



2020 Sustainable Development Report

SUSTAINABLE DEVELOPMENT REPORT

**Take on new mission and start
new journey**

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Address from the Chairman

Year 2020 marks the year of terminating poverty in China and concluding the 13th Five-Year Plan. It is also a decisive year against poverty, and a key year for FAW Group to catch up, surpass and improve the quality of operation and development. Guided by Xi Jinping Thought on Socialism with the Chinese Characteristics in the New Era, we firmly establish a new development concept, resolutely carry out the “831” strategy and the “3341” Action Plan, strive to create new situation of high-quality development of FAW Group, and move forward towards a world-class automaker.

In the past year, we focused on strict disciplines in the Party with never-ceasing determination. Firmly fulfilling the important instructions made by CPC General Secretary Mr. Xi Jinping and the major decisions and arrangements by the CPC Central Committee, we continued to learn the innovation theories of the Party, enhance discipline compliance in the Party, strengthen the team of officials and HR, and made new progress in improving the community-level organizations.

In the past year, we closely balanced epidemic control and manufacturing with practical measures. We built the epidemic control mechanism and the special fund to win the battle against the epidemic; by firmly fulfilling the “stability and guarantee” requirements, we sold 3.706 million vehicles in the year, realizing the operating revenue of 697.42 billion CNY, up by 12.9% YoY, thus significantly improving the quality and efficiency of enterprises.

In the past year, we made arduous efforts and quick moves just to strengthen the Chinese brand. The sales volume of Hongqi brand exceeded 200,000 units, doubling again and making three major milestones in three years. The Bestune brand, after completing the restructuring, is now ready to start afresh.

In the past year, driven by innovation, we made painstaking and practical efforts to move forward. We formulated and carried out the *Innovation 2030 China FAW R-flag Technology Development Strategy*, promoted the collaborative innovation between government, industry, university, research and application, commercialized a number of major technologies and product innovation achievements. Hongqi H9, E-HS9 and other products were put into the market, and the number of patent applications increased significantly throughout the year.

In the past year, we gave special care to our employees, working together and sharing benefits with them. The “two cards and one network” intelligent service cloud platform was put into use to realize the platform, digital and online care for employees. A group of outstanding people were promoted, and the per capita salary of all our staff rose by 4.8% YoY. The sense of achievements, gains and happiness of executives and employees were continuously improved.

In the past year, we fulfilled our CSR and helped the people in need. We successfully completed the major political tasks of poverty alleviation entrusted by the CPC Central Committee, helped five counties (cities) in three provinces (autonomous regions) out of poverty, received the highest “good” evaluation by the Leading Group of Poverty Alleviation and Development for four consecutive years, and won the honorary title of “National Advanced Collective in Poverty Alleviation”.

With original aspiration, we move forward with great mission Year 2021 marked the 100th anniversary of the Communist Party of China, and the first year of the 14th Five-year Plan period and 2035 Vision. Following the instructions made by CPC General Secretary Mr. Xi Jinping when he visited FAW, based on the new stage of development and the new development concept, we helped build new development pattern, took initiative and responsibility and made resolutions to win the first “battle” in the 14th Five-year Plan period, thus celebrating the 100th anniversary of CPC with high quality development.

China FAW Group Co., Ltd.
Chairman and Party
Secretary
Mr. Xu Liuping

徐留平



Director, President and
Deputy Party Secretary of
FAW Group
Mr. Qiu Xiandong

邱现东



Address from the President

In 2020, FAW Group deeply comprehended and conformed to the “disruptive” transformation and upgrading in automobile industry and the background of “wholly open” industrial policies. We recognized and adapted to changes and put crisis into opportunities, vigorously carried out the “831” strategy and “3341” action plan, centered on customers, focused on innovation driving, deepened reform and promoted new achievements in spite of the adversity.

Practice the political responsibility, and resonate with the national strategy. We continued to strengthen the requirements of “high quality, strong innovation, and great capacity”, adhere to the thinking of “stability, speed, innovation, and efficiency”, focus on reforms, optimize governance mechanism, realize stable operation; respond to the Belt and Road Initiative of China, accelerate our presence in overseas markets, and make use of the resources in poor areas to win the battle against poverty. In 2020, all five counties (cities) in the three provinces (autonomous regions) supported by FAW Group were lifted out of poverty ahead of schedule, thus completing the political task of poverty alleviation given by the CPC Central Committee.

Practice economic responsibility, create and share with the automobile industry. We adhere to innovation-driven development, accelerate the transformation and upgrading to digital intelligent manufacturing model; continue to improve product quality management, to provide customers with excellent quality products and quality service experience; uphold the concept of open cooperation, constantly expand the breadth and depth of cooperation with strategic partners, to promote the development of the automotive industry. In 2020, FAW sold 3.706 million vehicles, made operating revenues of 697.42 billion CNY and total industrial output value of 622.23 billion CNY, thus becoming the only large automaker in China to achieve rapid growth in sales, revenues and profits.

Fulfill environmental responsibility, and share the same roots with green nature.

Adhering to the concept of green development, we built energy conservation and environmental protection information platform to promote green manufacturing system; built green factories, developed energy-efficient and environmental protection technology, accelerated new energy development, promoted energy efficiency and emission reduction, improved resource utilization; organized environmental protection activities, actively promoted green office, advocated full energy efficiency and emission reduction, so as to make FAW efforts in nature preservation. In 2020, FAW invested 666 million CNY in energy efficiency and environmental protection, up by 2.46% YoY. Our carbon dioxide emissions per unit output value stood at 0.069 tons, down by 11.5% YoY.

Practice social responsibility, and work together with the public.

Centered on the people, we protected the legitimate rights and interests of employees, cared for their health and grew together with them in the process of co-creation and sharing; adhering to the public welfare concept of “promoting harmonious society with love”, we focused on livelihood, paid attention to the environment, carried forward traditional culture, built public welfare brands, carried out social public welfare activities, and joined hands with all parties to offer donations and create harmony; we practiced responsibility, fought against the epidemic, rushed to the front line of the epidemic control, gave full play to their advantages, ensured healthy travel, and helped win the battle against epidemic control. In 2020, FAW Group donated 194.06 million CNY, and 81 million CNY was spent on anti-epidemic control.

The mission is based on responsibility, and responsibility leads the future.

Year 2021 marked the 100th anniversary of the Communist Party of China, and the second strategic growth period of FAW “831” strategy. We will thoroughly study and fulfill the spirit of CPC General Secretary Xi Jinping’s important speech during FAW inspection, adhere to the responsibility concept of “harmony of people, vehicle and society”, show responsibility with actions, and work together with all parties to promote high-quality sustainable development.

About Us

FAW outline

China First Automobile Works Co., Ltd. (China FAW) is a state-owned automaker managed by the Central Government of China. Started to be built in 1953, China FAW was put into operation in 1956, becoming the first automaker in China. After 68 years of development, we have built five production bases in Northeast China, North China, East China, South China and Southwest China, with independent brands such as Hongqi, Jiefang and Bestune and JV & cooperative brands such as Volkswagen, Audi and Toyota.

By the end of 2020, there were 128,000 employees in China FAW, whose total assets amounted to 488.94 billion CNY, and the total auto production and sales exceeded 48 million. The annual sales ranked in the leading position in China's automobile industry. For 12 years in a row, we obtained Grade A level in the business performance assessment of SASAC SOE leaders for 12 consecutive years, ranking the 89th place among the Fortune Top 500. The brand value of China FAW ranked the first in the automobile industry in China; Hongqi and Jiefang brand value ranked the first place among the Chinese cars and commercial vehicles.

2020

Sales of **3.706**
million vehicles

YoY growth

7.1%

Operating revenue of
697.42 billion CNY

YoY growth

12.9%

The total industrial output value was

622.23 billion CNY

YoY growth

13.1%

Pay **55.85** billion
CNY taxes

YoY growth

2.8%

100,000 Hongqi
vehicles were sold in 2019

YoY growth

100%

Sell **200,000**
vehicles in 2020

Ranked in 2020

Fortune Top 500

The **89**th place

Top 500 Companies in China

The **21**th place

Top 500 Chinese Manufacturers

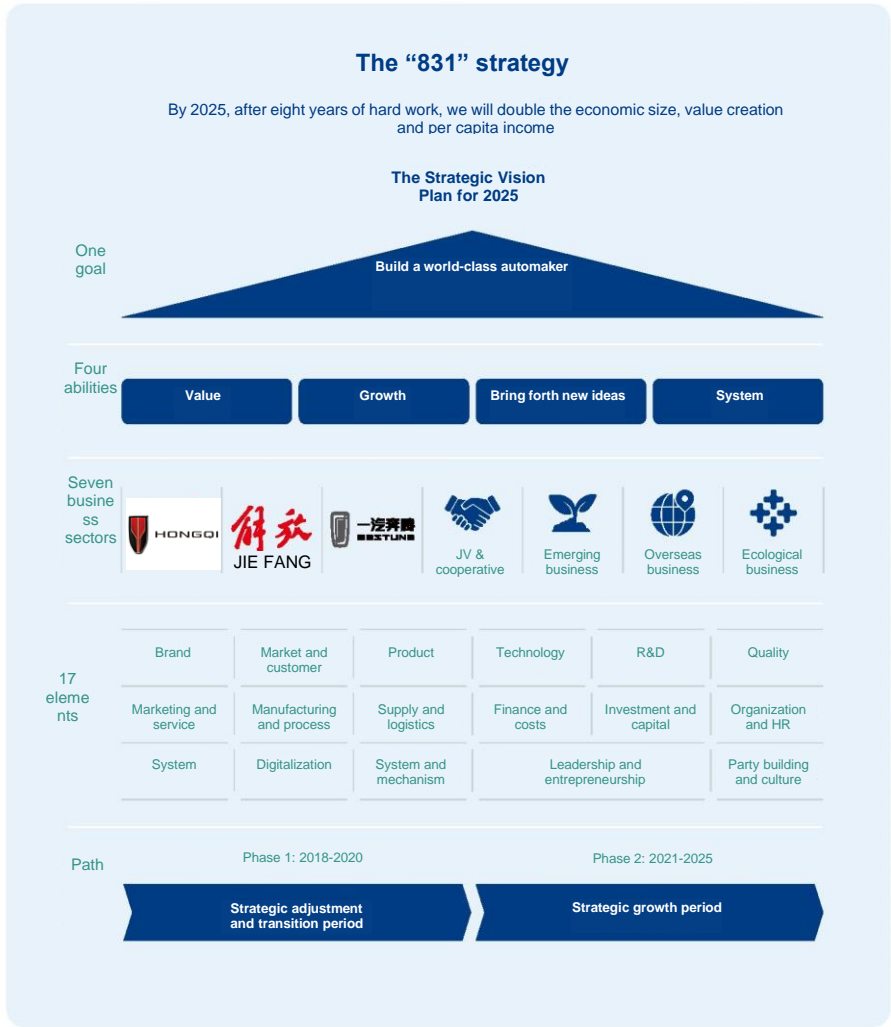
The **5**th place

Top 500 Machinery Manufacturers in China

The **1**th place

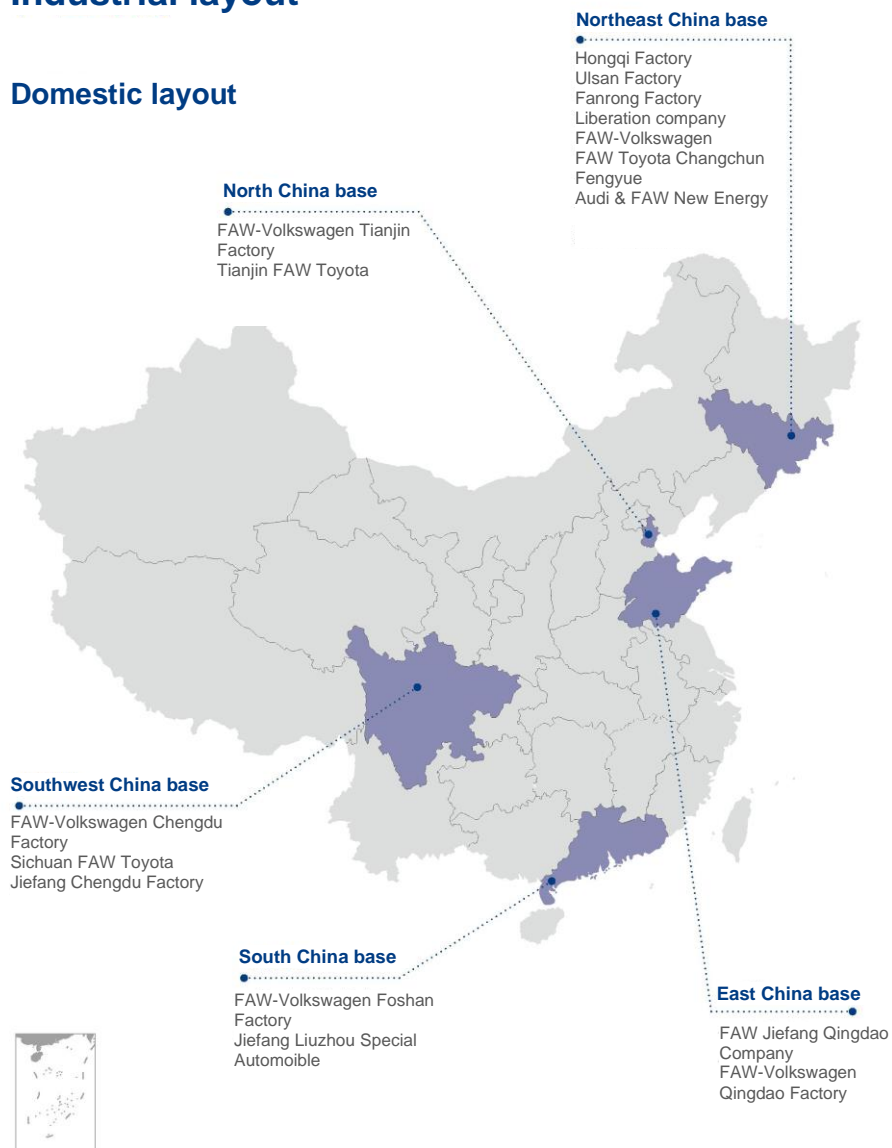
China FAW was the only large automaker in China that achieved rapid growth in sales volume, revenue and profit

Corporate strategy

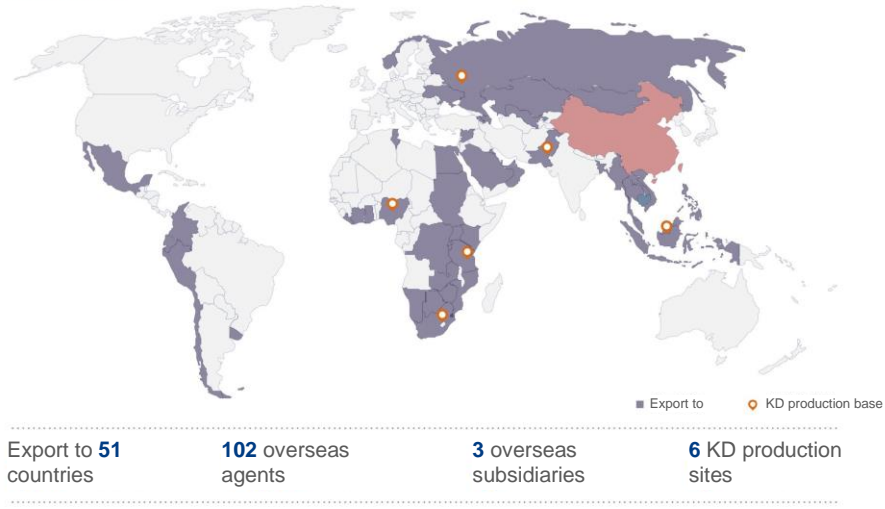


Industrial layout

Domestic layout



Overseas layout



Global R&D layout



Organizational structure

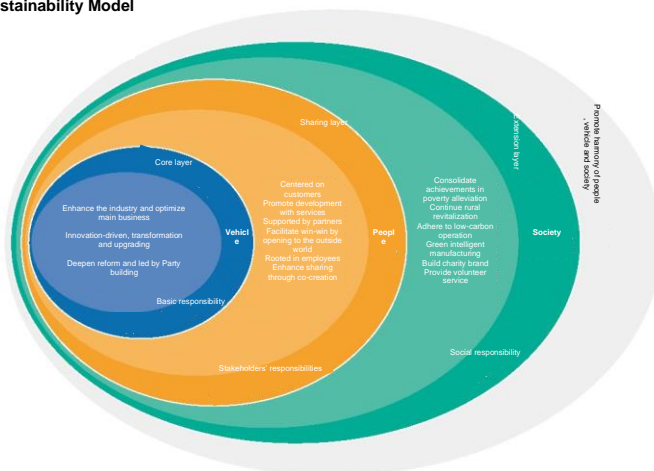


Sustainability management

Responsibility model

China FAW, taking the responsibility concept of “harmony of people, vehicle and society”, upgrades the sustainability model. In the three dimensions of “vehicle”, “people” and “society”, we divide core layer, sharing layer and extension layer, and focus on basic corporate responsibility, stakeholders’ responsibility and social responsibility. We enhance industry and optimize main business. By working together with customers, partners, employees and other stakeholders, we fulfill CSR in the multi-dimensional and all-round way, build high quality development foundation, and promote harmony of people, vehicle and society.

China FAW Sustainability Model



Responsibility organization

China FAW constantly improves the construction of sustainability management system, which consists of dedicated CSR leadership body and executive body. Besides, full-time personnel are responsible for CSR work, and provide a strong organizational guarantee for China FAW to promote responsibility management.

