governing emissions control. We strive to exert our best efforts in controlling the amount of emissions we bring to the environment. In addition, the Group has installed and operated effective systems in collecting and treating emissions, which include exhaust gas, wastewater and hazardous or non-hazardous industrial wastes, generated from the manufacturing processes of the Group. To ensure an effective control and management of different types of emissions generated from the operation of the Group, we have established our environmental management systems in accordance with ISO14001:2015 Environmental Management Systems — Requirements with Guidance for Use (“環境管理體系要求及使用指南”) to pursue our continuous commitment to the objectives of environmental protection.

Emission and Treatment of Exhaust Gas

The types of exhaust gas generated from the production and operation activities of the Group included welding fume, casting smoke, and exhaust gas from machine testing, painting and electrophoresis processes. Welding fume was emitted after being treated by the fume treatment system, casting sand smoke was emitted after being treated by the bag filter, casting core smoke was emitted after being absorbed by the spray tower, exhaust gas from machine testing was emitted after being treated by the three-way catalytic converter, exhaust gas from painting was emitted after being burnt by the cyclone furnace or regenerative thermal oxidizer in high temperature, exhaust gas from electrophoresis was emitted after being burnt by the regenerative thermal oxidizer in high temperature. Emission of the treated exhaust gas are made in compliance with the national and local standards.

In 2017, member companies of the Group have conducted testing of exhaust gas. The major testing indicators of the exhaust gas of the Group covered particulates, sulphur dioxide, nitrogen oxides, toluene and xylene, which we have primarily complied with the secondary emission limit under the Integrated Emission Standard of Air Pollutants (“大氣污染物綜合排放標準”) (GB16297-1996) applicable for new pollution source of air pollutant.

ENVIRONMENTAL PROTECTION

The testing results of the Group on its major exhaust gas for 2017 were as follows:

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

Apart from the above industrial exhaust gas, usages of vehicles by the Group would also produce exhaust gas, the amount of exhaust gas emitted by vehicles in 2017 was as follows:

Emission of Exhaust Gas by Vehicles	2017
Nitrogen oxide (tonnes)	223
Sulphur dioxide (tonnes)	1
Particulates (tonnes)	19

We have practices to ensure the proper performance of the vehicles, which include regular checking and repairs of the vehicles and to avoid engines idling to control the emission of exhaust gas by vehicles.

Emission and Treatment of Industrial Wastewater

The industrial wastewater generated by production activities of the Group was first treated by the sewage treatment plant in the factories then through the municipal sewage drainage system, entered into the sewage treatment plant for further treatment before emitted to ensure the emission were in compliance with the relevant standards.

In 2017, member companies of the Group have conducted testing of wastewater. The major testing indicators of the wastewater of the Group covered pH value, suspended solids, chemical oxygen demand and five-day biochemical oxygen demand, which we have primarily complied with the maximum discharge concentration applicable for first type pollutants and tertiary standard of maximum discharge concentration applicable for second type pollutants under the Integrated Wastewater Discharge Standard (“污水綜合排放標準”) (GB8978-1996).

The testing results of the Group on its major wastewater for 2017 were as follows:

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

ENVIRONMENTAL PROTECTION

The Group would plan for reducing the industrial wastewater produced through optimizing our production processes. For instance, we would adjust the water washing processes of products in certain parts of our workshops by replacing the non-stop running washing machines with manual washing, so as to reduce the amount of industrial wastewater as well as the usage of water.

Treatment of Wastes

The non-hazardous wastes generated by the Group include general garbage and industrial wastes. We would centralize the general garbage for collection by the environmental hygiene department for further treatment. With respect to the reusable industrial wastes generated from our production, such as offcut materials, shaved metal, non-ferrous metals, auto-parts, packaging materials and other industrial solid wastes, we would centralize such industrial wastes and reuse them. In 2017, the total amount of non-hazardous wastes collected by the Group was 83,272 tonnes.

The types of hazardous wastes generated by the production of the Group included paint slag, sludge, phosphorous slag, waste solvent, waste mineral oil, waste emulsion and paint buckets, etc. All hazardous wastes were treated by the organizations which had the operation permits for hazardous wastes treatment in compliance with the relevant standards.

