



**東風汽車集團股份有限公司**  
**DONGFENG MOTOR GROUP COMPANY LIMITED\***  
Stock Code: 489

# 2018 Environmental, Social and Governance Report

\* For identification purposes only



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## ABOUT THIS REPORT

This report represents the third environmental, social and governance (hereinafter referred to as the “ESG”) report issued by Dongfeng Motor Group Company Limited, which focuses on the disclosure of relevant information on the environmental, social and governance performance of the Group for the period from 1 January 2018 to 31 December 2018 (Reporting Period).

### Guiding Principle

This report was prepared mainly with reference to the revised Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) in December 2015. The contents of this report are determined based on a set of systematic procedures. Such procedures include: identifying and prioritizing key stakeholders, identifying and prioritizing ESG issues by materiality, determining the scope of this ESG Report, collecting relevant materials and data, compiling the report based on relevant information, and reviewing information in the report.

### Scope and Boundary of the Report

The ESG related policies, statements, implementation of policies described, and the data performance quantified in this report mainly cover the headquarters, subsidiaries, joint ventures, associated corporations (including those companies in which equity interests are, directly or indirectly, held through subsidiaries, joint ventures, associated corporations) of Dongfeng Motor Group Company Limited. In addition, separate explanations will be given for any mention of Dongfeng Motor Corporation (formerly known as “Dongfeng Motor Corporation”), the parent of Dongfeng Motor Group Company Limited in certain parts hereof.

### Appellation Explanation

For the convenience of wording and reading, any reference to the “Group”, “Dongfeng Motor Group” and “we” or “us” in this report refers to Dongfeng Motor Group Company Limited (hereinafter refer to the “Company”) and its subsidiaries, joint ventures, associated corporations (including those companies in which equity interests are held, directly or indirectly, through subsidiaries, joint ventures, associated corporations).

Set out below are other definitions:

Research & Development Centre	Dongfeng Research & Development Centre (Branch)
Dongfeng Passenger Vehicle	Dongfeng Passenger Vehicle Company (Branch)
Dongfeng Commercial Vehicle	Dongfeng Commercial Vehicle Co., Ltd.
Dongfeng Honda	Dongfeng Honda Automobile Co., Ltd.
Dongfeng Honda Engine	Dongfeng Honda Engine Co., Ltd.
Dongfeng Liuzhou Motor	Dongfeng Liuzhou Motor Co., Ltd.
Dongfeng Renault	Dongfeng Renault Automobile Co., Ltd.
Dongfeng Getrag	Dongfeng Getrag Automobile Transmission Co., Ltd.
Dongfeng Nissan	Dongfeng Nissan Passenger Vehicle Company
Dongfeng Automobile	Dongfeng Automobile Co., Ltd.
Dongfeng Cummins	Dongfeng Cummins Engine Co., Ltd.
Equipment Company	Equipment Company, Dongfeng Motor Co., Ltd.
Zhengzhou Nissan	Zhengzhou Nissan Motor Co., Ltd.
Peugeot Citroën Automobile	Dongfeng Peugeot Citroën Automobile Co., Ltd.
Dongfeng Auto Parts	Dongfeng Auto Parts (Group) Co., Ltd.

## ABOUT THIS REPORT (Continued)

### Source of Information and Reliability Assurance

The information in and the cases presented by the report are mainly derived from the Group's statistical reports and relevant documents. The Group undertakes that this report does not contain any false information or misleading statement and accepts responsibility for the contents hereof as to authenticity, accuracy and completeness.

### Confirmation and Approval

This report was approved by the Board on 27 March 2019 after confirmed by the management.

### Access to and Feedback for this Report

This report is available for inspection in both Traditional Chinese and English. Based on the consideration of environmental protection, we recommend reading the electronic version of the report which can be obtained within the "Financial Statements/ESG Information" category of Dongfeng Motor Group Company Limited at the website of Hong Kong Stock Exchange or at the official website of the Company.

We hold the opinions of stakeholders in high regard and we are glad to answer any readers who get in touch with us via the following contacts. Your opinions will be helpful for us to further improve this report as well as enhance the overall environmental, social and governance performance of the Group.