Leadership body

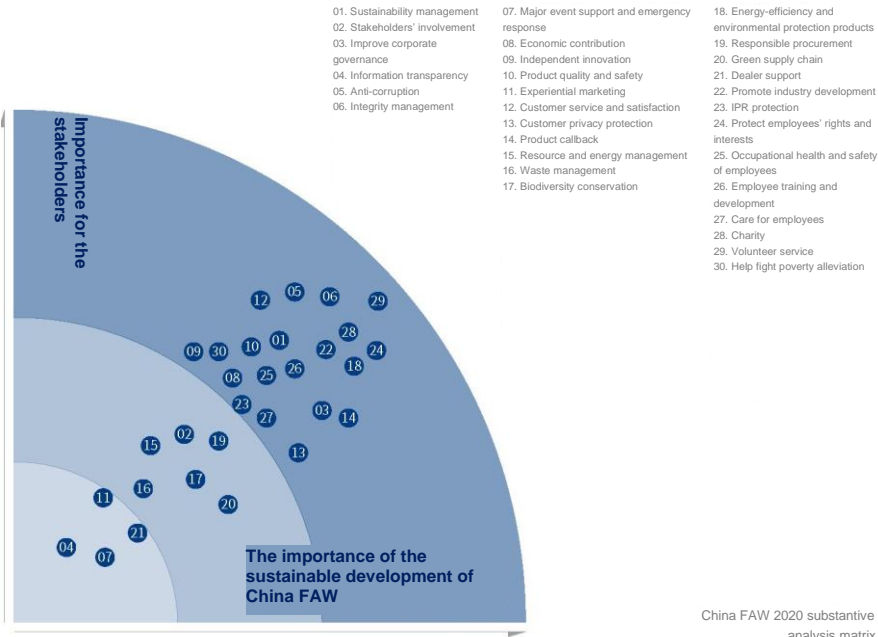
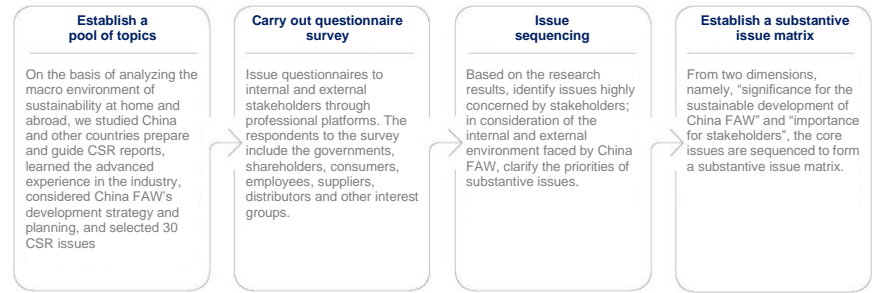
The Standing Party Committee of China FAW is responsible for coordinating the overall planning of CSR and deliberating relevant major matters.

Executive body

The General Office (Party Committee Office) is responsible for CSR of China FAW, which directly manages and promotes the public welfare, charity and CSR communication in China FAW, and guides the departments, branch companies and subsidiaries to build CSR system, make external communication, and liaison, etc.

Integration of responsibility

China FAW carried out CSR in daily work, continued to fulfill CSR in the 13th Five-Year Plan, and prepared to formulate the 14th Five-year CSR Plan; continuously strengthened the management of substantive issues, analyzed the macro situation and advanced experience, formed the substantive issues matrix, clarified the focus, and indicated the direction.



China FAW 2020 substantive issue analysis matrix chart

Responsibility communication

China FAW actively considered the expectations and requirements of stakeholders, continuously expanded the channels for stakeholders to get involved, actively disclosed responsibility-fulfillment information, enriched communication methods, and jointly promoted the sustainable development of economy, environment and society.

Responsibility Report

We adhered to transparent operation, and proactively disclosed responsibility-fulfillment information. Since 2009, we had released ten annual reports on CSR/sustainability; made innovative forms of report, released special reports; enriched communication forms, used official website, WeChat accounts and other Internet channels to convey the dynamics of responsibility, organized and participated in CSR exchange activities, so as to present the China FAW responsibility-fulfillment practice and results in the comprehensive and dimensional way.

How China FAW disclosed CSR information

- Regularly release of CSR/ Sustainable Development Report
- Set up CSR column on the official website
- Hold CSR Week
- Regularly release special reports on targeted poverty alleviation
- Launch CSR information via official WeChat account
- Organize or participate in sustainable development exchange activities

Case China FAW held CSR Week and 2019 Sustainable Development Report press conference to strengthen responsibility communication.








On July 29, 2020, the China FAW CSR Week and 2019 Sustainable Development Report press conference with the theme of "Take the Mission and New Journey to Pursue Dreams" was held at the FAW headquarters in Changchun. China FAW released the 2019 Sustainable Development Report, comprehensively reviewed the performance of China FAW in fulfilling our responsibility for sustainable development in 2019, systematically demonstrated the concept and practice of China FAW in sustainable development, strengthened communications with various stakeholders, and highlighted our responsibility.



Take the Mission and New Journey to Pursue Dreams -- China FAW CSR Week

Involvement of stakeholders

We attach great importance to communication with internal and external stakeholders, build communication platforms and channels, enrich communication methods, and respond to their concerns in a timely and efficient manner.

Stakeholder	Expectations and requirements	Communication channels and methods
 Government and the regulatory authorities	Observe law and discipline Integrity management Risk management Product quality and safety	Work meeting and report Company survey Workshops
 Shareholders and investors	Maintenance and appreciation of state-owned assets Business performance Market competitiveness Investment and income of major projects	General meeting of stockholders General meeting of shareholders Financial reports Annual report Temporary announcement
 Client	High quality products Considerate service Product and service innovation Travel safety Customer information safety	Official website Satisfaction survey Workshops Brand activities Open Day Safety lectures
 Partners and industries	Cooperation and mutual benefits Responsible procurement Green supply chain	Meeting of industry associations Industry workshops and symposiums Annual meeting of suppliers Annual meeting of dealers Participate in formulating the industry standard
 Employees	Protect the rights and interests of employees Staff training and development Occupational health and safety Work & life balance	Congress of employee representatives Staff discussion Employee petitions and complaints Visit to staff family Satisfaction survey
 Environment	Green product Energy efficiency and emission reduction Green culture Reduce the negative environmental impacts Participate in actions against the climate change	NEV R&D Green production system Reduce pollution emissions Develop and participate in environmental protection and charity efforts Practice green office
 Community	Localization management Public welfare and charity Care for special people	Charity and volunteer activities Community investment Organize and support community activities

Enhance industry and optimize main business

Make reforms to seek growth



Full-scale innovation-driven
Ignite new engine of development

All-around deepening of reform
New power for development

All-around transformation and upgrading
Deploy new ecology of development

Our ultimate goal



Our response

In 2020, FAW Group focused on enhancing industry and optimizing main business. As a result, it made progress and achieved leap-forward development against all odds. To be precise, FAW Group insisted on “Full-scale innovation-driven” notion to make new progress in independent innovation ability. FAW Group kept deepening the reform in all aspects and continued promoting the “four-pronged” institutional reform, in order to inspire the organization and individuals’ potential and vigor to the maximum extent. FAW Group kept a close eye on the new round of industrial change, quickened the pace for transformation and upgrading, and realized large-scale development in NEV and ICV sectors.



Investment
in R & D:
RMB 20.6
billion



Applications for
patents: 3,508



Predominating or participating in preparation
and revision of 190 standards of key fields.

Full-scale innovation-driven, igniting new engine of development

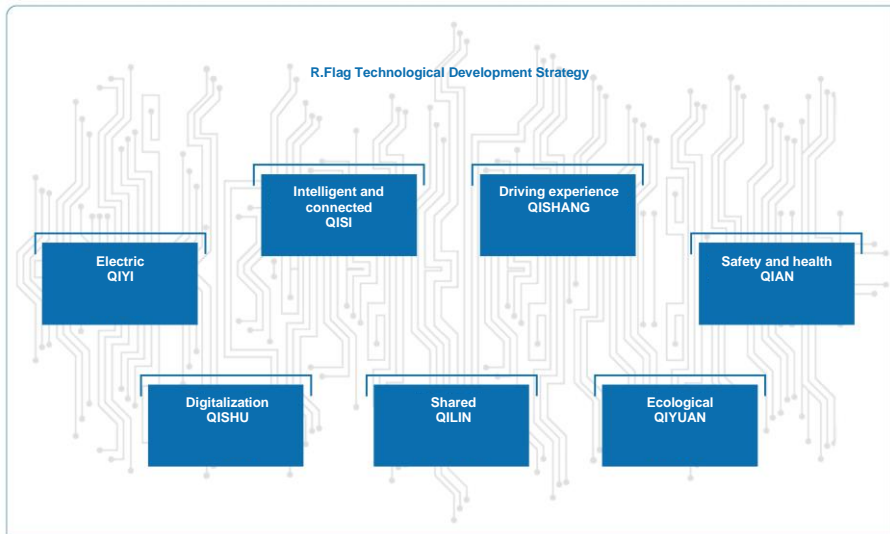
"Only the innovator can make progress, become strong, and win in the long run." FAW Group persisted in making progress and completing work via innovation. It vowed to climb to the zenith of technology and cultivate the brand awareness. By achieving leap-frogged innovative development, FAW Group was in an effort to control core technologies on its own, improve the national automobile brand, and assume the responsibility and mission of making the national automobile industry stronger.

Perfect the innovation management

We planned the technology-driven innovative development as a whole, issued "*Innovation, 2030*" FAW Group R-Flag technological development strategy, and specified FAW Group's technological development direction of the next 10 years. We refined the technology-driven innovation institutional mechanism, set up FAW Group Innovation Committee, and built the "3 Countries & 9 Regions" global R & D layout headquartered in Changchun. Thanks to implementation of multiple measures, we pinpointed the direction and path whereby FAW Group implements its innovation-driven strategy.

Case FAW Group convenes the 4th Science & Technology Conference, issuing the technological development strategy

In October 2020, FAW Group convened the 4th Science & Technology Conference, and issued the "*Innovation 2030*" FAW Group R-Flag Technological Development Strategy. By analyzing the future development trend of the automobile industry, FAW Group put forward the "Seven Requirements", deployed 7 technological sub-brands, and fully interpreted FAW Group's development goals and implementation paths in core technological fields.



"Innovation 2030" FAW Group R-Flag Technological Development Strategy

Unleash innovation passion

FAW Group improved its innovation ability in an all-around manner, focused on key and core technologies, and kept tackling R & D problems. Besides, it actively promoted the "Government-Industry-University-Research-User" cooperation, realized seamless coordination of the industrial eco-chain, and built the "Co-creation, Co-investment, and Shared" innovation cooperation mechanism. By taking root in its innovation culture, FAW Group aimed to foster a profound innovation atmosphere featuring "Innovation by all" In 2020, FAW Group made a total investment of RMB 20.6 billion in R & D, and organized 74 talent trainings for innovation. By the end of 2020, FAW Group had built 1 national key laboratory and 1 academician workstation.

Investment in R & D: RMB	Talent trainings for innovation:	National key laboratory:	Academician workstation:
20.6 billion	74	1	1

Quicken the pace in independent R & D

Strong incentive: enlarge investment in R & D, and step up the efforts in introduction of key talents and mid-long-term incentive

Reward the advanced: present science & technology prizes and reward the advanced at regular intervals.

Set up platform: set up innovation platform and assist employees in starting up business

Promote synergistic innovation

Laboratory: actively promote "Government-Industry-University-Research-User" cooperative innovation, and set up 31 joint innovation laboratories

Innovation alliance: sponsor the establishment of Changchun Hongqi Industry-University-Research Innovation Alliance, and bring in 50-plus colleges & universities, scientific research institutes, and enterprises

Incubator: build up FAW Group's first mass entrepreneurship & innovation incubator QIZHI Innovation Center, and promote commercialization of intellectual property rights and incubation of high-quality projects

Mass entrepreneurship & innovation platform: build Magic Cube- Cloud Innovation, FAW Group's first provincial-level mass entrepreneurship & innovation platform for major enterprises

Build **31** joint innovation laboratories

Hongqi Industry-University-Research Innovation Alliance brought in **50** plus colleges & universities, scientific research institutes, and enterprises

Promote synergistic innovation

Skill training: build talent training base, and organize to carry out skill training

Skill competition: keep organizing such activities as Model Worker Classroom and Employee Skill Competition of Various Vocations, in order to promote learning, practices, and innovation via the competition.

Innovation Studio: build "Six-level and Six-have" employee (model worker) innovation studio, and cultivate the soil for growth of innovation talents.

[Enhance industry, optimize main business, and make reforms to seek growth](#)

Gather wisdom and strength of all, we jointly build and discuss for common growth

Taking responsibility and behaving smartly, we strive for the nation, the people and communities

Case FAW Group 2nd Employee Innovation Conference Convenes

In June 2020, the 2nd Employee Innovation Conference of FAW Group successfully took place. In addition to summing up and sharing excellent experience and practices of 2019 in employee innovation work, the conference commended excellent model worker studio innovation projects, excellent employee innovation projects, and excellent youth innovation projects. At the conference, plaque was given to the 5th batch of model worker innovation studio representatives of the group corporation, which integrated the innovation-driven notion with the business development, and greatly inspired the innovation passion.



FAW Group 2nd Employee Innovation Conference



On October 30, 2020, FAW Group, in conjunction with Beijing Institute of Technology, Jilin University, Beihang University, Shanghai Jiao Tong University, and Hunan University, established the basic and applied research laboratory.



On October 15, 2020, FAW Group hosted the Hongqi Industry-University-Research Innovation Alliance Accession Ceremony, at which 12 Hongqi Industry-University-Research Innovation Alliance representatives received the accession certificate.

FAW tips: What does the “Six-level and Six-have” mean in the “Six-level and Six-have” Employee (Model Worker) Innovation Studio?

Six-level

State-level, provincial-level, municipal-level, group-level, subsidiary(branch)-level, and factory-level

Six-have

Have leader, have position, have goal, have facility, have team, and have achievement

Foster innovation achievements

We endeavored to strengthen intellectual property protection, promoted effective commercialization of technological achievements, and developed 8 industry-leading key technologies, including "New Platform, New Intelligence, New Energy, New Power, New Material, New Process, New Technology, and New Craftwork".

In 2020, FAW Group made remarkable achievements in technology and product innovation, completed application and registration for 4,999 trademarks, and registered 9 copyrights. Also, FAW Group made breakthroughs or achievements in 43 key & core technologies, and completed application for 3,508 patents throughout the year, representing a year-on-year increase of 19.8%. Of which, FAW Group completed application for 1,757 invention patents, representing a year-on-year increase of 59.7%, and ranking the industrial first place in terms of number of patents disclosed. Besides, FAW Group fully took part in 36 standard working groups of the National Technical Committee of Auto Standardization, and actively predominated or took part in preparation and revision of 190 standards in key fields, implying FAW Group's voice in the field of standard kept rising.

Main innovation achievements in 2020

Technological innovation	Product innovation
<p>Proprietary high-efficiency dual-motor hybrid system makes the motor system efficiency exceed 96%, shattering international carmakers' technological monopoly in the hybrid sector.</p> <p>Motor system efficiency of more than 96%</p>	<p>Hongqi brand</p> <p>Hongqi's first Class-C+ luxury flagship car H9 successfully came onto the market; the first Class-C+ luxury flagship battery vehicle SUV "Hongqi E-HS9", which adopted new design notion and prospective technology, was launched onto the market.</p>
<p>Breakthroughs were made in the NEV "Motor, Power Battery, and Electronic Control" system integration and control software & hardware technology, 245 kW high-power driving motor technology, and brand-new Fast Ethernet Bus technology, etc. Relevant technologies have been applied in Hongqi series cars.</p>	<p>Jiefang brand</p> <p>The world first Class J7L3 intelligent commercial vehicle (for mass production) was officially released: for highway scenario, it was the first to realize operation of L3 smart fleet; for port scenario, it provided L4 intelligent dedicated product full-stack technical solution; for environmental health scenario, it successfully took part in L4 intelligent environmental health operation.</p>
<p>Domestic first-ever and proprietary vertically-mounted wet-type dual-clutch automatic transmission was put into mass production.</p>	<p>Bestune brand</p> <p>First hatchback design was applied in the new Bestune B70, and hidden outward-open handle was first used in Bestune E01.</p>

Innovation Honor Wall



FAW Group won the "Excellent Exhibition Group Award" at the 24th National Invention Exhibition. 4 of FAW Group's exhibition items were awarded the gold medal, 7 awarded the silver medal, and 17 awarded the bronze medal.



FAW Group won the first prize of "2020 China Automotive Industry Award for Science and Technology".



Hongqi 1.5T gasoline engine was honored the title of "China Heart" 2020 Top Engines

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and make reforms to seek growth

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build and discuss for common growth

Taking responsibility and behaving smartly,
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communities

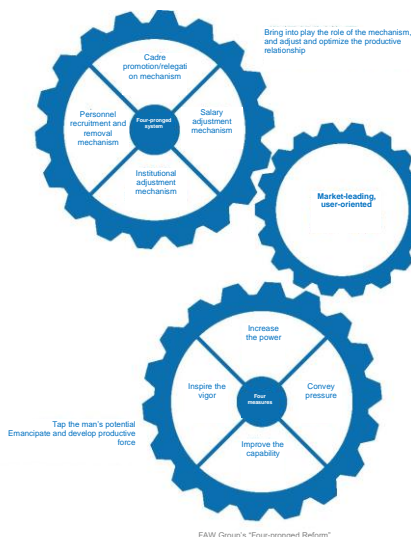
Deepen the reform in all aspects, and inject new power for strong development

"Things will not come into being without reasons, or yield fruits until undergoing reform and development. By upholding the overall work guideline "Seeking rapid progress in stability, seeking rapid progress whenever possible, seeking rapid progress in innovation, making innovation whenever possible, seeking rapid progress in economization, and seeking economization whenever possible", FAW Group focused on inspiring vitality of all subjects, deepened the corporate reform in an all-around manner, refined the governance structure, streamlined the working procedure, and further tapped the potential. Also, FAW Group insisted on "law/rule-based operation", stressed internal audit and control, shored up risk defense line, and safeguarded the enterprise's steady operation.

Deepen corporate reform

We fully deepened the corporate reform, clarified the overall guideline "Those with political integrity and ability and those with business performance and capability shall be promoted", and kept deepening the "Four-pronged" reform. Besides, we improved the corporate governance structure and the "Three Important and One Large" decision-making system, and creatively developed the "Three Important and One Large" topic deliberation system, in order to ensure the decision is high-efficiency and in compliance with rules, and there is no violation of regulations. We resolutely dealt well with zombie and difficult enterprises, deepened the mixed-ownership reform, expanded the scope of governance over enterprises in loss, coordinately promoted the special work on stripping of non-principal business and non-competitive business, and urged the enterprise to streamline the procedure and improve quality and efficiency.