The data relating to the hazardous wastes generated by the Group for 2017 was as follows:

Wastes	2017
Total hazardous wastes produced (tonnes)	930
Intensity of hazardous wastes (tonnes/RMB million)	0.06

Greenhouse Gas Emissions

Being a responsible corporate citizen, the Group spares no effort in reducing greenhouse gas emissions. As such, various sets of procedures are adopted by us for contributing to environmental protection.

2017 is the Thirteenth Year of our trees planting project for greening the environment. We plant trees and resurface turf in our nearby community for refreshing the green environment, aiming at providing a better living conditions to the community members. In 2017, we planted a number of osmanthus trees and bauhinia in the regions where the Group has operation and replanted the areas with withering flowers and trees. The amount of greenhouse gas emissions reduced corresponded to the number of trees planted by us were equal to 10.35 tonnes CO₂e. We also undertake waste paper recycling practices, from which an amount of 0.03 tonnes CO₂e greenhouse gas emissions was reduced. Besides, clean energy are used in response to the call of environmental protection. Accordingly, natural gas generators were installed in some of our production lines, such that the purchase of electricity generated from the burning of coal were hence reduced.

The data relating to the greenhouse gas emissions of the Group was as follows:

Greenhouse Gas Emissions	2017
Net greenhouse gas emissions (tonnes CO ₂ e)	120,362
Intensity of greenhouse gas emissions (tonnes CO ₂ e/RMB million)	7.46

ENVIRONMENTAL PROTECTION

USE OF RESOURCES

In regard to the use of resources, the Group always acts in accordance with the principles of rational usage, promotion of efficiency and the cherishing of the earth's resources. As such, the Group strives to advocate utilizing resources as far as possible throughout its business operation, including the use of energy, water resources and raw materials.

Energy Management

Based on the Wuling Group's principles on energy use, we aim for the adequate, reasonable and efficient use of energy resources. We do our best to eliminate inefficiencies and as much as possible, use energy efficient equipment and apply innovative energy-saving technologies.

We have established energy saving management programs aiming at energy saving, reduction of consumption, reduction of environmental pollution and increasing economic efficiency, and have implemented various procedures for optimizing energy consumption and reducing electricity consumption. Under this program, each department is responsible for the management of their energy consumption. This encompasses the implementation of the energy quota and electricity saving targets. Each department is also responsible for analyzing its own energy consumption, developing and implementing control measures, and taking corrective measures as necessary. Apart from energy saving management programs, we have also established an energy management system that manages the power system, fire protection systems, compressed air systems, and steam systems.

To conserve energy, we have implemented green lighting in the workplace. This involves using energy-saving light bulbs in our office and manufacturing facilities and utilizing natural light if possible. Furthermore, we encourage our employees to switch off the lighting and air-conditioning systems in the areas of the workplace that are not being used and to switch off the computers, printers and other office equipment at the end of the daily work in developing an energy saving habits among our employees. We carry out regular inspections of our equipment to ensure trouble-free operation and the safe usage of electricity in the workplace. Furthermore, through the monitoring of our monthly electricity consumption and the overseeing of the operation of lights by designated employee for each department, it is ensured that our electricity consumption is in line with our electricity management goals.

In 2017, for optimizing efficiency of energy usage and reduction in electricity consumption, the Group implemented improvements in equipment and technology in certain workshops according to the needs of production, such as the installation of frequency converter and waste heat recovery unit in air compressor, installation of photosensitive system and time controller, to enhance the electricity consumption efficiency.

The data relating to energy consumption of the Group for 2017 was as follows:

Energy Consumption	2017
Total energy consumption (MWh)	227,142
Intensity of energy consumption (MWh/RMB million)	14.09
Energy consumption from use of liquified natural gas (MWh)	13.81
Energy consumption from use of natural gas (MWh)	35,007.51
Energy consumption from use of petroleum (MWh)	706.56
Energy consumption from use of diesel oil (MWh)	68.79
Energy consumption from purchased electricity (MWh)	191,344.85

ENVIRONMENTAL PROTECTION

Water Resources Management

We aim to conserve and recycle water whenever possible. We encourage our employees to be cognizant of the water consumption of the workplace. We adopt various measures for water conservation. For instance, our water piping systems are checked regularly to ensure they are operating properly and to prevent long-term leakage of water in all areas of the workplace. Furthermore, the Group has established and implemented a water recycling program. A major goal of this program is to encourage employees to recycle and reuse water as much as possible. We also monitor our monthly water consumption to ensure it is in line with our water management goals.