### Contacts

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## Chairman's Statement

I am very delighted to communicate with you about the environmental, social and governance development of Dongfeng Motor Group Company Limited through the Environmental, Social and Governance Report.

In 2018, in the tough context of minimal growth, expedited spin-off of enterprises and increased market uncertainties in the automobile industry, as a Chinese enterprise undertaking the mission of revitalizing the national automobile industry, we always bore in mind the original aspiration and mission of “develop an automobile power and let people enjoy a better automobile life”, grasped the nettle, accurately understood the new trend of automobile industry reform, transformation and upgrading, and kept promoting corporate sustainable development through continuously improving core competencies and development quality.

Looking back the year 2018, we incorporated the core value of “Quality, Intelligence and Amenity” into the environmental, social and governance development in the whole value chain. We strengthened responsible operation, kept improving compliance system and continued to promote co-construction of integrity; we were bold in scaling heights in product development and technology innovation, and understood and led in the development of automobile in “New Five Megatrends” (新五化), namely, lightweight, electrification, intellectualization, networked products and sharing platform; we kept improving production and manufacturing and quality control, and satisfying customer's requirements for high quality; we always highlighted environmental protection, and we were determined to win the fight in pollution prevention and control, eradicated major environmental accidents and progressively established the green manufacturing system; adhering to the employee-focused and fighter-oriented principle, we were dedicated to building a platform for each employee, and promoted the organic unity of employee development and corporate development as a whole and let employees to be the first to enjoy the good life in the new era; we kept promoting the “Enable Engineering” and helped those in distress and aided those in peril, contributed to the society and performed social responsibilities through a series of targeted poverty alleviation and social benefit work, including passing of responsibility spirit, industrial development, construction of people's livelihood, propaganda of environmental protection and knowledge dissemination.

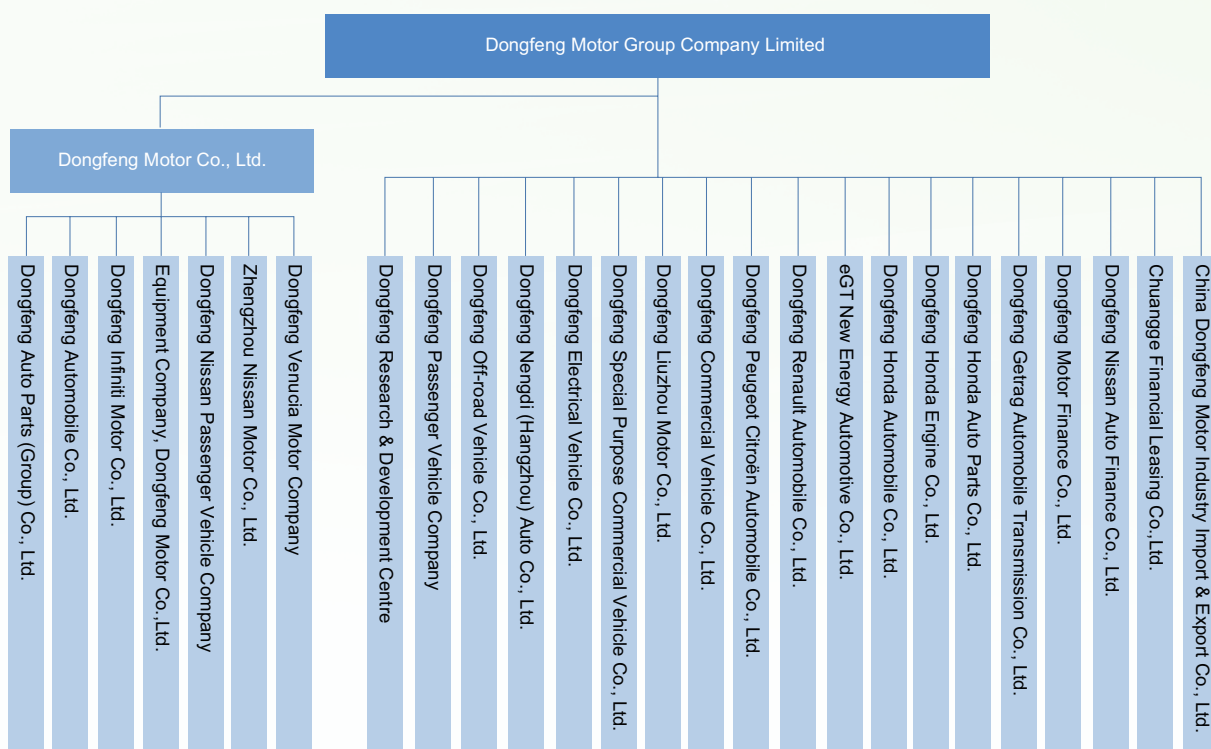
Embracing the new era and undertaking the new mission, we will strive to build a new Dongfeng. Looking ahead to 2019, when coping with the tough situation and meeting the challenges, we will always bear in mind the original aspiration and continue to implement responsible operation, integration and innovation, employee cohesion, opening and cooperation and green development, and contribute to the society, keep making new advances in environmental, social and governance development and create values together with all related parties!