In 2020, we successfully achieved annual reduction indexes, completed such work as handover of socialized management over retirees, stripping of state-owned enterprises' socialized functions, and resolving of historical left-over problems, and fulfilled the separation and handover of the "Three Supplies and Property Management" in high quality.



Case FAW Jiefang promotes "Integrated" process reform, assisting in its steady development

On October 13, 2020, Jiefang Transmission Division officially announced kickoff of its "Integrated" reform, and the Division planned to efficiently integrate its institutions and resources for the sake of optimization of its business. After that, the Division swiftly enacted the "Integrated" process solution, pushed ahead with the process-based construction of its management architecture and mechanism, and safeguarded the Division's steady operation via transmission-characteristic management model.



On July 16, 2020, FAW Group convened the conference for deepening the "Four-pronged" reform work.



On September 12, 2020, FAW Group convened the transitional conference for fulfilling the goal of the next three years.

Law and rule-based operation

Improve the compliance management

We stepped up efforts to intensify law and rule-based operation, promoted research of forward-looking legal matters, independently carried out legal due diligence investigation of overseas investment projects, and strengthened management over core legal affairs such as contract management and dispute case management. In addition, we refined compliance management rule & system and organizational system, included compliance audit in review of major decisions, rules & regulations, contracts, and other legal documents, actively fostered compliance culture, and shored up the cornerstone for enterprises' rule-based and steady development. In 2020, we reviewed 9,122 economic contracts, and examined 1,001 compliance requirements, with fulfillment rate of economic contracts hitting 100%.



On December 4, 2020, FAW Group hosted the "National Constitution Day & Compliance Publicity Week" series activities at the group headquarters.

Shore up risk defense line

We keep strengthening risk prevention and control, refine risk management, organize screening of major and special risks, improve the risk assessment mechanism, and adopt multiple measures, in order to shore up the risk defense line. In 2020, there were no major risk events including overseas major risk events.

Risk management

Prepared professional knowledge graph and knowledge manual for risk management and internal control construction, supplemented provisions on optimization of risk management, and streamlined the report channel for risk events.

Identified **91** major risks

Risk screening

Organized to carry out annual major risk management work, identified 91 major risks of department level, and put forward 470 countermeasures; carried out 6 special risk screening work such as supply chain and pandemic prevention and control.

Put forward **470** countermeasures

Risk assessment

Established and refined risk assessment mechanism for major business decisions, optimized risk assessment list for major decision events, and directed and urged 14 branches and subsidiaries to set up risk assessment work mechanism.

Risk warning

Established risk warning indicator system, focused on major business sectors to determine 86 risk warning indicators, and monitored business risks.

Determined **86** risk warning indicators

Strengthen internal audit and control

Centering on the group's strategic deployment, we carried out the audit work, stressed quality control in the entire audit process, and established the management mechanism covering the entire process such as pre-audit discussion, in-process supervision, and post-audit review. In case of violation of rules, we carried out investigation of responsibilities as planned, enacted the Measure for Implementation of Investigation of Responsibilities for Operation and Investment against Rules, made innovations in the audit management notion, and promoted enterprises' value preservation and increment. In 2020, we carried out 32 audit items (including 2 outsourced items), discovered 555 problems, brought forth 654 opinions and suggestions, and organized 30 plus process supervisions in total.

Carried out **32** audit items
Discovered **555** problems

Brought forth **654** opinions and suggestions

Carried out **30** plus process supervisions in total

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Gather wisdom and strength of all, we jointly build and discuss for common growth

Taking responsibility and behaving smartly, we strive for the nation, the people and communities

We kept stepping up efforts in internal control construction and assessment, built the working mechanism for review of internal control embedded system documents, coordinated internal control assessment work, and formulated the plan for implementation of annual internal control assessment. As a result, we realized full coverage of self-assessment to internal control. Besides, we organized to carry out internal control supervision assessment, in which we exercised internal control assessment to four entities such as mobile travel company. All told, we discovered 229 defects, and promoted effective operation.

Ensure information security

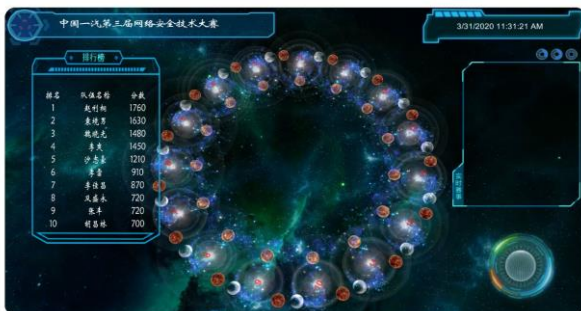
We set great store by cybersecurity, fully implemented cybersecurity responsibility system, and established the Group's cybersecurity operation center and normalized cybersecurity operation mechanism. Also, we launched the special governance work for personal information protection, organized to carry out information security publicity and education campaign, and extensively popularized information security knowledge. In 2020, we organized 7 information security trainings, which were attended by 15,048 person-times of trainees. It is worth saying that there was no significant cybersecurity incident in 2020.

Organized **7** information security trainings

Up to **15,048** person-times of trainees

Case FAW Group hosts the 3rd Cybersecurity Technology Competition

In April 2020, FAW Group organized and hosted the 3rd Cybersecurity Technology Competition, which brought together 40 plus candidates from 13 departments such as Digital Department of FAW Group, Intelligent and Connected Vehicle Development Institute, Jiefang Company, and Car Company. That provided a platform for the Group's cybersecurity talents to show their skills, compete against one another, and exchange ideas. In this way, FAW Group discovered, gathered, and fostered cybersecurity talents, benefiting accelerated development of its cybersecurity talent team.



FAW Group 3rd Cybersecurity Technology Competition



In September 2020, Opening Ceremony of 2020 Jilin Province Cybersecurity Publicity Week by FAW Group was unveiled.

All-around transformation and upgrading, we plan the new development ecology

"Keep up with the times in knowledge, awareness, insight, and action." FAW Group with a deep insight to current market and industrial trend quickened its pace in digital transformation and upgrading, and accelerated investment in emerging businesses and prospective industries. By implementing the cross-border industrial integration, FAW Group spared no efforts to build the world leading new automotive ecology that is high-end, new -type, green & intelligent, and integrates innovation & creation with consumption.

Digital development

We always considered digital development as a booster for FAW Group to grow into the world first-class enterprise. With a view to fulfilling the vision "Data leading to wonderful travel", we issued the overall strategy for digital development, and provided customers with products and services for their ultimate experience while centering on the notion "Energization by business, intelligent product, ecological wisdom, and increment in data value". In four core sectors such as R&D, manufacturing, marketing, and management, we built the agile opening mode for cars, promoted intelligent upgrading of traditional manufacturing, served a wide range of customers precisely and at any time, and fully raised the enterprise's operation efficiency.

Case FAW Group Hongqi Factory Digital Workshop put into production as scheduled

In July 2020, Hongqi Factory New Workshop Delivery Ceremony took place at FAW Group Hongqi Factory. In addition to its in-depth integration with industrialization and information technologies, the new workshop was the first one in China which adopted advanced intelligent equipment such as fully automatic crane and robot wax spraying unit. By creatively applying digital technologies including identity recognition and predictive maintenance, the new workshop was committed to growing into the industry first-class production base, and providing strong supports for improving deployment of Hongqi products and promoting high-quality and leapfrogged growth of Hongqi brand.



Brand-new welding shop of Hongqi Factory

Case FAW -Volkswagen strongly promotes digital transformation and achieves high-quality development

In 2020, FAW -Volkswagen focused on system innovation and reform to keep optimizing its manufacturing and management, actively promote digital transformation process, and amass energy for its long-term development.

Procurement

Set up digital procurement platform, linked all procurement nodes, and lived up to refined management, transparent work process and improvement of working efficiency.

Production

Built digital production and logistics system, promoted precise running of the supply chain, effectively raised production efficiency, and brought down the production cost; upgraded OTD system, streamlined the process from production side to user side, and improved the user experience.

Enhance industry, optimize main business, and make reforms to seek growth

Gather wisdom and strength of all, we jointly build and discuss for common growth

Taking responsibility and behaving smartly, we strive for the nation, the people and communities



In July 2020, Hongqi Innovation Building, as the world first intelligent and full-scene digital pavilion, was officially open to the public

Deploy new ecology

We took active actions to deploy emerging business forms and emerging sectors, and to develop strategically emerging businesses such as new energy, intelligent and connected vehicle, and shared travel. In addition, we built smart travel ecosystem, and realized the intelligent, connected, electrified, and shared transformation and upgrading of the automobile industry. In 2020, proportion of self-owned brands of NEVs to self-owned brands of cars exceeded 20% in terms of sales. Penetration ratio of intelligent and connected vehicle (ICV) reached 20% in the market of above L3 and 5% in the market of above L4. In addition, Hongqi E-HS9 with L3 intelligent drive system was put into mass production.

Mobile travel

Deepened the cooperation with DIDI platform, and launched a total of 3,343 cars onto the market, covering 16 cities;

Assisted in T3 platform's business deployment, developed product lines for Kuaixiang and enterprises, extended the line of service to 11 cities of China, and ranked 2nd amongst domestic online car-hailing platforms;

Kept promoting construction of Qimiao Travel platform, and developed cooperation with 2B and 2G customers.

Emerging businesses

Built Changchun Hongqi Township, and developed the future smart city eco-complex that integrates intelligent manufacturing, automotive culture, innovation & entrepreneurship, and talent training, etc.

Launched the Qijing Innovation Space Construction project, and built the experience space that integrates multiple functions such as product display, experience of new black technologies, negotiation on ecological cooperation, and summit forum on great change.

Emerging sectors

New energy

Focused on development of battery vehicle, fuel cell vehicle, and hybrid vehicle, built new energy development institute, established new energy branch, and newly built the New Energy ICV Innovation Experimental Base.

Intelligent and connected

Formulated and implemented "QISI· Smile" ICV technology strategic plan, set up L3/L4/L5 technical platforms, and quickened the pace to cultivate 5 core capabilities such as smart system, wire-controlled chassis, and linking of all things.

Case FAW Group innovatively develops automobile information security attack & defense penetration platform, and establishes information security guarantee in whole lifecycle.

FAW Group Intelligent and Connected Vehicle Development Institute predominated in development of the automobile information security attack & defense penetration platform, which adopted such technologies as reverse code analysis technology, vulnerability scanning technology, network monitoring technology, and obfuscated code technology. Such platform realized full-scale and in-depth penetration testing and vulnerability management to the ICV and its back office, and provided full-lifecycle IoV development technology, full-lifecycle IoV security assessment technology, and security situation sensing technology for cars of Hongqi brand.

Case FAW Group NEV and ICV Innovation Experimental Base Construction Project kicks off

On March 27, 2020, FAW Group announced kickoff of the ICV Innovation Experimental Base Construction Project. With planned area of 266,000 square meters and total investment of RMB 2.69 billion, this project was designed for construction of the innovation experimental base centering on new energy experiment, featuring new-type R & D experiments such as ICV experiment, and taking "Passive safety", "pedestrian protection", and "additive/subtractive manufacturing" as support.

Total planned area of
266,000 square meters



FAW Group NEV and ICV Innovation Experimental Base Construction Project kicks off

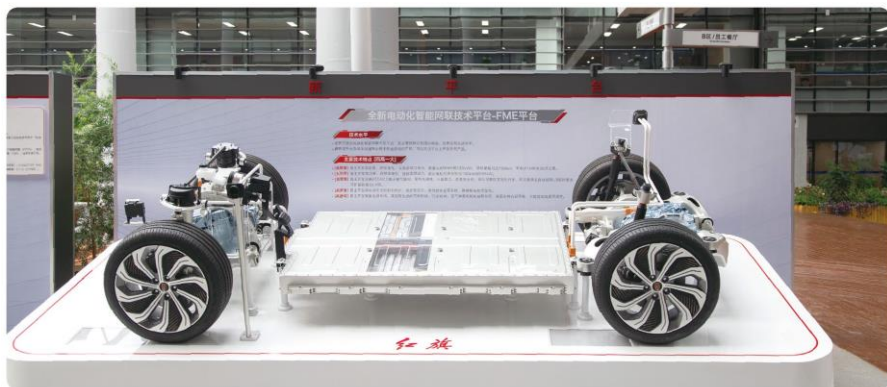


FAW Group Hongqi NEV Factory Project kicked off

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New-energy FME platform, FAW Group's first special battery vehicle platform centering on power battery, was applied in Hongqi E-HS9 and put into mass production.



In October 2020, FAW Group and PATEO entered into full-scale cooperation in the field of ICV, and both sides jointly established "FAW Group Intelligent and Connected Vehicle Development Institute & PATEO IoV Tianquan Intelligent Laboratory"

Intelligent Manufacturing Honor Wall

FAW Bestune "Holographic Display Custom Technology" won the "Innovative Technology Prize" of 2020 (2nd) GASGOO Awards for its innovative product form and user experience.

Hongqi H9 passed CL2 certification as domestic first lot of ICV products

FME1.0 battery system was honored "2020 China Heart Top 10 New-energy Power System".

After being subjected to L4 intelligent drive upgrading and transformation, Bestune T99 Demo won the first prize and the second prize in the 4th World Intelligent Driving Challenge

Gather wisdom and strength of all

We jointly build and discuss for common growth

43
Centered on customers
Promote development with services

49
Supported by partners
Promote win-win via opening-up

57
Rooted in employees
Promote sharing by co-creation



Our ultimate goal



Our response

In 2020, FAW Group gathered wisdom and resources from all parties to draw the “Co-creation, Shared” concentric circle. FAW Group kept centering on customers and had an insight into demands, in order to unswervingly cultivate superexcellent product quality and ultimate service experience. FAW Group persisted in depending on partners and moved ahead together with suppliers, dealers, and strategic partners, etc., in order to exchange ideas and draw lessons from one another and achieve cooperation and win-win. FAW Group took root in employee to advocate “Double Care and Double Growth” and bring into full play cadres and employees’ entrepreneurial spirit.



Provided 3,460 job opportunities throughout the year



Total investment in employee training: RMB 112 million



Investment in work safety: RMB 540 million



15 new “HQ-HQ” strategic partners

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Centered on customers, we promote development with service

Superexcellent quality first, high-quality service upmost. FAW Group persisted in centering on customers, and always focused eyes on customer interests and demands in work. It spared no efforts to provide customers with ultimate and superexcellent product experience, and cultivate reassured and worry-free services in the full lifecycle of user consumption, in order to keep improving satisfaction, loyalty, and popularity among customers.

Superexcellent product

By insisting on the product notion "Ultimate, fantastic, highly welcome and stunning", we focused on customer needs and took root in technological innovation to keep developing star products that lead the industry's development and ignite the market consumption. Besides that, we carried out product design and R & D according to needs of special groups such as pregnant women and the disabled. We launched onto the market 23 brand-new products (including Hongqi H9, Hongqi E-HS9, Jiefang J7 Upgrade, G8 Golf, and AVALON).

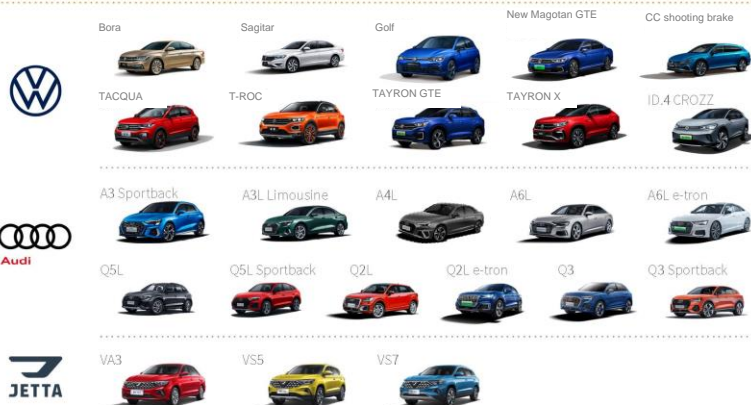
Brand family | Self-owned brands



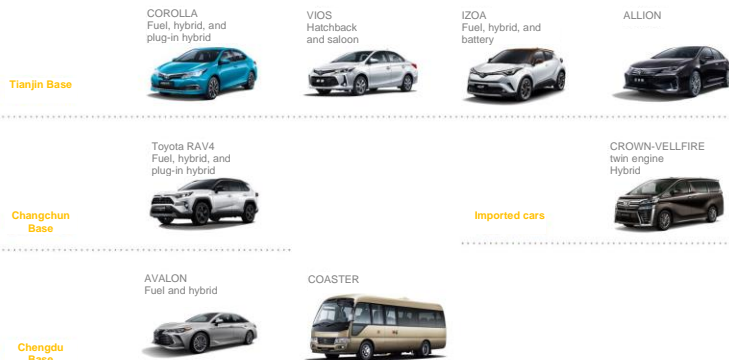
Brand family

JV and cooperative brands

FAW Volkswagen



FAW Toyota



FAW Mazda



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Ultimate quality and safety

We insisted on the notion “Ultimate standard, ultimate requirement” to unswervingly foster ultimate product safety and quality. Centering on product quality, we fully drew on the world top-class brands’ quality assurance experience to formulate the world first-class quality standards and rigorous process quality control requirements. In addition, we further carried out quality culture construction, in order to improve the quality in all aspects. We established and refined the rules and supervision systems to ensure the product safety, aside from stepping up efforts to strengthen product safety technology R & D and application. We normalized the inspection to hidden car troubles, and vowed to foster product safety culture atmosphere in the entire group.

Hongqi “HQ365+1” quality management model



Meticulous work for every day



Launched full-scale quality improvement battle while centering on product quality improvement, quality system construction, and quality culture construction.



Issued core quality culture notion “Quality is life”; implemented overall requirements of the full-scale quality improvement battle according to the technical route “Jiefang truck made in accordance with European standards”.



Carried out intensive supervision over process management & control and ISO9001+VDA6.1 certification, kept pushing ahead with system improvement, tools & solutions application, and quality awareness education, and built whole-process quality management system.