The water consumption of the Group for 2017 was as follows:

Water Consumption	2017
Total water consumption (m ³)	1,799,026
Intensity of water consumption (m ³ /RMB million)	111.58

Materials Usage

The Group pays serious attention to the effective use of raw materials and packaging materials. We would assess the materials usage prior to purchase to make full utilization of the materials and to prevent excessive stock. Meanwhile, we commit to making good use of materials through collecting the materials generated from our production, activities and services which could be recycled for reusing.

The data relating to the packaging materials used by the Group for 2017 was as follows:

Use of Packaging Materials	2017
Total plastic used (Unit)	122,881
Intensity of plastic used (Unit/RMB million)	7.62
Total plastic used (Roll)	366
Intensity of plastic used (Roll/RMB million)	0.02
Total plastic used (kg)	1,500
Intensity of plastic used (kg/RMB million)	0.09
Total wood used (Unit)	1,705
Intensity of wood used (Unit/RMB million)	0.11
Total fiber fabric used (Unit)	8,000
Intensity of fiber fabric used (Unit/RMB million)	0.50

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

We have established a set of stringent criteria for choosing suppliers to ensure that our purchased materials are up to the Group's standards and adhere to certain certifications in order to ensure a smooth production process.

The Group applies a systematic method to choose its suppliers based on the following capabilities:

- (1) Quality Management — Taking into consideration the quality of raw materials sourced from the supplier.
- (2) On-Time Delivery — Determining if the products we ordered are delivered on time, and whether all of the ordered products were actually delivered.
- (3) Logistics Process Management — Assessing the accuracy of the delivery, that is, whether the delivery was made according to our delivery time, delivery date and delivery location.
- (4) Others — Following other supply chain management considerations stipulated by the Group.

We have placed strict controls over our suppliers. We have put in place a set of criteria that must be met by our suppliers. If a certain supplier does not meet our criteria, we will then not use that supplier. For example, if a supplier loses the safety license, we will stop using that supplier. During the period of business association with the supplier, the Group would conduct regular evaluation of the supplier, in which a comprehensive evaluation of performance would be carried out annually to ensure our products will not be affected by the quality issues of the suppliers' products.

PRODUCT RESPONSIBILITY

Product Quality and Safety Control Procedures

The Group has put in place a comprehensive Quality Management System to evaluate product quality. We have also established our product traceability system that gives us the capability to trace any batch of products (cars) that we have detected an issue with. Our early warning system warns us of any product quality issues and this enables us to fix potential issues as soon as they appear. Our Quality Management System also satisfies the rules and regulations as stipulated by the PRC's government regarding the quality and safety of automotive products, and complied with the two important international technical specifications, namely TS16949 and QS9001. In 2017, there was no incidence of product recall due to safety issue (2016: Nil incidences).

Due to the paramount importance of product quality and safety in our business, the Group has established a Product Quality and Safety Committee, an internal management committee that is responsible for the Group's product quality and safety issues. This committee is responsible for taking the necessary actions to handle and solve any product quality issues that arise.

Serious Attention to Customer Feedback

We strive to maintain a high level of customer satisfaction. Collecting feedback from our customers is crucial for monitoring customer satisfaction. To this end, we employ our frontline service stations to collect feedback from the final consumer or end users of our products. We also collect feedback of our customers through auto dealers, which carry our products and help us distribute our products to our end users. We collect information regarding our product design, product quality and customer service to obtain their opinions and suggestions.

We have a systematic way of communicating the customer feedback throughout our organization. After our frontline service stations collect feedback from the customers, that feedback is communicated to our regional branches and head office. At our head office, we carry out an analysis on the collected information and report our findings to our quality control department. If necessary, our quality control team will implement improvement measures.