**Zhu Yanfeng**  
*Chairman*

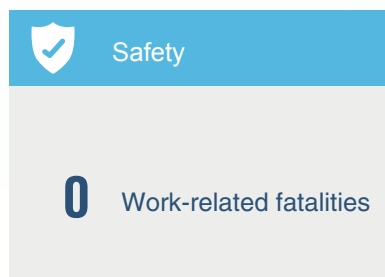
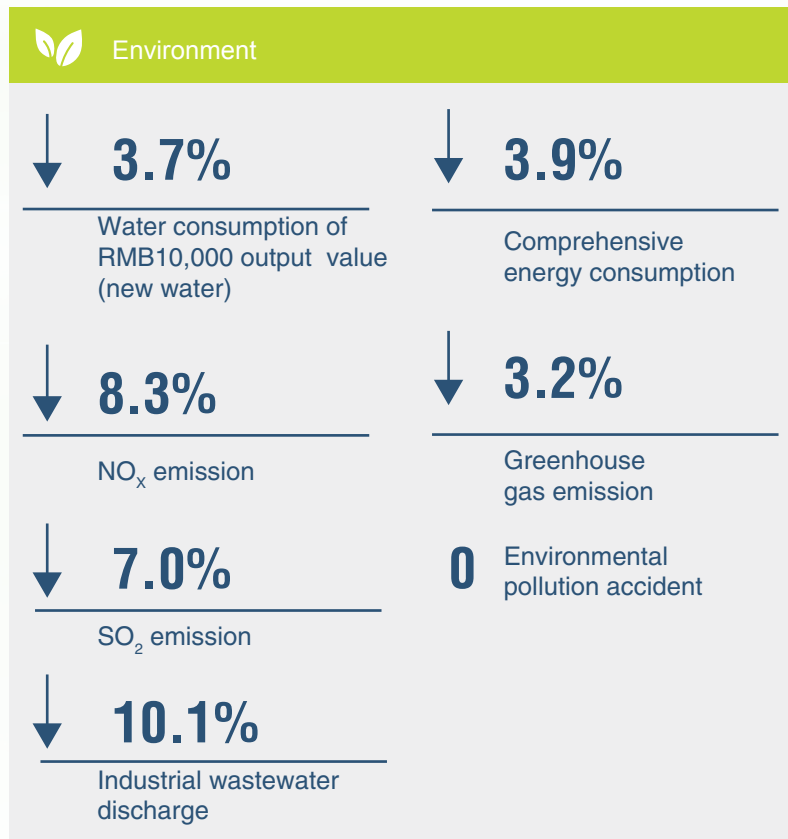
## ABOUT US

Dongfeng Motor Group Company Limited was incorporated in 2005 and was listed on the Hong Kong Stock Exchange in the same year (stock code: 00489). Its registered office is located at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the PRC. Main business scope covers the manufacture and sale of commercial vehicles, passenger vehicles and auto engines and parts, finance businesses as well as other automotive related businesses. Adhering to the management concept of “caring for everyone and caring about each vehicle”, the Group actively performed its responsibilities to the society, environment and investors.