Officially completed construction of after-sales quality warning base and best quality practices base, learned about user demands in zero distance, and set up promotion platform for internal excellent quality work methods.



Pushed ahead with implementation of “FAW Toyota Full-scale Quality Improvement Battle” activity as scheduled while centering on 5 dimensions such as system, awareness, manufacturing, new product, and market.

Quality honor

FAW Group won "Excellent Organization" title in the 2020 National Full-scale Quality Management Knowledge Competition for Corporate Employees.

Hongqi brand

Hongqi H9 and E-HS9 were respectively honored "2021 China Car of the Year" and "2021 China Top 10 Cars of the Year". In terms of user satisfaction, Hongqi HS5 and Hongqi H5 respectively ranked first among "Class-B SUV products worth above RMB 200,000" and third among "Medium and large cars worth below RMB 200,000" according to China Association for Quality. Hongqi HS5 passed C-NCAP five-star safety certification.

Quality honor
FAW Bestune

Bestune T77PRO was awarded the title "CATARC Accredited Star in Energy Efficiency"

FAW-Volkswagen

With respect to product quality satisfaction, Magotan, Golf, T-ROC, TACQUA, Audi's A6L, Q5L, A3, and Jetta VA3 respectively ranked first in their respective niche markets according to 2020 China Automobile Customer Satisfaction Index assessment results.

FAW Toyota

It ranked first in sales satisfaction and service satisfaction according to China Association for Quality. With respect to user satisfaction, PRADO, AVALON, and VIOS respectively ranked first in their respective niche markets according to China Association for Quality. Particularly, AVALON was honored "Best Car of the Year" at CCTV 2020 Grand Ceremony for Chinese Cars.

Pleasant services
Foster respectful service experience

We insisted on bringing customers pleasant experience with ultimate services, thus we stressed construction of service management system, and set up highly dense and extensive service network. We creatively organized diverse customer care activities, and extensively inspired customers to join us, in addition to popularizing the product knowledge, guiding the consumption tendency, and assisting customers in realizing rational and sustainable consumption. In 2020, the Group realized 98.8% of customer satisfaction degree in sales and 98.7% of customer satisfaction degree in service.

Customer
satisfaction in
sales

98.8%

Customer
satisfaction in
service

98.7%



HONGQI

Built the "Warmhearted Service" brand, and provided consumers with full-scene and full-lifecycle considerate travel solutions through the countrywide and overseas Hongqi experience centers, instant Hongqi shared travel, and Hongqi service free for life.



JIE FANG

Built the "Touching Service" brand, upheld the service commitment "Quality-based and whole-process care", and complied with "Standardized, Refined, Intelligent, and Whole-process" service principle.



Bestune

Built "Sincere Care" service brand, set 5 "Sincere" commitments, 1 reassuring guarantee, and 8 attractive rights, in an effort to bring users brand-new service experience "Comfy drive, reassuring purchase, worry-free repair, and considerate maintenance".



FAW-VOLKSWAGEN

Standardized service process, improved service standard, improved pre-sales, in-sales, and after-sales service level in all aspects, and established flawless customer relationship management system.



FAW-TOYOTA

Insisted on the service notion "Professional car service, sincere user service" to provide multiple characteristic services such as 5Q service, service package for regular maintenance, 24h rescue service, and car maintenance classroom, and build the "Sincere Service" brand.

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communities



Hongqi "Fans Club" Public Welfare Sports Event



Hongqi "Fans Club" authentic & fake spare parts
experience and popularization activity



FAW Toyota COROLLA DAY



In December 2020, FAW Jiefang hosted the first Truck Drivers Carnival

Active response to customer complaints

We considered customer complaints as an effective measure to acquire product quality information and learn about the products' hidden troubles. By strengthening quality management and optimizing customer service, we tried to avoid complaint risks whenever possible. Also, we refined customer complaint management procedure, timely and appropriately resolved customer complaints, restored brand reputation among customers, and improved customer satisfaction. In 2020, the rate of response to consumer complaints hit 100%, with complaint closure rate reaching 100%.

Rate of response to consumer complaints:

100%

FAW-Volkswagen set great store by customer complaints, thus it launched projects such as "1·2·5·X Tough Battle", "Tough Battle for Closure of Complaints in 1 Day", and "2C Direct Train". Through meeting mechanisms including "Daily Stand-up Meeting", "Weekly Follow-up", and "Monthly Summary", FAW-Volkswagen linked regions and unified thoughts of dealers, shored up the "Customer-centered" service philosophy, and promoted high-efficiency disposal of complaints.

Complaint closure rate: **100%**

Safeguard customers' basic rights

We strictly observed provisions of national policies to faithfully disclose the product information, put an end to false marketing, and protect consumers' right to know and freedom of choice in a down-to-earth manner. We stressed construction of information protection system, and protected customers' privacy security. We refined after-sales service and implemented repair guarantee and manufacturer warranty policies. We set up product recall mechanism, strengthened assessment to risks in recall of branches and subsidiaries' products, and strongly ensured consumers' personal and property safety. In 2020 there was no customer information leakage incident.

Hongqi Brand strictly implemented the Rules for Implementation of Hongqi Lifelong Free Warranty Policy, and extended the free warranty service of fixed term to lifelong maintenance service without time limit. According to the Provisions on Responsibility for the Repair, Replacement, and Return of Household Automotive Products issued by the State Administration for Market Regulation, car owners may enjoy 2 years of manufacturer warranty period or 50,000 kilometers of driving distance in warranty, in addition to other warranty policies as stipulated.

Case FAW-Volkswagen announces recall of some imported cars

In August 2020, FAW-Volkswagen filed its recall plan at the State Administration for Market Regulation according to requirements of the Regulation on the Administration of Recall of Defective Auto Products and the Measures for the Implementation of the Regulation on the Administration of Recall of Defective Auto Products.

Recall time	Recall reason	Way of settlement
As from September 1, 2020, FAW-Volkswagen planned to recall some imported cars of Audi A1 and A3 series that were produced during the period from February 8, 2011 to August 31, 2012, and the total number was 18,497.	For some cars within the recall scope, due to manufacturing deviation of the supplier, pressure accumulator's threaded seat in the transmission electromechanical unit was slightly thin, thus the thread in high-pressure oil condition might incur mild rupture, which will in turn bring about decline of the system's oil pressure and activate the warning lamp on the dashboard. In case the user ignores the warning and continues driving the car, the power transmission might be affected, leading to hidden safety trouble.	Through its licensed dealers, FAW-Volkswagen will carry out software upgrading for transmission electromechanical unit of the cars within the recall scope, as a way to eliminate the hidden safety trouble. In addition, for some Audi cars without applicable software, FAW-Volkswagen will directly replace upper housing of the electromechanical unit accumulator, in order to ensure defects will be eliminated in time.

Service honor wall

FAW-Volkswagen Audi Brand won the "Outstanding Service Prize" and "Outstanding Contribution Prize" of the "2020 China Auto Golden Wrench Award".

In terms of after-sales service satisfaction in the automobile industry, FAW Toyota ranked first for three consecutive years according to China Association for Quality.

Supported by partners, we facilitate win-win by opening to the outside world

"Nothing, not even mountains and oceans, can separate people with shared goals and vision." FAW Group upheld "Honest operation, cooperation, and win-win" notion, objecting to illicit competition. FAW Group strengthened supplier management and shared responsibilities with suppliers. Also, it pushed ahead with channel construction and assisted in improvement of dealers' capability. It promoted further development of diverse cooperation models such as JV & cooperation, cooperation between government and enterprises, industry-university-research cooperation, and international cooperation. All in all, FAW Group advocated mutual benefit, win-win, mutual integration, and common growth, in order to keep expanding its circle of friends and boost the industry's development.

Share responsibilities with suppliers

We endeavored to build the responsible supply chain, implemented transparent procurement, and established the management system covering the entire lifecycle of the suppliers. We formulated rigorous supplier access standard and social responsibility examination process & method, as well as carried out performance assessment and punishment system. We actively organized supplier capability training and social responsibility training, and adopted multiple measures to promote construction of the supplier quality system, in order to share risks and responsibilities with the suppliers. In 2020, we organized 95 supplier trainings, with trainees exceeding 380 person-times. By doing so, we built cooperative relationship with 120 new suppliers, and there was no prospective supplier that was rejected for its social responsibilities against regulations.

Organized **95**
supplier trainings

Trainees of more than
380 person-times

120 new
suppliers

No prospective supplier that was
rejected for its social
responsibilities against regulations

Transparent procurement

Established and refined FAW Group's electronic tendering and procurement platform, in order to carry out tendering and procurement activities in an open, transparent, high-efficiency, and reasonable manner.

Responsibility management

Access standard

Prepared the supplier access process, assessed the supplier's qualification and competence, and included social responsibility indexes (including occupational health and environmental protection) in supplier screening.

Performance evaluation

Carried out performance evaluation from different dimensions such as product R & D, quality assurance, cost management and control, delivery capacity, and service guarantee, etc.

Reward and punishment measures

Enacted preferential policies for excellent suppliers; adopted punishment measures against unqualified suppliers according to specific circumstance.

Mutual benefit and win-win

Urged new business form and new technology suppliers to take part in development of new products, and worked with core suppliers to jointly build auto sheet laboratory;

For suppliers with weak capital chain, moderately adjusted the payment term to alleviate the suppliers' capital turnover pressure.

Case FAW Group worked with Dongfeng Motor and China South Industries Group Corporation to establish the mechanism for sharing blacklist of suppliers.

To raise the suppliers' cost in breach of regulations and promote development of cordial and clean business relationship, FAW Group signed the Cooperative Framework Agreement for Sharing and Joint Construction of Honesty and Integrity among T3 Suppliers with Dongfeng Motor and China South Industries Group Corporation in September 2020, in order to establish the mechanism for sharing blacklist of suppliers. By the end of 2020, three entities had shared a total of 239 blacklisted suppliers in two batches, which pushed ahead with sharing and joint construction of honesty and integrity among suppliers in the automobile industry. That helped boycott dishonest behaviors.

Case FAW-Volkswagen promotes green copartner supplier project

In response to the state's call for sustainable development, FAW-Volkswagen actively developed green copartner project, and organized professional review panel to analyze status quo of the supplier environment management. In addition, it carried out field assessment and energy efficiency monitoring according to national and local environmental protection laws & regulations, ISO management system standard, and FAW-Volkswagen's environmental protection requirements. Also, it assisted suppliers in improving environmental risks, promoted energy conservation and emission reduction, and urged supplier partners to join the fast lane of green development.



Number of FAW-Volkswagen's suppliers that took part in green copartner review during 2018-2020



FAW Group 2020 Hongqi Supply Chain Partners Conference

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Taking responsibility and behaving smartly, we strive for the nation, the people and communities

Move ahead together with dealers

We joined hands with our dealers to move ahead, actively promote construction of marketing channel, optimize the network layout, and ensure the network coverage and user convenience. We stressed tutorship and training, and set up a platform for exchanging of ideas and study with dealers. We extensively organized skill competitions to improve dealers' operation management and service guarantee ability. By the end of 2020, there were a total of 361 franchised Hongqi experience centers, 300 of which started business, implying an annual increase of 100 experience centers in operation. Coverage rate of Hongqi outlets in China hit 82.3%.

A total of **361**
franchised Hongqi
experience centers

Coverage rate of
Hongqi outlets in
China: **82.3%**



Distribution map of Hongqi experience centers

Case FAW Group successfully hosts Hongqi 2nd Dragon Star • Skill Competition

During the period from April 2020 to October 2020, FAW Group organized to host Hongqi 2nd Dragon Star • Skill Competition. In this competition, the assessment covered 7 core and key posts relating to sales and service. Through diverse competition forms such as real car troubleshooting, scene rehearsal, lecturing PK, this competition focused on the real scene and promoted training via competition, in order to further improve Hongqi experience center's comprehensive marketing service ability.



Dragon Star Skill Competition Site

Case FAW Jiefang organizes to develop the training class for improving dealers' service ability

In 2020, FAW Jiefang organized to develop "Focusing on Real Issues, Seeking the New, and Raising Gains and Efficiency -Core Post Training Class for FAW Jiefang Dealers" tailored to sales managers and service outlet heads of the dealers. At the class, FAW Jiefang adopted learning means such as interaction, observation, salon, case discussion, and scenario simulation to improve the knowledge transmission effect. The class fell into 5 phases and covered 69 sales managers and 108 service outlet heads. It helped further promote improvement of sales and service ability of personnel at core posts of dealers.



Core Post Training Class for FAW Jiefang Dealers

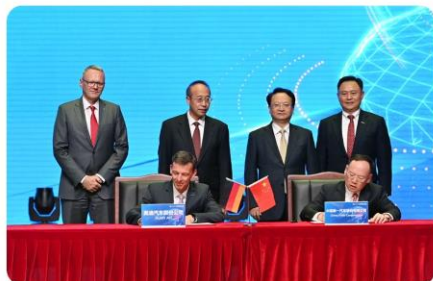
Cooperation and win-win with strategic partners

Set the paragon of JV and cooperation

We stressed cooperation and endeavored to run well the JV enterprise. Internationally, we kept deepening the cooperation with such partners as Volkswagen, Audi, Toyota, and Mazda, and expanded the cooperation with them in new products, new technologies, and new business sectors. We took an active part in global market competition, in an effort to carve out a new era of JV and cooperation. According to updated sales ranking of 2020, FAW-Volkswagen still ranked first in the industry, and FAW Toyota ranked top 5 among JV enterprises.



In November 2020, FAW-Volkswagen and Volkswagen Group signed the memorandum of cooperation for import of cars and parts



In October 2020, FAW Group and Audi signed a contract on high-end NEV project



In June 2020, FAW Toyota New Energy Company Project was launched in Tianjin, marking all-around implementation of the new energy strategy between FAW Group and Toyota



Further exploitation of overseas market

By upholding the initiative "Thinking globally, running locally", we strongly developed overseas market and kept deepening the international cooperation on production capacity. Taking root in local market, we respected local cultures & customs and laws, regulations, and policies, pushed ahead with localized management, and fostered local talents. As a result, we helped local community residents improve their living conditions, and realized mutual benefit, win-win, and interest sharing with local government and people.

By the end of
2020

78 overseas
markets

64 overseas
dealers

3 overseas
subsidiaries

Set up representative offices
and resident departments in

22 countries

16 international capacity
cooperation projects completed
and put into production.

Cumulative export of
more than
330,000
units

342 overseas local
employees recruited by
the Group

Localization rate in
employment:
62%

FAW South Africa's
localization rate: more than
95%



Attempted to enter European high-end EV market, and took advantage of global synchronous marketing of E-HS9 to successfully complete "Cloud signing" with copartners of Norway.

Kept exploiting the Middle East market, realized export of 400 Hongqi cars (the maximum volume in single batch) to the Saudi market, and successfully hosted "Hongqi H9 Appraisal Meeting" in the United Arab Emirates.

Steadily exploited ASEAN and East Asian market, realized small-batch export of Hongqi H9 to the South Korea, and successfully made inroads into Cambodia mobile travel market.

Deepen global strategic cooperation with the Ministry of Foreign Affairs, successfully completed delivery of cars to Chinese embassies in four countries (including Germany, Japan, France, and Belgium), and worked out a plan to sell Hongqi cars to 100 Chinese embassies in foreign countries by 2025.

Single-batch export
of **400** cars to
the Saudi market



JIE FANG

Broadened the overseas channels, and capitalized on multiple approaches (e.g., global recruitment and export via border trade) to establish cooperation with a total of 18 new level-1 dealers throughout the year.

Pushed ahead with overseas exploitation of Chinese-funded enterprises, and successfully entered into strategic cooperation with multiple industrial leading enterprises (including CITIC Construction, China Railway Construction Corporation, and China National Building Materials Group Corporation) in different fields such as project-based car sales and cooperative construction of network.

Set up diversified overseas financial system, and made efforts to resolve hard nuts in relation to agent financing and end customer credit, etc.

18 new level-1
dealers



Strengthened improvement of brand image, and completed image upgrading of 6 flagship stores while focusing on the theme "New Bestune, New Image, and New LOGO".

Made innovations in marketing mode, and drove terminal sales from three dimensions such as sports marketing, precise promotion, and social media operation maintenance; realized export of 2,490 units to the Middle East, representing a year-on-year increase of 205%

Accelerated the capacity deployment, completed factory construction and equipment installation in Myanmar KD Project despite spread of the pandemic, and realized local assembling of the first lot of 56 cars in Mexico X40 DKD project.

Export of
2,490 units in
the Middle East
market throughout
the year
A year-on-year
increase of
205%

Deepen

We resolutely expanded the opening-up and vowed to build the all-around, multi-level, and diversified opening-up and cooperation pattern. In conjunction with strategic partners such as governments, enterprises, colleges & universities, and scientific research institutes, we quickened the pace to build the industrial ecosystem featuring multi-party cooperation, mutual benefit, and win-win, and assisted China automobile industry in transformation and upgrading.

Changchun Municipal Government, FAW Group, and Linglong Tire signed a framework agreement for strategic cooperation.

FAW Group signed strategic agreement for in-depth cooperation with 7 industrial leading digital solution providers such as Huawei, Tencent, Baidu, and Alibaba Cloud.

FAW Group Model Worker Studio signed cooperation project agreement with the National Key Laboratory of College of Automotive Engineering, Jilin University.



April 14

April 20

June 22

Signing Ceremony for China Automotive Innovation Cross-industrial Cooperation Corporation, which was jointly by FAW Group and China Weather & Cooperative Partners South Industries Group Corporation, etc., was officially founded. Forum successfully took place in the form of online livestreaming.