OPERATING PRACTICES

To provide customers a high standard of customer service, we have established a 24-hour customer service hotline and an extensive service network in the PRC to provide services to our customers. For delivery of quality customer services, we will provide after-sales trainings to our customer service staffs, such as the technical knowhow relating to the repairs of vehicles. In 2017, we operated 415 service stations situated over 19 geographic service areas that were supervised by 24 regional service managers in achieving a high level of customer satisfaction. Based on the customer satisfaction surveys that we have conducted through telephone interviews and face-to-face interviews with customers, the findings showed that we achieved a high customer satisfaction rate. Among which, the operation of our service hotline helps to enhance the procedural, professional and standardized management processes of the external communication system.

Safeguard of Data Privacy and Protection of Intellectual Property

The Group has a high regard for safeguarding data and privacy of different parties. As such, we adopt strict guidelines for our employees. Without the written permission of the Group, employees are not allowed to disclose any commercial secrets and confidential information in any forms. To ensure an effective protection of the company's confidential information, staff members who are in the positions which have contact with the company's sensitive information are required to execute confidentiality agreement, so as to undertake that they would not disclose any of the company's confidential information to third parties. The Group is also committed to the protection of inventions and innovations. Intellectual property are obtained and assured through the applications of copyright and patent. Besides, we also have specifications for regulating the content of advertisements and the use of company's trademarks, which are in compliance with the relevant laws and regulations. We conduct strict review of the content of advertisements to ensure there are no infringement, misrepresentation and false statement in the content. Use of our trademarks is also under stringent control. No person is allowed to use our trademarks without permission of the Group.

In 2017, the Group successfully obtained 6 invention patents, 4 design patents and 26 utility model patents authorized by the state. At the same time, Liuzhou Wuling Motors Industrial Company Limited won the third prize of science and technology progress prize on the innovation and application of welding automation autonomous integration technology in automotive body parts production line which was awarded by the Government of Guangxi Zhuang Autonomous Region.

ANTI-CORRUPTION

In fighting against corruption, the Group has communicated its stance against corruption to its employees. Apart from strictly adheres to the rules and regulations relating to anti-corruption as set out by the government of the PRC, the Group has also put in place a set of regulations and monitoring system as measures to combat corruption. The Group has established its 'Discipline Regulations for Employees', a set of rules and regulations that apply to all staff and management personnel within the Group. We have also continuously enhanced the integrity of our operating and monitoring systems to ensure that these rules and regulations have been followed. Meanwhile, we strive to maintain integrity in co-operation relationship with our business partners and enter into letter of integrity with the relevant organizations, for example, both parties are strictly prohibited from receiving any kinds of benefits due to their positions. Our dedicated monitoring department will conduct integrity reviews and pay visits to the related associated organizations where necessary to scrutinize and understand the practices of integrity. To ensure the integrity of our operation, it is compulsory for an employer to report and turn in the said benefits in case he cannot deny or return the offer of cash and gift from customers or business partners during working.

Each year, the Group conducts a comprehensive inspection to ensure there is no violation of the anticorruption rules. If we detect or suspect a violation of the anti-corruption rules, we will then take action according to the severity of the violation. We adhere to the Regulation of the Communist Party of China on Disciplinary Actions regarding anticorruption and our own set of disciplinary measures to take the necessary disciplinary actions.

In 2017, the Group did not register any serious legal cases against any staff members of the Group in this aspect (2016: Nil case).

COMMUNITY INVOLVEMENT

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

In 2017, we have cooperated with employees, business partners, community members and other volunteers to carry out a number of community concern activities. In the coming years, we wish to continue to work hand-in-hand with our fellow volunteers to develop and implement community concern programs that make a world of difference.

COMMUNITY INVESTMENT

Caring for Underprivileged Children

To help underprivileged children in the PRC, we have established the 'Wuling Discovery Voyage', an annual event which our employee volunteers travel around the PRC to provide useful supplies to underprivileged children. The inaugural event was launched in 2013. Since its inauguration, the activities have covered 17 provinces in the PRC, including Guangxi, Guangdong, Guizhou, Yunnan, Sichuan, Hunan, Hubei, Henan, Hebei, Shanxi, Shaanxi, Gansu, Qinghai, Ningxia, Inner Mongolia, Tibet and Beijing, to provide the underprivileged children living in those provinces with useful supplies and donations for education subsidies. In 2017, the Group continued to organized young volunteers to undertake community caring trips to our services targets located in the mountainous areas, including children of the farm workers, welfare institutes and left-behind children, etc. Through charity bazaars, materials raising and donations, sporting goods, clothes, education items, books and financial aids were donated to the children living in poor villages.