Our detailed structure is shown as below:

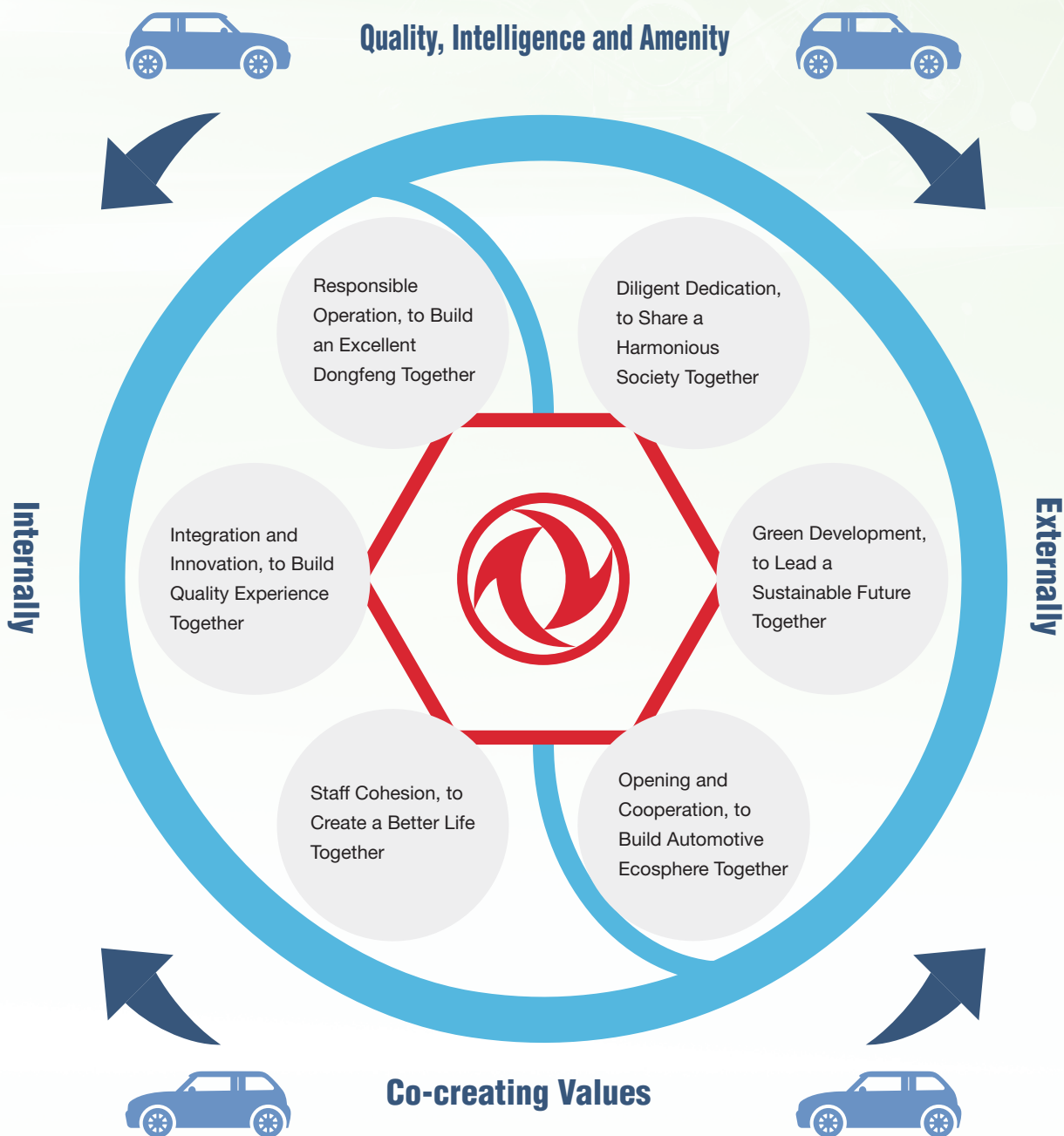


## Summary of Key Performance Indicators of ESG in 2018





## ESG Concept of Co-creating Values




The Group closely focused on the brand core value of “Quality, Intelligence and Amenity” of Dongfeng Motor Corporation, the parent of the Group, the Group has developed the ESG development concept with the characteristics of the Group, insisted on responsible operation, integration and innovation, employee cohesion, opening and cooperation, green development, contributing to the society, and created values together with all related parties, including customers, employees and partners in the whole value chain system. The ESG report of the year explicated the above aspects and fully reflected the ESG concept of co-creating values.