FAW Group signed "Four Returns" cooperation agreement and Hongqi NEV factory cooperation agreement with Changchun Municipal Government

FAW Group, Jilin provincial government, and State Grid Corporation of China signed a cooperative framework agreement for building "Charging & Battery Swap with Green Power" new business form and promoting development of the NEV industry



June 22

June 29

July 28

August 4

December 29

November 4

October 12

September 24

September 21

September 6

September 6



FAW Group and Huawei signed a FAW Group signed a contract for FAW-Huawei FEEA3.0 Project & Lingheng Joint Innovation Laboratory



At the 2020 China-Germany Auto Conference, FAW Group signed strategic cooperation framework agreement with Changchun Municipal Government and State Power Investment Corporation



FAW Group and Neusoft established joint innovation center



FAW Group and China First Heavy Industries signed strategic cooperation framework agreement



FAW Jiefang and Suzhou Xiangcheng District Government entered into a strategic cooperation to establish 5G new infrastructure smart city



FAW Jiefang and JD joined hands to establish the world first L3 fleet

Resonance with industrial development

We took full advantage of the enterprise's influence and reputation in the value chain and industry, as well as brought into play our own comprehensive advantage. Besides, we took part in formulation of industrial standards, made innovations, and popularized the industrial technologies, in order to build and expand the exchange platform, introduce and foster industrial talents, and make contributions to high-quality development of the automobile industry.

Case FAW Group organizes the 9th International Workshop on Automotive Passive Safety Technology, Standards and Regulations

In August 2020, the 9th International Workshop on Automotive Passive Safety Technology, Standards and Regulations, which was sponsored by the National Technical Committee of Auto Standardization and organized by China Automotive Technology and Research Center and FAW Group, convened in Changchun, which effectively promoted the exchange and cooperation of the industries relating to car collision and passive safety at home and abroad, greatly benefited establishment of internationally advanced automotive passive safety technology, standard, and regulation system, and boosted healthy and sustainable development of China passive safety industry.



Live picture of the 9th International Workshop on Automotive Passive Safety Technology, Standards and Regulations



In 2020, FAW Group organized the "Hongqi Cup" First Section Chief Management Skill Competition in National Machinery Industry, in order to foster section chiefs and management elites, and promote high-quality development of China machinery industry

Enhance industry, optimize main business, and make reforms to seek growth

Gather wisdom and strength of all, we jointly build and discuss for common growth

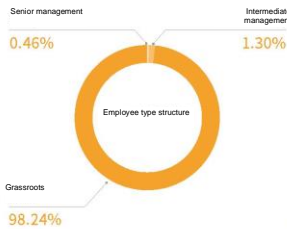
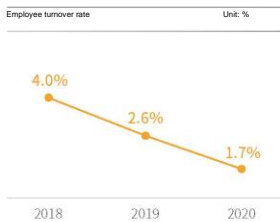
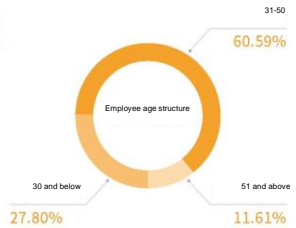
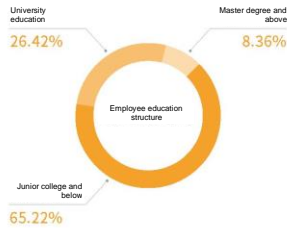
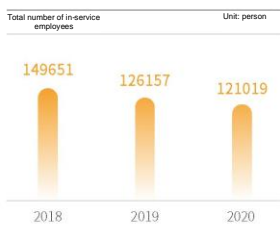
Taking responsibility and behaving smartly, we strive for the nation, the people and communities

Rooted in employees, we enhance sharing through co-creation

"Talents shape the success and the cause." FAW Group upheld the "People-oriented" value proposition and "Co-construction and Sharing" work philosophy to safeguard employees' basic rights and mental & physical health in a down-to-earth manner. In addition to stressing both improvement of employee capability and promotion of employee position, FAW Group tried to enrich employees' leisure life, show solicitude for and help employees in need, and pragmatically improve employees' sense of gain, sense of achievement, sense of safety, and sense of happiness.

Employees' basic rights

We strictly complied with provisions of relevant laws such as the Labor Law, the Labor Contract Law, and the Trade Union Law, insisted on equal and diversified employment, refined the compensation and welfare system, promoted democratic management, and protected the employees' basic rights in a down-to-earth manner. In 2020, the labor contract signing percentage hit 100%, so did the social security coverage rate and the trade union participation rate 100%.



Regulation-based employment

Put an end to discrimination against nationality, gender, age, race, religion, and pregnant women and disabled persons.

Specify the prohibition on employment of underage workers and forced labor, and prohibit harassment and abuse of employees

Respect employee privacy, and protect employees' personal information security

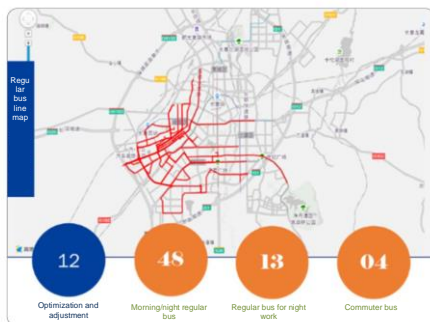
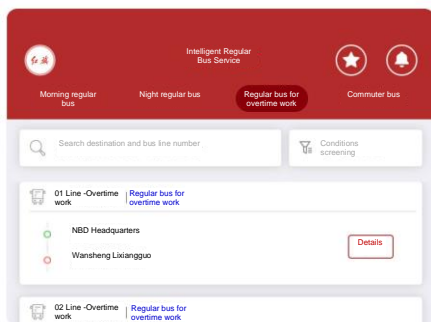
Salary and welfare

Strengthen performance management, and refine the compensation incentive mechanism "Profit-driven, Co-creation, Sharing".

Refine the management of welfare items (including enterprise annuity, supplementary medical security, health checkup, working lunch, and regular bus service, etc.), and issued holiday subsidies and heating fee subsidies on schedule.

Democratic management

Streamline the employee demand expression channel, extensively collect opinions and suggestions via channels such as worker congress, symposium, and heartfelt wish bar, and make timely reply to issues concerned



FAW Group set up Intelligent Regular Bus Service management platform to optimize employees' riding experience

First-class talent team

By unswervingly centering on value creators, we kept expanding channel for talent introduction and wisdom pooling, as well as made intensified efforts to bring in talents (particularly, "highly skilled and top-notch" talents). We also stressed occupational skill training to promote improvement of employee ability. Besides, we kept perfecting employee career development system and streamlined the employee career promotion channel. In 2020, we employed 3,460 persons, made a total investment of RMB 112 million in employee training, and provided trainings for 1.12 million person-times of employees, with per capita training duration of 141.2 class hours and employee training coverage rate of 100%. Meanwhile, we sifted out 60 FAW Group "May Day" Labor Medal winners, 3 of whom were selected into "National Model Workers".

Employment of
3,460 persons
throughout the year

Total investment in
employee training:
RMB **112** million

Cumulative trainees
of **1.12** million
person-times among
employees

Employee training
coverage rate:
100%

3 employees
selected into
"National Model
Workers"

Introduction of talents

Made innovations in talent reserve model, and established "Leading Talents Pool"
Drew global talent map in such fields as ICV and digitization, and exercised precise positioning and targeted hunting
Set up shared platform and internal referral mechanism for group recruitment

Training empowerment

Set up digital management platform for independent identification of vocational skill level, and acquired the qualification for independent identification of vocational skill level from the Ministry of Human Resources and Social Security
Adopted "Centralized lecturing plus practical exercises" to carry out 12 phases of key training projects such as NEV high-pressure safety and industrial robot repair & debugging
Devised and implemented "Excellent sci-tech talent program" for the first time, and established the exchange mechanism for joint cultivation of sci-tech talents by headquarters and branches/subsidiaries.

Career promotion

Worked out the plan for construction of worker team, and broadened the space for development of skilled talents
Implemented talent check at regular intervals, and carried out assessment and appointment for promotion of talents to chief and senior directors, etc.
Expanded the skill hierarchy from 3 levels to 6 levels, clarified highly skilled talents position setting principle, and kept a reasonable proportion of talent echelon.

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Case FAW Group U35 Program Phase 2 Special Training on Cultivation of Outstanding Leaders successfully comes to an end

During October 26-30, 2020, FAW Group launched the U35 Training Phase 2 Project at China Business Executives Academy, Dalian, with training contents falling into three modules such as "Party Spirit Cultivation", "Strategic Thinking", and "Operation Management". Through diverse means such as special lecture, experience-type teaching, sand table simulation, and topic discussion, FAW Group encouraged trainees to take part in, experience, and reflect on the training, in order to stimulate the thinking, fully improve party spirit cultivation and leadership of FAW Group's young cadres, step up development of the talent team's capability and quality, and lay a foundation of talents for rapid development of the group corporation.



FAW Group U35 Program Special Training



FAW Group U35 Program Special Training



FAW Group hosted 2020 Welcome Ceremony for Newly-recruited College Students & 12th Prize-giving Ceremony for "Excellent College Student Talent Award"



FAW Group hosted the 9th Employee Skill Competition of Various Vocations

Ensure mental and physical health

Perfect safety management

We kept stressing work safety management, fully implemented work safety subjects' responsibilities, signed the fire safety target responsibility statement, and pushed ahead with target responsibility system assessment. We refined the safety emergency response mechanism, and employed full-time workers. We popularized standardization of work safety, and required employees to strictly comply with standards in operation. We strengthened fire control grid management, and implemented localized management. We accelerated implementation of digital transformation strategy, and set up work safety IT platform. In 2020, the annual investment in safety totaled RMB 540 million, up 17.39% on a yearly basis, and a total of 20 safety management documents at the group level were issued. There were no work safety accidents at or above serious injury throughout the year.

Annual investment of RMB **540** million in work safety

Inspection of hidden safety troubles

We endeavored to eliminate hidden safety troubles, and built dual-prevention mechanism "Classified risk management and hidden trouble inspection". We carried out reidentification and reassessment to major risks of the group, put in place hidden trouble inspection method of five levels (namely, group, secondary company, factory, workshop, and section individual), highlighted "Closed-loop management and listing supervision", and established the hidden trouble inspection and management pattern featuring responsibility by level. We increased the work safety inspection frequency and effort, and organized to carry out diverse forms of work safety inspections including normalized inspection, special inspection, holiday & festival inspection, and daily reporting, etc. In 2020, we organized to carry out 258 safety inspections, and discovered and resolved 2,859 hidden troubles, with problem rectification percentage hitting 100%.

Organized to carry out **258** safety inspections

Discovered and resolved **2,859** hidden troubles

Problem rectification percentage: **100%**



Unannounced inspection to work safety before festivals

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Improve safety awareness

We strengthened safety culture publicity, printed and issued the Plan of FAW Group for Promoting Safety Culture Construction, organized to carry out a series of publicity activities including "Work Safety Month" and "119 Fire Publicity Day" etc. We stepped up efforts in training, and carried out all-employee safety training and targeted safety training for business heads and full-time workers. We organized to carry out various kinds of emergency drills, and adopted multiple measures to improve employees' work safety awareness and self-protection ability. In 2020, we carried out 159 safety trainings, with 2.85 million person-times of employees partaking in daily online Q & A and law popularization competition for emergency response. We organized 236 emergency drills, with participants hitting 42,000 person-times.

159 safety trainings organized



FAW Group Safety Month Counseling Day



FAW Group 119 Fire Publicity Month



FAW Group 6th "Mold Cup" Fire Safety Skill Competition



FAW Jiefang Emergency Drill against Carbon Monoxide Poisoning



FAW Toyota carried out safety emergency drill

Occupational health

We strictly implemented national labor safety health specifications and standards, organized to carry out mental health assistance and special occupational health training, and popularized occupational health knowledge. We stressed occupational health dust point detection, poison point detection, and noise detection. We reinforced management over labor protection supplies according to health and epidemic prevention specification. In 2020, the Group's occupational health checkup coverage rate hit 100%, so did its health record coverage rate. There was no employee with occupational disease throughout the year.

Health record coverage rate:

100%



FAW Toyota organized employees to take health checkup



FAW Toyota's employees who had contact with imported parts took nucleic acid testing.

Occupational health checkup coverage

rate: 100%

Employee with occupational health:

0

Safety Honor Wall

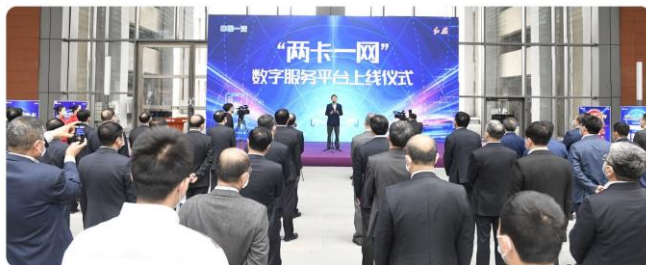
FAW Group Representative Team won the third prize in the final of the 2nd National Law Popularization Knowledge Competition for Emergency Management

FAW Group ranked the 10th in the Online Safety Knowledge Q & A of National Work Safety Month.

Care for employees

By upholding the philosophy "Benefiting employees", we organized to carry out cultural and sports activities such as Circum-pool Marathon, online collective wedding ceremony, Family Open Day, and online talent contest, in order to enrich employees' leisure life. We established the "Employee Love Mutual Fund", and carried out normalized assistance activities (e.g., Sending Warmth, Student Aid in Gold Autumn) and targeted assistance to segmented groups (e.g., employees in need, female employees, and retired employees), with a view to building the corporate community with a shared future for sharing joys and sorrows, and weal and woe.

In 2020, we earmarked RMB 7.90 million, extending the Group's regards to more than 6,000 anti-pandemic employees and their families. We issued RMB 22.90 million as the special fund for extending the Group's regards to frontline employees. We allocated RMB 2.8393 million of aid fund to help employees in need, as well as visited and helped 75,000 person-times of retired employees.



Extended the Group's regards to more than 6,000 anti-pandemic employees and their families

Allocated RMB 2.8393 million of aid fund to help employees in need.

In May 2020, "Two Cards, One Network" digital service platform was launched. "Two Cards, One Network" is composed of "Employee Health Care Card", "Employee Growth Care Card" and "Employee Life Care Network"

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FAW Group hosted the gourmet festival



FAW Group hosted the 10th Online Collective Wedding Ceremony



FAW Group hosted the 2nd "Hong Qi Xing" Marathon



FAW Group R & D Institute hosted the "Discovering the Qi Footprint" Hiking Activity



FAW Jiefang Reading Activity "Visiting Century-old Chongwen, Reading Massive Volumes of Classics"

Taking responsibility and behaving smartly

We strive for the nation, the people and communities

Unswervingly develop green and low-carbon cause
For the picturesque China

67

Assist in winning the battle against poverty
For serving the people's interests

76

Dedicated to fostering public welfare brand
For the social harmony



Our ultimate goal



Our response

In 2020, FAW Group took the initiative to stress responsibilities, and fulfilled its social and environmental responsibilities sincerely. FAW Group insisted on “Ecology First, Green Development”, and prospectively deployed business in “Peak carbon dioxide emissions and carbon neutrality”, in order to do its bit for construction of Beautiful China. FAW Group sought unity in thinking and made concerted efforts at one fling to assist in winning the battle against poverty, in order to improve the people’s well-being and bring the people happiness. FAW Group actively dedicated itself to public welfare undertaking, kept carrying out social welfare projects, cultivated social welfare brand, and made contribution to construction of harmonious society.



Investment in energy conservation and environmental protection: RMB 666 million



Energy saved: equivalent to 12.1976 million tons of standard coals



Investment in poverty relief and aid to Tibet: RMB 74.78 million



Total social donation: RMB 194 million

Unswervingly develop green and low-carbon cause for the picturesque China

"Lucid waters and lush mountains are invaluable assets." By upholding "Low-carbon, economical, circular, balanced, and sustainable" new-type development notion, FAW Group was in an effort to establish the green manufacturing model covering the entire product lifecycle, build beautiful garden-like factory, develop new energy undertaking, and promoted cultivation of environmental protection culture. FAW Group vowed to make every employee know the importance of and spontaneously practice environmental protection, and united all employees to build the beautiful FAW and beautiful China.

Guarantee to green management

We kept improving environmental management system and emergency response mechanism, accelerated construction of energy conservation and environmental protection IT platform, normalized special inspection to ecological and environmental protection, and provided strong system/mechanism-based supports to the Group's green and sustainable development. In 2020, the investment in energy conservation and environmental protection totaled RMB 666 million.

Total investment in energy conservation and environmental protection: RMB **666** million

Environmental management system

Formulated the Work Norms for the Group's Ecological and Environmental Protection and the Measures of the Group for Administration of Inspection to Ecological and Environmental Protection.

Implemented the target responsibility system for energy conservation and emission reduction, and signed the Target Responsibility Letter of the Group for Work Safety, Energy Conservation, and Environmental Protection with 12 secondary units under the Group, and clarified implementation of responsibilities.

Special inspection to environment

For vulnerable points and frequent problems discovered in previous inspection work, formulated the Self-check List for Ecological and Environmental Protection Problems and the List of the Group for Inspection to Ecological and Environmental Protection, and organized to carry out self-check and self-rectification.

Adopted diverse methods such as hearing report, review of documents, interview with individuals, enquiry & talk, and field inspection to carry out special inspection to 10 units, discovered 147 problems, and talked with relevant responsible persons according to the seriousness of circumstance.

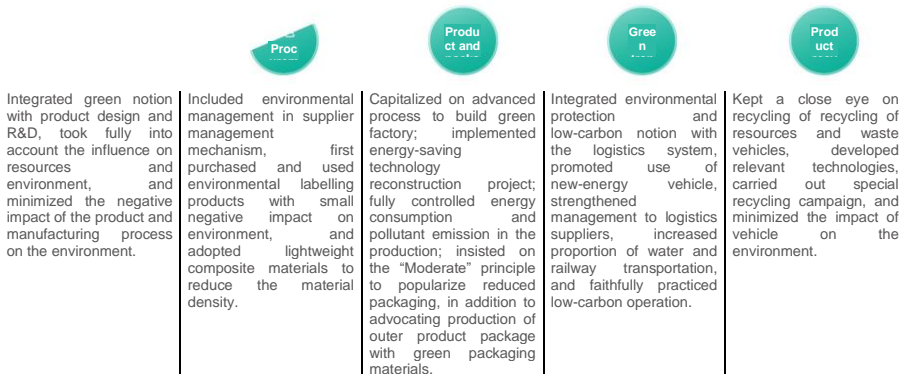
Environmental Emergency Mechanism

Issued the Work Plan for Emergency System Construction, and worked out 1 comprehensive plan in response to group-level emergencies, and 4 special plans in response to natural disasters, production accidents, and public wealth and environment, etc.