In 2017, we organized the third 'In Search of the Most Gorgeous Pre-school Educators' community function in cooperation with the Xiaochechina.com. In this function which aimed for the community attention towards childhood development and education pre-school educator candidates were recruited and selected through the internet from an extended number of 26 provinces and cities to elect the top ten most outstanding preschool educators for awarding the prizes of 'The Top Ten Most Gorgeous Pre-school Educators'.



COMMUNITY INVOLVEMENT

Upgrading Community Infrastructure

In 2017, we participated in various community infrastructure improvement projects, including the Wuling Community Hall, soccer field, roads and the senior university, etc., to provide an improved living and working environment in the region.

Targeted Measures for Alleviating Poverty

The Group has been committed to actively participating in social welfare undertakings. In 2017, we accompanied our parent company, Guangxi Automobile Holdings Limited (“廣西汽車集團有限公司”) and sent out representatives to reside on a long term basis in and made donations to five poverty-stricken villages. Our donations were mainly used for the infrastructure construction and the agricultural products industry construction projects in order to alleviate poverty. For example, we built bowers and basketball courts for poor villages and taught local villagers to grow suitable crops to improve their living environment.

NURTURING THE NEXT GENERATION

Connections with Youth Community

Working with youths is one of our core community concern initiatives. Through our efforts in reaching out to youths, we aim to inspire them to reach their full potential.

In engaging youths, we organize young volunteers in cooperation with various youth organizations in the PRC to undertake various community programs with the youths from hospitals and schools. We also organize young employees to participate in the community sports functions and launch the interflow programs for badminton.

Student Internships

At the Wuling Group, we strongly believe in nurturing the younger generation. As such, we have developed an internship program that is targeted at equipping young adults with the skills and knowledge that are required in the workplace. Another goal of the student internship is to locate outstanding, talented students whom we can promote to join our full-time team. Each year, we recruit high caliber students from colleges, technical schools and universities in the PRC to participate in our internship program.

We have a systematic way of selecting interns and apply our Intern Management Approach, our documented Group-wide guidelines, for choosing suitable interns. The chosen interns are placed in various departments within the Group according to their strengths as well as their chosen area of interest.

In 2017, we entered into co-operation arrangement with 6 post-secondary education institutes to organizing a total number of 7 training courses covering the topics of repair, welding and digital control for the purpose of cultivating young talents required for development of our enterprises. Besides, further collaboration were taken with various institutes for the implementation of internship programs for students to have practical experiences in the enterprises. Interns graduated with good results and met the Group’s qualification requirements and labour needs will be invited to work for the Group on a permanent, full time basis.

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections
Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection > Emissions and Wastes > Emission and Treatment of Exhaust Gas > Emission and Treatment of Industrial Wastewater > Treatment of Wastes
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection > Use of Resources > Energy Management > Water Resources Management > Materials Usage
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection > Emissions and Wastes > Greenhouse Gas Emissions
Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Workplace Quality > Working Conditions > Hiring New Employees > Employee Benefits > Workforce Statistics > Employee Development and Training > Caring for Our Employees
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Workplace Quality > Health and Safety > Health and Safety Management System and Policies > Track Record on Health and Safety of Employees

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Workplace Quality > Employee Development and Training
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Workplace Quality > Working Conditions > Hiring New Employees
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices > Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices > Product Responsibility > Product Quality and Safety Control Procedures > Serious Attention to Customer Feedback > Safeguard of Data Privacy and Protection of Intellectual Property
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Operating Practices > Anti-Corruption
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Involvement > Community Investment > Caring for Underprivileged Children > Upgrading Community Infrastructure > Targeted Measures for Alleviating Poverty > Nurturing the Next Generation > Connections with Youth Community > Student Internships