# 1. Responsible Operation, to Build an Excellent Dongfeng

## Our Concept

For the goal of prioritizing customer experience, zero defect in production, the Group proposed the transformation to benefit driven development in the whole value chain. In light of the development of the industry, based on surveys in the primary level of production and marketing as well as active exploration into customer demands, the Group clearly established the customer-focused quality awareness. Based on improvement of customer demand for both external appearance and internal experience of products, the Group realized the management concept of “creating values for customers”.

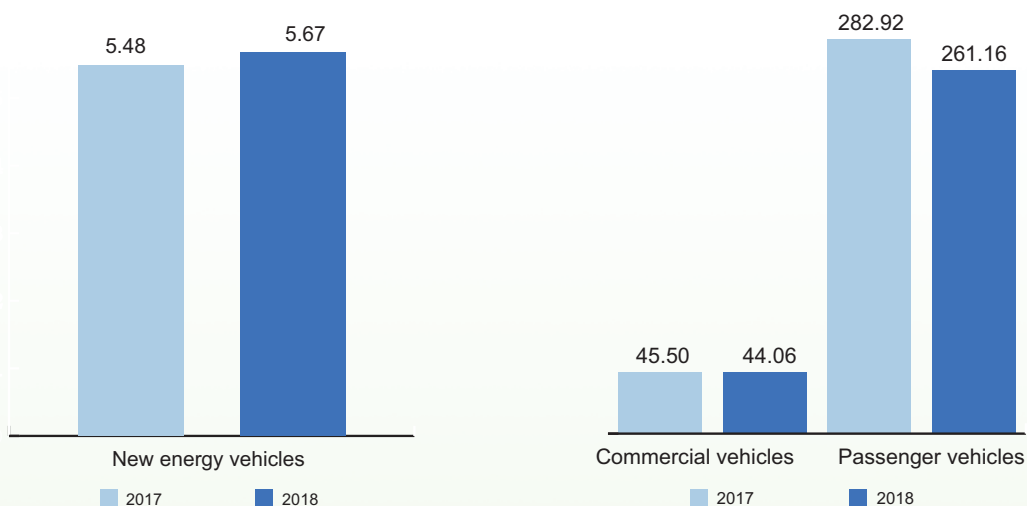
 <p><b>Objective</b></p>	<p>Implement “D139” strategy to achieve the brand development objective of Dongfeng</p>
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 <p><b>Governance Improvement</b></p>	<p><b>ESG management</b> Control ESG related risks and promote sustainable development through forming ESG management framework</p> <p><b>Integrity and compliance</b> Realize annual “zero corruption” through strict compliance with laws, co-establishment of integrity with partners, reinforced internal integrity monitoring and improved reporting mechanism</p>
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## 1.1 Operating Performance

In recent years, the automobile market of China showed periodic fluctuations, and the industry is increasingly competitive. Upholding the enterprise spirit of “being inclusive, and becoming excellent after going through hardships”, the Group continued to expedite improvement of the core competence of independent R&D and promoted corporate healthy and sustainable development. Under the sound operation and governance, the Group still maintained a stable development in the context of general slowdown in operation in the industry.