Environmental protection information platform

Quickened the pace to push ahead with digital transformation, set up uniform open-type and intelligent ecological environment monitoring platform, and kept improving the digital supervision over environmental business and the response to emergencies.

Green manufacturing glows with vitality



R & D of environmental protection technology

We set store by R & D and application of environment-friendly & oil-saving technology and low-carbon & green energy technology, increased the investment, and went all out to overcome technical hard nuts and lead the industrial development. In 2020, we made breakthroughs in multiple core and key technologies in the field of hydrogen energy and fuel cell technology, and registered 100-plus patents.

100-plus patents relating to hydrogen energy and fuel cell technology

Case Hongqi Brand's first fuel cell engine passes China Compulsory Certification

On April 8, 2020, Hongqi CAPE7-050K/170/338-1 fuel cell engine, which was produced by FAW Group, successfully passed rigorous tests (including function test, airtightness test, quality test, rated power test, and high/low-temperature storage) at the National Center of Supervision and Inspection on Motor Vehicle Products Quality (Shanghai), implying it passed China Compulsory Certification. That marks Hongqi fuel cell took a firm step toward commercialized application.



Test report for Hongqi fuel cell's success in passing China Compulsory Certification



Hongqi fuel cell engine

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Case Thanks to adoption of with multiple technologies, Hongqi 3.0T V6 mechanical supercharged engine boasts high power and low fuel consumption

3.0T V6 mechanical supercharged engine, which was installed on Hongqi HS7 and H9, innovatively applied Variable Charge Motion technology to further reduce emissions and improve low-speed combustion stability. In addition, this engine adopted high-efficiency thermal management and water-cooled exhaust manifold technology, in-cylinder direct injection technology, and modularized balancing shaft vibration reduction technology to achieve the effect of reducing oil consumption and granular contaminant emission and ensuring the engine's high reliability.



Hongqi 3.0T V6 mechanical supercharged engine

Case FAW Jiefang innovatively launches Jiefang Power Aowei CA6DM3 China VI Natural Gas Engine

Jiefang Power Aowei CA6DM3 Engine adopted ultra-low emission technology, in which the NOX weight emission hit 0.018g/kWd.h, 33% lower than the world's most rigorous statute requirement on emission. It's worth saying that this engine successfully passed audit of the Ministry of Transport of Cyprus, making it become China's first engine with Euro VI-e emission certificate and obtain the "Pass Card" to the European market.



Jiefang Power Aowei CA6DM3 China VI Natural Gas Engine

Save energy and resources

We kept stepping up efforts in energy and resource conservation, improved energy & water conservation management, promoted reconstruction of energy/water-saving technology, raised energy/resource recycling rate, and improved sustainable development ability in a down-to-earth manner. In 2020, we saved energy equivalent to 12.1976 million tons of standard coals, put in place 213 energy-saving technical transformation projects, and had 7 new "Green Factories" authenticated by the Ministry of Industry and Information Technology.

Energy saved: equivalent to
12.1976 million tons of standard coals

213 energy-saving technology reconstruction projects implemented

7 new "Green Factories" authenticated by the Ministry of Industry and Information Technology.

Energy-saving management

Strengthened energy consumption management, and carried out trainings on energy conservation and emission reduction; developed energy management & control system, and improved energy consumption management and control ability; set store by circular use and recycling of raw materials to improve resource utilization rate and clean energy utilization rate.

Water-saving management

Refined water-saving management, and stressed norm management; stressed energy-saving technology reconstruction, promoted reuse of industrial waste water, and raised recycling rate of water resources; strengthened publicity and training on water conservation, and improved employees' water-saving awareness.

Case FAW-Volkswagen independently develops energy monitoring system, and greatly improves energy consumption management ability

For the purpose of high-efficiency use of energy, FAW-Volkswagen Huanan Base Painting Shop II independently developed the shop energy monitoring system, and displayed the data in a visualized manner. By doing so, it effectively monitored every equipment's daily energy consumption, and realized automatic alarm on abnormal energy consumption, leading to improvement of FAW-Volkswagen's energy consumption management ability.

Besides, FAW-Volkswagen Huanan Base set up 76,896 solar PV power generation panels in its factories, with power generation panel area totaling 109,960 square meters. As of March 2020, cumulative power generation of FAW-Volkswagen Huanan Base's solar PV power generation panels hit 37.8096 million KWH, which provided a steady flow of clean energy for the base's production and life, and assisted in green environmental protection .

Solar PV power generation
panel area: **109,960**
square meters in total

Cumulative power generation:
37.8096 million KWH



Foshan Painting Shop II Energy Monitoring System
KANBAN



FAW-Volkswagen Huanan Base's solar PV power
generation panels



Hongqi Factory innovatively applied the energy management system "capable of reading production plan" to realize green production

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FAW Jiefang actively promoted implementation of energy-saving technology reconstruction project

Strengthen pollution prevention and treatment

We set great store by pollution prevention and treatment work, improved regulations and rules relating to pollution prevention and treatment, increased investment in pollution prevention and treatment, promoted construction of environmental protection facilities, and redoubled efforts in disposal of hazardous wastes. We strongly developed circular economy, realized whole-process management from end-of-pipe treatment to source control in three levels (including reduction, reuse, and recycling", and vowed to win the battle of protecting blue sky, lucid water, and unpolluted soil. In 2020, we discharged 556 tons of sulfur dioxide, reduced emission of waste water by 802,700 tons, disposed of hazardous wastes of 7.77 tons, and brought down the chemical oxygen demand (COD) by 6,611 tons.

Emission of sulfur dioxide:	556 tons	Reduction in emission of waste water:	802,700 tons	Disposal of hazardous wastes:	7.77 tons in total	Decrease in COD:	6,611 tons
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Case FAW Foundry Wuxi Company strongly promotes construction of environmental protection facilities to control the air pollution

Since 2020, FAW Foundry Wuxi Company made a huge investment in completing construction of 9 environmental protection projects such as hot-core machine ventilation system waste gas purification reconstruction and organic waste gas treatment for gas drying furnace, as well as put into running these projects. Such a move helped effectively reduce emissions of organic waste gases and strange smells, leading to remarkable relief of the strange smell at the operation site. In October 2020, FAW Foundry Wuxi Company successfully passed provincial-level environmental protection audit for Class-A enterprises, making it successfully get rid of the production restriction & control risk resulting from air pollution alarm in autumn and winter.



FAW Toyota VOC waste gas processing facility



FAW Kinetic Energy Branch realized ultra-low emission of boiler smoke

Deploy new-energy business

By upholding the “Ecologically clean, highly clean, and sheerly clean” new-energy technology philosophy, we prospectively deployed the business, formulated and implemented the new energy strategy, and focused eyes on battery, fuel cell, and hybrid cars. We innovatively developed new-energy products, strengthened coordination and cooperation of the industrial chain, and took a stride toward “Carbon neutrality”.

Hongqi new-energy technology
strategy-QIYI Summit Plan

2020

- Live up to “Clean” in the NEV sector, realize safety protection in all scenes and worry-free drive within 600km
- Sales volume of NEV accounts for 25% of total sales volume of Hongqi brand cars

Battery
electric vehicle



Hongqi E-HS9, Hongqi Brand's first Class-C+ luxury flagship battery SUV

Battery
electric vehicle



IZOA E-engine, FAW Toyota's first battery electric vehicle in mass production

2025

- Live up to “Highly clean” in the NEV sector, realize commercialization of solid-state battery and free drive within 1,000km
- Sales volume of NEV accounts for 40% of total sales volume of Hongqi brand cars

Battery
electric vehicle



ID.4, the first authentic German high-end battery SUV that was developed by FAW-Volkswagen on the basis of Volkswagen MEB battery platform

2030

- Live up to “Sheerly clean” in the new energy field, commercialize hydrogen fuel products, and drive industrialization of technologies step by step.
- Sales volume of NEV accounts for 60% of total sales volume of Hongqi brand cars

Battery
electric vehicle



Hongqi E-QM5, battery special vehicle for mobile travel developed by Hongqi brand

Plug-in hybrid vehicle



TAYRON GTE, FAW-Volkswagen's first plug-in hybrid SUV

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Case FAW Jiefang new-energy battery heavy-duty truck assists in road traffic construction of Beijing City

On May 30, 2020, the "Batch Delivery of New-energy Battery Heavy-duty Truck & Strategic Cooperation Contract Signing Ceremony" was grandly held by FAW Jiefang and Beijing Municipal Road & Bridge Group Co., Ltd. (integrated service provider of green pavement materials in Beijing) in Daxing District of Beijing City. The Jiefang New-energy Battery J6P8X4 for current delivery was developed according to the transportation standard of the asphalt mixture industry. With eye-catching hallmarks such as high safety, high reliability, fast charging, sufficient power, and long driving distance, this product can live up to "Zero emission" and "Zero fuel consumption".



Batch Delivery of FAW Jiefang New-energy Battery Heavy-duty Truck & Strategic Cooperation Contract Signing Ceremony

Environmental protection honor wall

According to the List of the Fifth Batch of Green Manufacturers issued by the Ministry of Industry and Information Technology of the State Council, FAW Jiefang and Tianjin FAW Toyota, etc. were honored the title of State-level "Green Factory".

At the 2020 China Eco-car Achievement Exchange Conference, Hongqi E-HS9 was honored "2020 Eco-car White Gold Product"

At the Fifth "International Hydrogen Fuel Cell Vehicle Congress (FCVC)", Jiefang J6F fuel cell CV and Hongqi fuel cell engine were respectively awarded the first prize and the excellent prize.

FAW Group's first special BEV platform "FME Platform" was ranked among "China Heart" 2020 Top 10 NEV Power Systems.



Jiefang J6F fuel cell CV



Hongqi H5 FCEV equipped with fuel cell engine

Green operation wins support

Green office

For the sake of energy conservation and consumption/emission reduction, we called on employees to carry forward the workstyle of diligence and thrift, and to practice green office from different respects such as digital paper-free office, energy/water conservation in everyday life, and use of car for official business. That helped enhance employees' environmental protection awareness and thrift awareness.

Digital office

Put in place digital projects such as digital factory, marketing customer cloud platform, digital office, IoT Big Data application, digital middle office, uniform report platform of the Group, and knowledge management platform, in order to improve digital operation management level

Energy conservation in everyday life

Called on employees to take full advantage of natural wind, avoid using the air conditioning, and strictly implement indoor air conditioning temperature control standard; advocated full exploitation of natural daylighting, and put an end to "daytime lighting" and "everlasting lighting"

Use of car for official business

Strengthened management to use of car for official business, in order to reduce oil consumption

Environmental protection culture

We strongly carried forward ecological culture and ecological morality, advocated ecological value concept, strengthened interactive exchange, and devised and carried out environmental protection publicity and education activities such as green development declaration, lecture of excellent cases on energy conservation and environmental protection, and energy conservation and environmental protection achievement exhibition. We called on employees to actively take part in ecological environment protection practices, in order to cultivate the profound atmosphere in which every one advocates ecological civilization and practices environmental protection in every thing and at any time.



FAW Group 2020 Energy Conservation Publicity Activity Launch Ceremony

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FAW Foundry "Build Dreamlike Home" Environmental Protection Public Welfare Lecture



FAW Foundry "Build Hongqi Home" Environmental Protection Public Welfare Activity

Case FAW Jiefang IoV Energy Conservation Competition successfully concludes

In 2020, FAW Jiefang's Changchun Base and Qingdao Base jointly hosted the first IoV Energy Conservation Competition themed on "Sharing the Exciting and Touching Moments". By unprecedentedly adopting the "Online plus Offline" means, the Competition attracted a total of more than 100,000 users to join on line. In the Competition, the total driving mileage touched 3 billion kilometers, and a single car's average fuel consumption per 100km decreased by 2.4L, implying 72.7954 million liters of fuel was saved all told, and carbon emissions were reduced by about 195,100 tons, equivalent to absorption of carbon dioxide by 7977.6 mu of forest within one year.

Online participating users of more than **100,000** persons

72.7954 million liters of fuel saved

Reduction of carbon emissions by about **195,100** tons

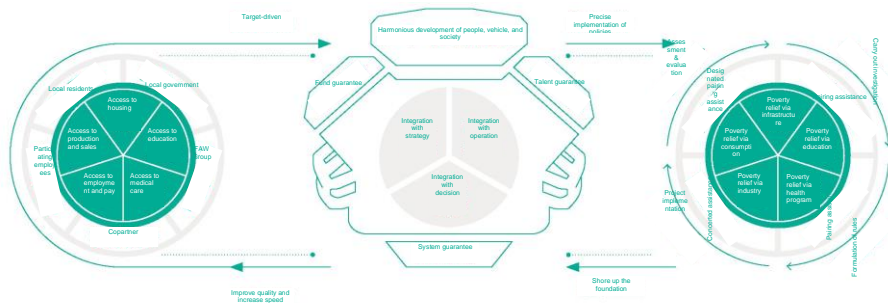


Prize-giving site of FAW Jiefang IoV Energy Conservation Competition

For people's livelihood and welfare, we help win the fight against poverty

"Simple beginning leads to great cause." By further studying and implementing President Xi Jinping's instructions on poverty relief, FAW Group built the "Five-in-One Poverty Relief plus" precise poverty relief model, stressed poverty relief management, deepened poverty relief practices, and strongly helped pairing assistance regions achieve the goal that everyone should have access to housing, education, medical care, employment and pay, and production and sales. As of May 2020, 5 impoverished counties under the pairing assistance of FAW Group had all realized poverty elimination ahead of schedule, implying FAW Group won the battle against poverty.

FAW Group "Five-in-one poverty relief plus" precise poverty relief model



Stress poverty relief management

We focused on the "Issues to ensure rural poor people do not have to worry about food and clothing and have access to compulsory education, basic medical services and safe housing", as well as stressed poverty relief management and integrated it with corporate strategy. We established poverty relief leadership team and poverty relief work team, in which main leaders planned, deployed, and promoted relevant work in person. We printed and issued the 2020 Work Plan for Poverty Alleviation, and established "Poverty Relief Field Research Double Coverage" mechanism, regular reporting mechanism, and regular meeting mechanism. We sifted out excellent village cadres to carry out field research, and stressed supervision and inspection, in order to ensure poverty relief work was implemented in details.

In 2020, a total of 5 team members successively visited 5 designated poverty relief counties for work inspection and promotion, and 7 leading cadres were appointed to take temporary posts at designated poverty relief counties.



Xu Liuping, secretary of the CPC FAW Group Committee and Chairman of FAW Group, led a team to carry out field research on poverty relief work and visit recorded low-income families of Yao Village in Fengshan County.

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Qin Huanming, then vice secretary of the CPC FAW Group Committee and director of FAW Group, led a research team to carry out inspection and research to two pairing assistance counties including Zogong County and Markham County.



Dong Yunpeng, inspector of the National Commission of Supervision at FAW Group, member of the Standing Committee of the CPC FAW Group Committee, and secretary of the Discipline Inspection Commission of FAW Group, led a team to carry out inspection and research in the pairing assistance area Zhenlai County.

Sun Zhiyang, then member of the Standing Committee of the CPC FAW Group Committee and deputy general manager of FAW Group, led a team to carry out field research on poverty relief in the pairing assistance area Helong City.



Quan Huaqiang, member of the Standing Committee of the CPC FAW Group Committee and chief accountant of FAW Group, led a team to carry out research on poverty relief in the pairing assistance area Zhenlai County.

Deepen poverty relief practices

Build foundation with infrastructure

We deeply knew the hardships of impoverished people, so we started with livelihood issues awaiting immediate solutions to launch projects such as “FAW Town” construction, poverty alleviation relocation, and “100 Counties and 10,000 Villages” to improve basic living conditions of impoverished masses, ensure the bottom line of the people’s livelihood, fill the livelihood weaknesses, and better the people’s well-being.

Case FAW Group donates poverty relief cars and assists in Fengshan County’s “Beautiful countryside” construction

In May 2020, FAW Group donated 35 cars worth RMB 4.042 million to the pairing assistance area Fengshan County, and these cars, which fitted local karst landform features, would be used in supporting the “Beautiful countryside” construction. By doing so, FAW Group planned to push ahead with local ecological civilization construction and beautiful countryside construction, and to assist in effective linkage between poverty relief and rural rejuvenation.



Donate **35** construction cars

FAW Group donated poverty relief cars to Fengshan County

Energize the development by industry

We stressed the efforts to foster impoverished areas’ self-hematopoietic function. By taking root in local natural endowment, we exploited local characteristic resources, and sifted out industrial poverty relief projects according to the “Planting and raising the suitable ones” principle, in order to develop characteristic planting industry, livestock breeding industry, and tourist industry, activate local endogenous power, and assist impoverished villagers in achieving the goal of steady & growing income and prevention against recurrence of poverty.

Case FAW Travel and Fengshan County officially sign industrial poverty relief project

In June 2020, FAW Travel Technology Co., Ltd. (FAW Travel for short) and Fengshan County of Guangxi (the designated poverty relief county) officially signed a contract on industrial poverty relief project, according to which, FAW Travel, as from 2020, would actively bring into play its strengths in the travel service field to provide travel service in Fengshan County, and help promote increase of local tax revenue and job opportunities. Such a move not only meets local people’s needs for travel service, but also benefits impoverished masses.



FAW Travel provided travel service in Fengshan County

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Case FAW Group elaborately devises the world largest Xianzi (String) Dance Lesson

Driving all the people to live a fairly well-off life through the ethnic culture. On August 7, 2020, Tibet First Xianzi Dance Show, which was meticulously planned by FAW Group cadres sent to aid Tibet, was ceremoniously unveiled in Markham County, and more than 3,600 persons took part in the show together, which was identified as "The World Largest Xianzi Dance Lesson" by the World Record. Popularization of ethnic culture helped drive development of local economy, and Xianzi Dance became a gilded signboard of Markham County for development of the cultural and tourism undertaking.



Tibet First Xianzi Dance Show was ceremoniously unveiled in Markham

Draw blueprint with education

We actively practiced the assistant philosophy "Enriching the people's knowledge comes before poverty relief" to support development of education cause in impoverished areas. We set up "Hongqi Dream Fund for Poverty Relief", and carried out characteristic education poverty relief projects such as "Hongqi Dream Art Classroom" and "FAW Group Blue Journey Public Welfare Program", in order to improve impoverished areas' school software & hardware environment, raise the schools' overall teaching level and quality, promote balanced development of the education, and further block intergenerational transmission of poverty.

Case FAW Group "Hongqi Dream Self-improvement Dream" scores excellent performance in 2020 College Entrance Exam

In June 2020, students from 2020 Hongqi Dream Self-improvement Class of Yudu Middle School under the assistance of FAW Group took part in the College Entrance Exam and scored excellent performance. For science exam, 26 students passed the admission score of key universities, and 50 students passed the admission score of universities. For liberal arts exam, 14 students passed the admission score of key universities, and 25 students passed the admission score of universities. Students in both science and liberal arts exam, who passed admission score of key universities, accounted for 40% of total student size, and that in both science and liberal arts exam who passed admission score of universities accounted for 75% of the total student size. Herein, a student was enrolled by Peking University.

Students in both science and liberal arts exam who passed admission score of key universities, **40%** of the total.

Students in both science and liberal arts exam who passed admission score of universities, **75%** of the total



Students of the Hongqi Dream Self-improvement Class of Yudu Middle School cheered themselves up for the College Entrance Exam.

Boost the market with consumption

We kept exploring the new idea on consumption-based poverty relief, and promoted agricultural products' direct access to employee canteen and welfare from designated counties. We organized to carry out targeted direct sales of agricultural products, set up E-commerce poverty relief platform, and popularized "Purchase in place of donation". We encouraged social forces to expand consumption of products and services from impoverished areas, and adopted multi-pronged measures to promote sustainable development of industries in impoverished areas and help impoverished masses shake off poverty steadily. In 2020, FAW Group purchased and helped sell RMB 28.29 million of agricultural products from designated pairing assistance areas.

Purchase and sales of RMB 28.29 million of agricultural products from designated pairing assistance areas

Case FAW Group and Helong City jointly boost construction of consumption-based poverty relief platform

To actively promote relevant work such as direct access of high-quality agricultural & sideline products to FAW Group's canteen and welfare from designated poverty relief counties, responsible persons of the Party-Masses Work Department and the Safety & Environment Guarantee Department of FAW Group inspected Jindalai Silk Road Shopping Mall to investigate agricultural and sideline products of Helong City, as well as signed the FAW-Helong Strategic Cooperation Framework Agreement for Construction of Consumption-based Poverty Relief Platform with Helong City.



FAW Group and Helong City signed the Strategic Cooperation Framework Agreement for Construction of Consumption-based Poverty Relief Platform.



In July 2020, FAW Group hosted poverty relief product promotion activity at NBD Headquarters of the Group, where employees successively visited and purchased the products.

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Safeguard happiness with health

We took pragmatic actions to ensure the impoverished masses have access to basic medical and health services. We earmarked money for special medical assistance, carried out characteristic medical assistance projects, resolved local medical hard nuts, and effectively forestalled "Disease-induced poverty". In 2020, we focused on special groups and invested RMB 9.90 million in carrying out projects such as "Provision of timely help to those in need" and "Jixin Program" (Love to Patients with Cardiac Disease). We donated medical resources worth RMB 2.15 million to 5 designated pairing assistance counties for epidemic prevention and control through China Foundation for Poverty Alleviation, and resolved the hard nut that designated counties were short of medical resources.

Donation of medical resources worth **2.15** RMB million for epidemic prevention and control



FAW Group donated negative pressure ambulance and special resources for epidemic prevention and control to Fengshan County of Guangxi



In November 2020, Zhenlai County Government convened Sum-up Meeting on "Hongqi 99 Heart" Project between Jixin Program and FAW, as well as hosted "Love in Village" large-scale free clinic activity



FAW Group sent 2,000 barrels of disinfectant fluid to Helong City of Jilin Province

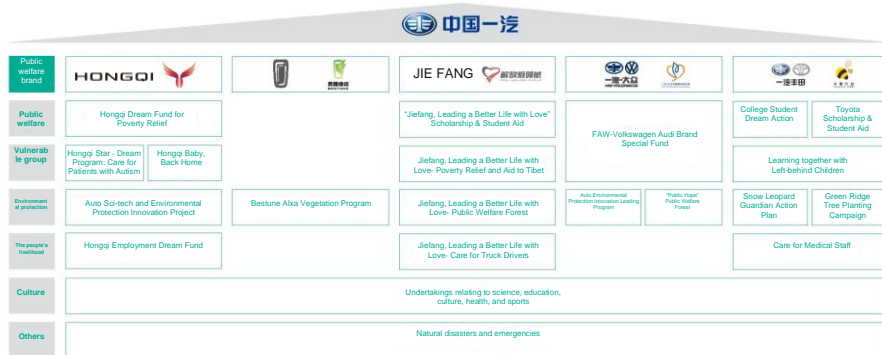
For the harmonious society, we work hard to build the charity brand

Fulfill responsibilities and obligations with great love, and make response to social concerns via public welfare. FAW Group energized a better life via public welfare and philanthropic acts. By unwaveringly fulfilling its social responsibilities, FAW Group kept playing its vanguard role and drove public welfare practices while upholding public welfare notion and brand. Meanwhile, it encouraged the whole group and even social forces to strongly boost sustainable development of the public welfare undertaking, with a view to promoting social and public happiness and health.

Social public welfare system

By advocating the public welfare notion "Promoting harmonious development society with love", we established the Young Volunteers Association of FAW Group, went deep into multiple sectors (including education, children care, environment, safety, culture, and employment), and built public welfare brand cluster. We called on interested parties in and outside the Group to take part in volunteer activities, in order to integrate resources and serve society. In 2020, we organized to carry out 41 volunteer activities, and brought together 3,242 person-times of participators.

Social public welfare system of FAW Group



Public welfare practices

Focus on education, let fly the dream

We focused on education, and extensively carried out education assistance activities tailored to students of different stages and levels (including elementary and middle school students, college students, and skilled talents). We worked with interested parties in and outside the Group (e.g., employees, dealers, and car owners) to assist in cultivation of future talents, and let fly the dream.

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Hongqi

In September 2017, FAW Group officially launched characteristic public welfare projects such as "Hongqi Poverty Relief Dream Fund", "Hongqi Dream Smart School", "Hongqi Dream Self-improvement Class", and "Hongqi Dream Art Classroom", in addition to bringing in "Hongqi Persons Acting in Concert" public welfare program. It called on social forces such as employees, cooperative partners, and car owners to join these projects, in order to ignite the fire of hope for impoverished students.

Cumulative investment of "Hongqi Poverty Relief Dream Fund": RMB **110 million**

Number of Hongqi Dream Smart School: **10**

Students who achieved the dream of further learning via "Hongqi Dream Self-improvement Class": **10,575**

Grassroots art teachers trained by "Hongqi Dream Art Classroom": more than **1,700** persons

Elementary and middle school students benefited: more than **280,000** persons



Hongqi Dream Smart Library



Students of Hongqi Dream Self-improvement Class

"Jiefang, Leading a Better Life with Love" Scholarship & Student Aid

FAW Jiefang always kept abreast of and gave supports to development of the education cause, and carried out targeted assistance to college and technical school students and impoverished students, in order to help students excellent in character and learning chase the dream of success, and to assist in cultivation of excellent automobile talents.

"Jiefang, leading a better life" Scholarship

Focused eyes on colleges and universities, and assisted in cultivation of excellent automotive engineering talents of China. During the period from 2018 to 2020, donated a total of RMB 1.80 million to Harbin Institute of Technology, Jilin University, and Wuhan University of Technology Foundation.

"Leading a better life with love" Scholarship and Student Aid

Focused eyes on technical schools, and assisted in cultivation of excellent technical talents of China. In 2020, scholarship and student aid of RMB 340,000 were provided to Wuxi City Qiaoyi Experimental Middle School and Henan College of Transportation.

Love 1+1 Student Aid for Public Welfare

Showed solicitude for vulnerable groups, provided assistance to students and families in need in impoverished areas such as Shaanxi and Guizhou. Such a campaign was implemented for the 6th straight time.

Focus on children, and warmhearted care

We focused eyes on children, and provided assistance to vulnerable groups such as patients with autism and orphans suffering illness. We gave attention to children's growth needs, safeguarded children's physical and mental health, and conveyed warmth and strength.

Hongqi Star - Dream Program: Whole-process Care Project for Patients with Autism

In 2014, Hongqi and China Foundation for Disabled Persons jointly launched Hongqi Star- Dream Program- Whole-process Care Project for Patients with Autism. Both sides deepened the cooperation regarding rehabilitation of small-aged children with autism, vocational skill training for the older patient with autism, and dolphin rehabilitation training for children with autism, etc., bringing autism patients hope. By the end of 2020, cumulative investment attained RMB 21 million, which funded more than 410 autism patients and 10 plus scientific research & rehabilitation institutions.

Cumulative investment of RMB **21** million

Assistance to more than **410** autism patients



Intimate contact between autism child and dolphin

FAW-Volkswagen Audio supports "Spring Buds Program"

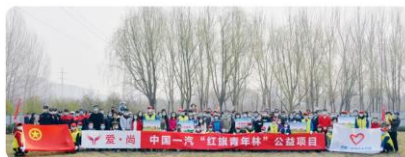
In 2019, FAW-Volkswagen Audio worked with China Children and Teenagers' Fund to jointly support the "Spring Buds Program". Both sides successively carried out the "Spring Buds Health Campaign" centering on protection of female children and the "Spring Buds Dream Growth Camp" research & learning practice activity, in order to strengthen female children's safety protection ability and self-rescue ability, assist female children in further broadening horizon and building dream, and urge them to keep enhancing personal moral cultivation and fulfilling social liabilities. By the end of 2020, Spring Buds Dream Growth Camp had been organized for two times. Meanwhile, the Children Care Service presented student aid to 379 children, and distributed "Health Growth Package" to 3,000 children.

Focus on environmental protection for joint protection of green

Focusing on environmental protection, we adopted a variety of measures (including forest planting, protection to endangered animals, public welfare sponsorship for environmental protection, and automotive environment protection technology) to protect the green home in multiple fields and all respects, as well as made concerted efforts to create a clean tomorrow.

Hongqi Youth Forest

Since 2018, FAW Group had launched the "Hongqi Youth Forest" tree-planting project for three consecutive years. Meanwhile, it called on all employees and their families to partake in green public welfare practices, strengthen ecological and environmental protection awareness, and jointly promote balancing and symbiosis of industrial environment.



On April 18, 2020, FAW Group carried out "Hongqi Youth Forest" tree-planting activity

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Bestune

In 2019, FAW Bestune, in conjunction with Alxa SEE (Society of Entrepreneurs & Ecology), launched Bestune Green Vegetation Program "Joint efforts for green, unceasing efforts for planting", which is committed to restoring vegetation in key ecological areas of Alxa and growing desert plants such as Haloxylon ammodendron. Such a move aimed to restore desert vegetation little by little and keep in check the spread of desertification. In 2020, FAW Bestune kept expanding its public welfare cause on environmental protection, launched "Green Elf Guardian Program", focused on ecological protection and natural education, promoted "biodiversity protection", and supported endangered species conservation in China.



FAW Bestune Vegetation Program "Joint efforts for green, unceasing efforts for planting"

FAW-Volkswagen "Striding toward Ecological Civilization, Paying tribute to Environmental Protection Vanguard"

Since 2016, FAW-Volkswagen, together with China Environmental Protection Foundation, had carried out "Striding toward Ecological Civilization, Paying tribute to Environmental Protection Vanguard" environmental protection public welfare sponsorship program for 4 consecutive years. And this Program supported and called on social organizations and individuals to take part in environmental protection activities, and promote construction of ecological civilization. By the end of 2020, the Program made a total investment of more than RMB 16.80 million, and sponsored 77 social environmental protection organizations all told.

Total investment of more than

RMB **16.80** million



FAW-Volkswagen "Striding toward Ecological Civilization, Paying tribute to Environmental Protection Vanguard" public welfare sponsorship program

In March 2020, FAW-Volkswagen joined hands with China Environmental Protection Foundation and Tsinghua University to make prospective plan, and creatively launch the Automotive Environmental Protection Innovation Leading Program, which focuses on automotive environmental protection technologies, and sets up and sponsors key projects, in order to influence and guide social investment in and research on automotive environmental protection technologies. By the end of 2020, the program received a total of 35 project declarations from 19 colleges, universities, and scientific research institutes including Chinese Academy of Sciences and Chinese Research Academy of Environmental Sciences.

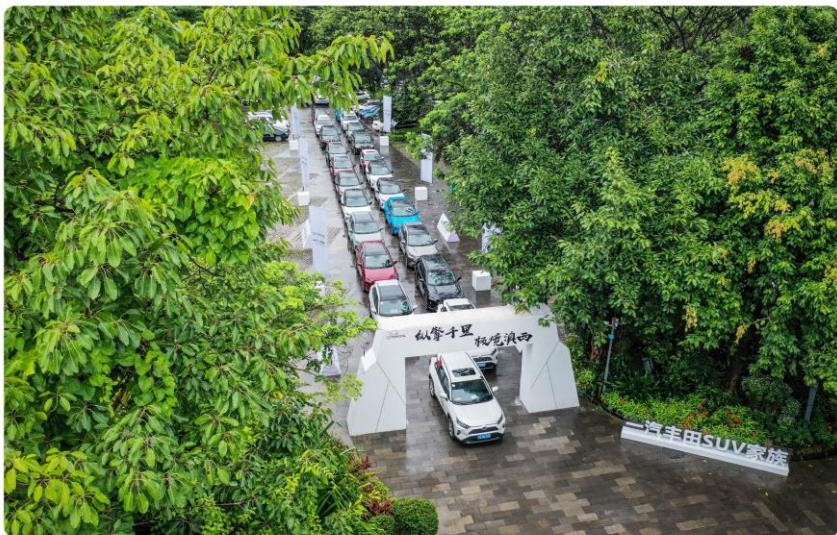


CSR Innovation Forum



"FAW Toyota SUV Family Biodiversity Guardian" campaign

After carrying out "Denggen" Snow Leopard Guardian Campaign in Eastern Tibet for two consecutive years (2018-2019), FAW Toyota began to give attention to biodiversity protection in 2020. In Western Yunnan Province, FAW Toyota carried out 7-day-long "FAW Toyota SUV Family Biodiversity Guardian" campaign, in order to learn about current living situation of rare species, pay tribute to guardians, practice the public welfare, and convey the attitude of being friendly to the world and gentle to the living beings.



On August 18, 2020, FAW Toyota SUV Family went deep into Western Yunnan Province

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Focus on safety, and protect life

Focusing on safety, we kept carrying out children traffic safety public welfare project with high correlation with the automobile industry, with a view to improving children's safety awareness and protection ability. In face of disasters, we shouldered responsibilities, proactively took actions, donated materials, and provided emergency rescue service. With great love, we helped those in need tide over difficulties.

FAW Toyota "Children Safety Experience Schoolroom"

In 2016, FAW Toyota, in conjunction with China Children and Teenagers' Fund, made donations to local elementary school for construction of children safety experience schoolroom. Equipped with a wealth of safety experience equipment and perfect safety curriculum, the Children Safety Experience Schoolroom was made up of five sectors such as traffic safety, natural disasters, fire safety, first aid and mutual rescue, and social safety. Through practical and interesting "Scene plus experience-type" safety classroom education, the Children Safety Experience Schoolroom integrated the safety education with everyday practices rather than abstract textbook learning, and provided strong guarantee for children's safe growth. By the end of 2020, FAW Toyota had made donations to 6 elementary schools for construction of the safety experience schoolroom, benefiting nearly 30,000 students.



Group photo of the safety experience schoolroom open class

FAW-Volkswagen Audi "Protection to Children Safety- Joint efforts to Common Growth"

On September 7, 2020, FAW-Volkswagen Audi joined hands to China Children and Teenagers' Fund to organize Children Care Service Campaign in the New Semester of 2020 themed on "Protection to Children Safety- Joint Hands for Common Growth". FAW-Volkswagen Audi walked into Tongda Township Central Primary School of Lujiang County, Hefei City, Anhui Province, where it distributed student aid and "Love Health Growth Package" to students in the disaster-hit area. Also, it visited student families that were affected seriously by flooding, sent consolation money and articles to families in need, and encouraged them to shake off the shadow of flooding, and braved the hardships of life.



FAW-Volkswagen Audi joined hands with China Children and Teenagers' Fund to send materials to children in the disaster-hit area.

In face of the epidemic, we resolutely responded to the call of the Party and the state, shouldered responsibilities, proactively took actions, as well as strictly observed the instructions and provided emergency rescue services. Meanwhile, we brought into play our strengths in the automobile industry to ensure healthy travel of the people (particularly the medical staff). We made all-out efforts to get through the difficulties. By the end of 2020, we had made donations of RMB 81 million for epidemic prevention all told. Of which, RMB 3.2 million of voluntary donations were made by CPC members.

Cumulative donations of

RMB **81** million for epidemic prevention

RMB **3.2** million of voluntary donations from CPC members

Purchase of medical supplies

Founded emergency team for purchase of medical supplies, and motivated all forces to find medical supplies together. As a result, successively purchased emergency supplies (including disinfectant and respirator) worth more than RMB 3.8 million.

Purchase of emergency supplies worth more than RMB **3.80** million

Hospital support fund

Joined hands with China Foundation for Poverty Alleviation to set up RMB 61 million of "FAW Group Hospital Support Fund for Combating COVID-19" for designated hospitals of 15 cities including Wuhan, Xiaogan, and Huanggang, etc.

Support fund of RMB **61** million

Medical care action

Sponsored "Joint efforts for Combating the Pandemic, Paying Tribute to Countermarching People" Medical Staff Care Special Campaign, and distributed greeting letter, care package, and Hongqi Exclusive VIP Card to 18,000 medical workers aiding Hubei from 11 provinces and municipalities within the coverage of "FAW Group Special Fund for Epidemic Prevention and Control".

Sending regards to **18,000** medical workers aiding Hubei.

Purchase of poverty relief products

Purchased poverty relief products worth more than RMB 7 million from Hubei and other regions, and alleviated the sales stagnation of agricultural products resulting from the

Purchase of poverty relief products worth more than RMB **7** million



Epidemic prevention supplies sent to Shulan City by FAW Group

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Medical supplies sent to Wuhan City of Hubei Province by FAW Group



FAW Group's special supplies for epidemic prevention and control



Negative pressure ambulance donated to Jilin City by FAW Group



3 Bestune intelligent epidemic prevention vehicles donated to Changchun City by FAW Bestune

Focus on culture, support to sports

As a national automobile brand, FAW Group is committed to carrying forward Chinese nation's excellent traditional culture. We developed cross-industry cooperation with classic cultural brands, in order to improve cultural confidence. We gave supports to sports cause, and conveyed active, progressive, sunny, and healthy life philosophy and sports spirit to society and the general public.

Carry forward traditional culture

Hongqi Brand insisted on inheriting and carrying forward excellent traditional Chinese culture, and it joined hands with the Imperial Palace Cultural Creation to build Chinese brand IP. It signed contract with the Beautiful Dunhuang to seize commanding height of the culture, and to show the world the unique charm of Chinese national brand. It worked with Changchun Film Festival to host Hongqi Night Talk and Auto Film Show, with a view to building the cultural highland of Changan.



On December 30, 2020, Hongqi Brand and Dunhuang Academy entered into a strategic cooperation agreement, and both sides would jointly assume the great mission "Inheritance and Innovation of National Culture".



FAW Group worked with Changchun Film Festival to organize the film-watching activity at the auto theater.

Support to sports events

We always supported sports events, and sponsored and organized a variety of sports activities. We actively advocated healthy and progressive lifestyle, and supported prosperous development of China sports cause. In 2020, New Hongqi became official copartner of China Women National Volleyball Team, and FAW Bestune gave supports to the launch of the Second "Liaoma Bestune" Marathon, cheering for the healthy life.



New Hongqi became official copartner of China Women National Volleyball Team



In September 2020, the Second "Liaoma Bestune" Marathon, supported by FAW Bestune, kicked off.

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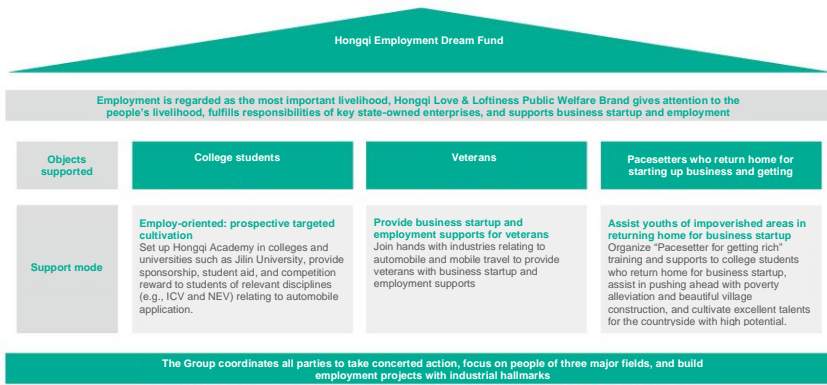
Focus on the people's livelihood, and improve the people's well-being

Focusing on the people's livelihood, we extensively carried out livelihood and public welfare practices (such as employment support, talent incubation, and aid to those in need) among college students, veterans, and impoverished groups. We worked with social forces to improve the people's livelihood and well-being, in order to jointly build harmonious and beautiful society.

Hongqi Employment Dream Fund

In September 2019, FAW Group invested RMB 5 million in setting up Hongqi Employment Dream Fund, which focused on key groups (such as college students, veterans, and pacesetters who return home for starting up business and getting rich), gave attention to the people's livelihood, kept taking actions, supported business startup and employment, and went all out to build employment project with industrial hallmarks. As of the end of 2020, cultivated more than 70 college students in the field of ICV through the "Hongqi Academy"; organized the "Hongqi Cup Young Online Streamer Competition" that provided 450,000 person-times of trainings in total and promoted business startup and employment in the new employment situation.

450,000
person-times of trainings



"Jiefang: Leading a Better Life with Love" Public Welfare Program & Precise Assistance Project: Care for Truck Drivers

In 2018, FAW Jiefang invested RMB 2.17 million in working with China Foundation for Poverty Alleviation to develop the "Jiefang, Leading a Better Life with Love" Public Welfare Program & Precise Assistance Project, in order to carry out precise assistance to truck users who fell into predicament due to disaster, unexpected accident, and major disease, etc. By the end of 2020, the project had made donations of RMB 4.17 million in total, and helped 616 truck drivers in 23 provinces, municipalities, and autonomous regions of China.

Cumulative donations of RMB
4.17 million by this project

616 truck drivers benefited

Throughout **23** provinces, municipalities, and autonomous regions of China

Expectations for the Future

In the new stage, China FAW makes a new blueprint and embarks on the new journey. In 2021, China FAW will thoroughly study and carry out the instructions made by CPC General Secretary Mr. Xi Jinping, help fulfill the CPC Central Committee's decisions and arrangements, constant upgrade the political competency, strategic vision and professional ability in comprehending the new development stage, practicing the new development concept, and building the new development pattern. China FAW will work arduously and painstakingly, so as to celebrate the 100th anniversary of the Party with its best performance.



● Enhance industry and optimize main business Make reforms to seek growth

Upgrade our capacity for independent innovation and enhance competency for high-quality development.

Deepen reforms and stimulate the organizational vitality for high-quality development.

Facilitate emerging industries and promote the transformation and upgrading of high-quality development.

● Gather wisdom and strength of all We jointly build and discuss for common growth

Centered on customers, we expand the market for high-quality development.

Open to the outside world for cooperation, we expand the broad space for high-quality development.

Encouraging all staff to work hard, we focus on the internal power of high-quality development.

● Taking responsibility and behaving smartly

We strive for the nation, the people and communities

Promote green and low-carbon development to build high-quality and harmonious ecology.

Consolidate and expand results in poverty alleviation for the sake of rural vitalization.

Fulfill responsibility, organize volunteer activities, and build public welfare brand.

Appendix

Key performance

Indicators	Unit	2018	2019	2020
Market performance				
Total assets	100 million CNY	4578.3	4900.6	4889.4
Operating revenues	100 million CNY	5940.3	6177.3	6974.2
YoY growth rate of operating revenues	%	26.42	3.99	12.9
Pay taxes	100 million CNY	539.8 ¹	543.3	558.5
Asset-liability ratio	%	52	53.2	49.5
Total industrial output	100 million CNY	5388.0	5502.5	6222.3
Industrial value added	100 million CNY	1227.9	1150.6	1273.2
Output	10,000 vehicles	338.6	349.8	372.9
Sales volume	10,000 vehicles	341.8	345.9	370.6
Closing rate of consumer complaints	%	-	100	100
Annual sales of vehicles in self-owned brand	10,000 vehicles	54.4	58.4	77.3
Annual production of vehicles in self-owned brand	10,000 vehicles	53.2	63.6	78.9
Localization procurement rate of auto parts	%	-	-	28.35
Number of experience centers (Hongqi brand)	Centers	-	200	300
Social performance				
Total donations	10,000 CNY	14350.0	14824	19406
Annual investment in poverty alleviation and aid to Tibet	10,000 CNY	7215	7730	7478
Total number of on-the-job employees	People	149651	126157	121019
Number of employees in business department in Foshan	People	8372	7123	6023
Number of employees in business department in Chengdu	People	13695	10790	8684
Number of employees in business department in Tianjin	People	21683	18474	18577
Number of employees in business department in Qingdao	People	6427	5632	5817
Number of employees in business department in Wuxi	People	4339	3978	4093
Number of employees in business department in Dalian	People	2162	1875	1781
Number of employees in business department in Harbin	People	1407	1483	1369
Number of employees in business department in Qujing, Yunnan	People	1561	2259	2120

¹ Considering the statistical scope, the data shall be subject to the data disclosed in this report.

Indicators	Unit	2018	2019	2020
Total number of overseas employees	People	-	350	342
Accidents of serious casualties	Accidents	0	0	0
Number of employees contracting occupational diseases	People	0	0	0
Investigate and eliminate the number of hidden dangers	Dangers	2787	3585	2859
Number of injured people on business	People	28	34	17
Physical examination coverage	%	100	100	100
Health records coverage rate	%	100	100	100
New employees throughout the year	People	-	3133	3460
Rate of labor contract signing	%	100	100	100
Social insurance coverage rate	%	100	100	100
Proportion of female managers	%	-	7.37	17.37
Per capita training investment	CNY	-	1154.36	2800
Per capita training time	Class hour	-	65.25	141.2
Total investment in staff training	10,000 CNY	-	14600	11237
Total number of staff training personnel	10,000 trainees	-	95.4	112
Input in aid for employees in financial difficulties	10,000 CNY	-	283.93	283.93
Employee turnover rate	%	4.0	2.6	1.7
Employee satisfaction	%	-	-	73
Number of emergency drills	Drills	932	312	236
Investment in production safety	100 million CNY	4.7	4.6	5.4
Investment in safety training	10,000 CNY	979	768	626
Safety training coverage rate	%	100	100	100
Environmental performance				
Comprehensive coal consumption	10,000 tons of coal equivalent	136.5	121.4	126.31
Coal consumption	Tons	423464	260610	198836
Consumption of electricity	10,000 kilowatt-hours	361738	342278	361094.218
Consumption of natural gas	10,000 cubic meters	18373	17455	16823.23

Indicators	Unit	2018	2019	2020
Heat power consumed	One million KJ	13899298	11700503	2902861.93
Raw water consumed	Cubic meter	26913889	25958200	4613667
Energy saved	Ton coal equivalent	7814 ²	617329	12197600
Carbon emission	Tons	5631593	4372000	4392200
YoY fall of energy consumption per 10,000 CNY output	%	6.4	-	8
Investment in developing and applying energy-saving technology	10,000 CNY	4896.4	13800	13800
Number of energy-saving reform projects	Projects	95	119	213
Number of energy conservation monitoring plans in execution	Projects	7	11	35
Number of energy audit items	Projects	-	2	4
Number of corporate electric power balance projects	Projects	4	6	3
Number of water balance projects	Projects	3	3	1
Number of energy efficiency tests in key energy-using equipment	Projects	103	42	43
Total COD emissions	Tons	23.96	363.17 ³	346.97
Sulfur dioxide emissions	Tons	1226	884.36	556
YoY fall of sulfur dioxide emissions	%	7	27.87	37.13
Total disposal of hazardous waste	Tons	7.05	7.59	7.77
Investment in pollution control and disposal of hazardous waste	100 million CNY	4.3	5.2	5.07
COD reduction	Tons	3.58	5963	6611
Number of leakage of harmful substances	Times	0	0	0
Total ammonia oxide emissions	Tons	1279	1288	1674
Sewage recovery and treatment capacity	10,000 tons	1174	993.83	913.56
Amount of reclaimed water	10,000 tons	104	161.4	188.26
Carbon dioxide emissions per unit of output value	Tons	-	0.078	0.069
Waste water emission reduction	Tons	-	1801700	802700
Major environmental pollution accidents	Accidents	0	0	0
Investment in energy conservation and environmental protection	100 million CNY	-	6.5	6.66
Environmental protection training sessions	Sessions	-	8	2

² Considering the statistical scope, the data shall be subject to the data disclosed in this report.

³ Considering the statistical scope, the data shall be subject to the data disclosed in this report.

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Rating report

Rating Report on 2020 China FAW Sustainable Development Report

Entrusted by China FAW, the China CSR Report Rating Expert Committee selected experts to form a rating team to rate the 2020 China FAW Sustainability Report (hereinafter referred to as the Report).

I. Rating basis

CASS-CSR Report 4.0 and the China CSR Report Rating Expert Committee China CSR Report Rating Standard (2020).

II. Rating process

1. The rating team reviews and confirms the Process Data Confirmation of CSR Report and relevant supporting materials submitted by the preparation team of the Report;
2. The rating team evaluates the preparation process and content of the Report, and formulates the rating report;
3. Vice Chairman of the Rating Expert Committee, leader of the rating team and experts of the rating team shall jointly sign the rating report.

III. Rating conclusions

Process-based (★★★★★)

The China FAW Group has set up a CSR report preparation committee, in which the Chairman and the Party Secretary of the Party Committee serve as the General Directors of the Preparation Committee to control the overall direction and report on the final review. The General Office (Party Committee Office) leads the establishment of the report preparation group, coordinates the specific compilation work; positions the report as an important tool for disclosing CSR information, improve CSR management, and strengthens communication between stakeholders, clarifies functional value positioning; identifies substantive issues based on national macro policies, international and domestic CSR standards, industry benchmark analysis, company development strategy, and stakeholder investigation; actively promotes the subordinate enterprise FAW Jiefang to compile and distribute the CSR report, strengthens the vertical integration of social responsibility; plans to hold a special press conference to release the report. The report will be presented in electronic version, printed version, long photo version and H5 version. The process has excellent performance.

Substantial (★★★★★)

The Report discloses the macro policy, customer relationship management, to ensure product safety, sci-tech R&D, product recall, occupational health management, the production safety, new energy product development and sales, energy conservation, equipment recycling, and other key issues concerning automobile manufacturing, thus having excellent substantial performance.

Integrity (★★★★★)

The main content of the Report, from the perspectives of "enhance industry, optimize main business, and make reforms to seek growth", "gather wisdom and strength of all, we jointly build and discuss for common growth", and "taking responsibility and behave smartly, we strive for the nation, the people and communities", systematically discloses 91.68% of the core indicators of automobile manufacturing industry, thus having excellent performance in integrity.

Balance (★★★★★)

The Report discloses negative data such as "the number of accidents with serious casualties", "the number of people contracting occupational diseases", "the number of employees injured on business", "the employee turnover rate", "the number of major risk incidents" and "the number of major network security incidents". It also describes the causes and handling measures of defective product recall, thus having excellent balance performance.

Comparability (★★★★★)

The Report discloses the comparison data of 59 key indicators in three years in a row, such as "total assets", "industrial added value", "labor contract signing rate", "input in safety training", "energy saving renovation projects" and "sulfur dioxide emission" for three consecutive years, and compared "89th in World top 500" and "5th in China Top 500", etc.

Readability for the (★★★★★)

With the theme of "take a new mission and start the new journey", the report presents the government, customers, partners, employees, environment, community and other stakeholders, explains the deep understanding of social responsibility; the covers and chapters take the water ink design style, skillfully integrate landscape and main product elements, improve the identification of the report; set up the "knowledge encyclopedia" column; design the "honor wall", show the annual honor, strengthen the communication of the report, thus gaining excellent readable performance.

Innovative (★★★★★)

The report begins with three parts, namely, "keep in mind the instructions made by CPC General Secretary and strive to be the vanguard", "eliminate poverty and realize prosperity, continue to strive for revitalization", and "led by Party building, we stay true to the original aspiration, enhance roots and build souls to bear the mission". It highlights the actions and accomplishments made by China FAW in optimizing the main business, eliminating poverty and Party building, presents the responsibility of the SOE. The chapters begin with a positive response to the United Nations Sustainable Development Goals (SDGs), discloses the objectives, actions, and results of the key topics in the chapter. The report highlights the value pursuit of the Group; holds the CSR Week, and embeds in the third party platform to release reports, establishes a multiple communication matrix, thus making excellent innovative performance.

Comprehensive rating (★★★★★)

According to the evaluation of the rating team, the process, substance, completeness, balance, comparability, readability and innovation of the China FAW 2020 Sustainable Development Report have all reached five stars, which are "five-star best" level, thus becoming a model in the CSR report.



China FAW Sustainable Development Report has received five-star evaluation for four consecutive years and five-star evaluation for the first time

IV. Suggestions for improvement

Increase the disclosure of core indicators of the industry to improve the integrity of the report.

Vice Chairman of the Rating Expert Committee

Rating team leader

Rating group expert



Date of issuance: June 24, 2021

Scan the code to view the rating files

About the report

The report is the 11th time for China FAW Group Co., Ltd. to release the annual sustainable development report publicly since 2009. The management of the Group undertakes that there are no false records, misleading statements or material omissions in this report, and shall be responsible for the objectivity and authenticity of the data in the report.

Scope of organization

This report takes China FAW as the main part, covering group company, subsidiaries, branch companies and overseas branches. For the sake of easy expression, the report uses such names as "China FAW", "FAW", "the Group", "the Group company" or "we".

Time frame

From January 1, 2020 to December 31, 2020 (some contents are beyond the above time frame).

Release cycle

This report is an annual report.

Compilation standard

Guiding Opinions on State-owned Enterprises to Better Fulfill Social Responsibilities issued by the SASAC of the State Council (SASAC Research [2008] No.1)

Guiding Opinions on State-owned Enterprises to Better Fulfill Social Responsibilities issued by the SASAC of the State Council (SASAC Research File [2016] No.105)

The Social Responsibility Guide of China Industrial Enterprises and Industrial Association of China Federation of Industrial Economy

The UN Sustainable Development Goals (SDGs)

CASS-CSR4.0

ISO 26000 Guidelines for Social Responsibility (2010)

Standardization Guide for Preparation of Social Responsibility Report (GB/T 36001-2015)

Content selection and arrangement

The selection of the content scope of this report follows the principles of GRI substantive, stakeholder participation, sustainable development background and integrity, and combined with the actual situation of the enterprise, determines the specific content of the report through industry benchmark research, enterprise development strategy analysis, substantive issues identification and stakeholder communication.

Data collection

Data in the report are from the official documents and statistical reports of China FAW, and the summary and statistics of the CSR performance. To enhance the comparability of the report, some indicators include historical data. As China FAW CSR management is upgraded and refined, we will gradually optimize and improve the disclosure of indicators in the future reports.

If not specified, all the currencies mentioned in this report are in RMB.

Obtain the report

This report has paper and electronic versions. You can go to <http://www.faw.com> to browse online or download the electronic version of this report.

Feedback

Thank you for reading the 2020 China FAW Sustainable Development Report. To strengthen the communication with you, and continue to improve the company's CSR management, practice and report preparation, we sincerely hope to listen to your valuable opinions and suggestions, and sincerely look forward to your feedback!



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Rating files



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评级专家委员会
Chinese Expert Committee on CSR Report Rating

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