Sales volume of vehicles in 2017-2018 (0'000)

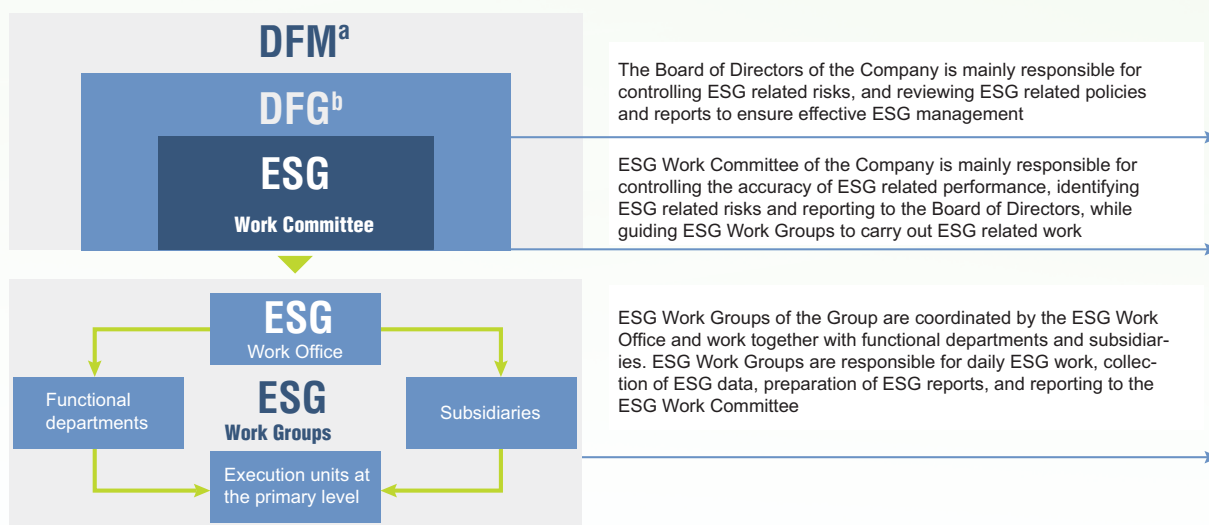


## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

- In 2018, annual sales volume of new energy vehicles reached approximately 56,700 vehicles, representing a YoY increase of 3.5%;
- In 2018, annual sales volume of commercial vehicles reached approximately 440,565 vehicles, representing a YoY decrease of 3.2%;
- In 2018, annual sales volume of passenger vehicles reached approximately 2,611,607 vehicles, representing a YoY decrease of 7.7%.

### 1.2 ESG Management

In order to ensure effective results of ESG management and further guarantee operations of the Group, we have formed a top-down ESG management framework. ESG management framework consisted of three levels, namely, the Board of Directors, ESG Work Committee, as well as ESG Work Groups. All levels are given with clear duties and are coordinated and unified. Details are as shown below:



Notes:

- DFM refers to Dongfeng Motor Corporation;
- DFG refers to Dongfeng Motor Group Company Limited

### ESG responsible management framework and functions

### 1.3 Stakeholder Engagement

The Group attached great importance to and respected the opinions and suggestions of stakeholders, actively sought the ways and means for effective communication with stakeholders. Based on the legal and transparent communication mechanism, the Group and stakeholders conducted two-way communication. The Group and stakeholders increased mutual understanding and cooperation and also made progress together through communication and understanding, legal exchange of information and various internal and external communication mechanisms.

Based on its business scope and the nature of production and operation, the Group identified stakeholders closely related to the development of the Group and actively analyzed the issues concerned by stakeholders, conducted self-inspection, targeted investigation and improved communication channels on a periodic basis. Within its business scope, the stakeholders closely related to the Group, the issues concerned by such stakeholders and the communication channels applied by the Group are as shown in the following table:

## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

Stakeholder	Issues	Channels of communications/feedback	Communication frequency
Shareholders	Business performance ESG management	<ul style="list-style-type: none"> <li>• General meeting</li> <li>• Results briefing</li> <li>• On-site survey</li> <li>• Roadshow and reverse roadshow</li> <li>• Multi-channel meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Annually Shareholders' general meeting</li> <li>• Extraordinary general meeting for major events or special circumstances</li> <li>• Roadshow and reverse roadshow once a year</li> </ul>
Investors	Business performance Legal compliance	<ul style="list-style-type: none"> <li>• Teleconference</li> <li>• Teleconference panel</li> <li>• Customer visit to the Company</li> <li>• Domestic and overseas investment conference</li> <li>• Roadshow and reverse roadshow</li> </ul>	<ul style="list-style-type: none"> <li>• Company visited</li> <li>• One-to-one teleconference</li> <li>• Organized or attended domestic investment summits</li> <li>• Investment panel</li> <li>• Annual results briefing</li> <li>• Roadshow and reverse roadshow once a year</li> <li>• Interim results teleconference</li> </ul>
Employees	Employment and labor Remuneration and benefits	<ul style="list-style-type: none"> <li>• Staff training</li> <li>• Labor union activities and Youth League Committee activities</li> <li>• Staff representative meeting</li> <li>• Solicitation of opinions and reasonable suggestions</li> </ul>	<ul style="list-style-type: none"> <li>• On-line and off-line staff training</li> <li>• Labor union activities</li> <li>• Youth League Committee activities at least once a year</li> <li>• Staff representative meeting at least once a year</li> <li>• Employee satisfaction survey once a year</li> </ul>
Distributors	Product safety and quality Contributions to community	<ul style="list-style-type: none"> <li>• Product training</li> <li>• Clients' complaint processing</li> <li>• Product maintenance and repair</li> </ul>	<ul style="list-style-type: none"> <li>• Product training</li> <li>• Consumer satisfaction survey every year</li> </ul>

## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

Stakeholder	Issues	Channels of communications/feedback	Communication frequency
Suppliers	Supply chain management Product safety and quality	<ul style="list-style-type: none"> <li>• On-site survey</li> <li>• Supplier appraisal</li> <li>• Communication on quality</li> <li>• Telephone/written correspondence</li> <li>• Setting-up of on-site office</li> <li>• Supplier meeting</li> <li>• Open procurement and tendering</li> </ul>	<ul style="list-style-type: none"> <li>• Annually supplier meeting</li> <li>• Semiannually supplier appraisal</li> <li>• Supplier access assessment</li> <li>• On-site office</li> </ul>
Customers/ consumers	Product safety and quality Technology and mode innovation	<ul style="list-style-type: none"> <li>• On-line promotion and off-line promotion</li> <li>• Press conference</li> <li>• Market survey</li> <li>• Customer satisfaction survey</li> <li>• Clients' complaint processing</li> </ul>	<ul style="list-style-type: none"> <li>• To be conducted in light of actual conditions from time to time</li> </ul>
Governmental authorities	Green production Legal compliance	<ul style="list-style-type: none"> <li>• On-site survey</li> <li>• Communication and interview</li> <li>• On-the-spot sampling</li> <li>• Participation in analysis and formulation of policy, standard and planning</li> </ul>	<ul style="list-style-type: none"> <li>• To be conducted in light of actual conditions from time to time</li> </ul>

## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

Stakeholder	Issues	Channels of communications/feedback	Communication frequency
Community	Public welfare and charity Contributions to community	<ul style="list-style-type: none"> <li>Community public welfare activities</li> <li>Communications with community</li> <li>On-site survey</li> </ul>	<ul style="list-style-type: none"> <li>To be conducted in light of actual conditions from time to time</li> </ul>
Media	Public welfare and charity Consumer satisfaction	<ul style="list-style-type: none"> <li>Press conference</li> </ul>	<ul style="list-style-type: none"> <li>To be conducted in light of actual conditions from time to time</li> </ul>

The Group enabled stakeholder engagement in implementing major policies and other strategies by various (formal or non-formal, on-line or off-line) means. The Group got a better understanding of stakeholder's views and expectations through continuous communication and dialogues, and also fully acquired relevant information to evaluate and manage decisions in a more effective manner.

### Investor Engagement

In 2018, consumption upgrading in the automobile market of China continued to be deepened. However, with the weakening market demand, down-regulation of import tariff and the opening deadline for determining joint venture shareholding ratio, the relationship between enterprises and investors was faced with greater challenges and pressure. Accordingly, the Group especially established a team to optimize corporate management and increase corporate sustainable development capability and also consolidate the focus, support and trust of investors through continuously improving and consolidating the good relationship between the market and the Group, and increasing the transparency of corporate governance.

## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

Major communication activities between the Group and investors in 2018

Attended auto shows and holding investment panel

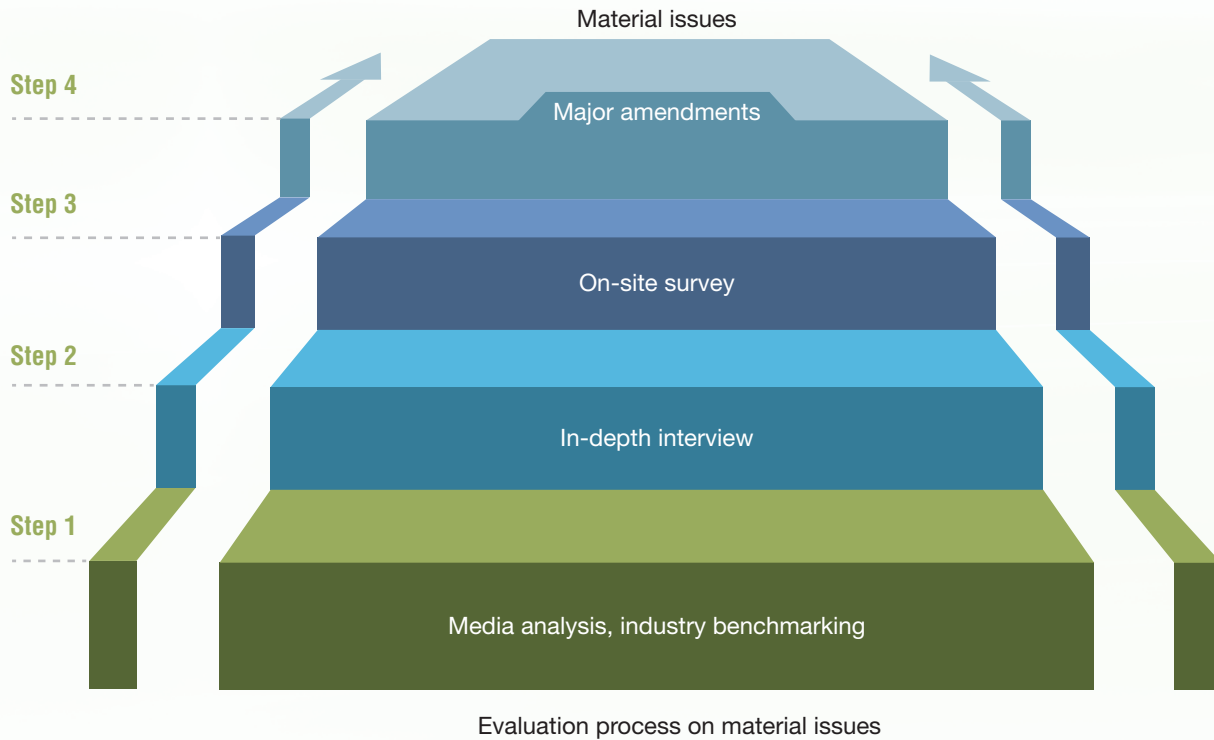
- From 25 April 2018 to 27 April 2018, the investor engagement team of the Group attended the International Auto Show in Beijing, understood the development trend of the industry, learned the production experience and excellent cases of major auto enterprises. We also attended the investor survey conference held by investment banks, and helped investors understand the strategic deployment and operation of the Group.
- From 14 November 2018 to 16 November 2018, the investor engagement team of the Group attended the Guangzhou Auto Show in Guangzhou, and transmitted the responsibility spirit, brand value and development trend of the Group to investors, and promoted investors' in-depth understanding of the Group.

### 1.4 Analysis of Material Issues

In order to achieve the strategic objective of sustainable development of the Group, we analyzed the material issues through the following evaluation process based on its understanding and analysis of the substantive issue of sustainable development:

1. Identify potential material issues that reflect the impact of the Group's business development on the society, environment and economy, and that affect the stakeholders' decision-making and assessment for the Group by thorough inspections on media remarks and benchmarking analysis.
2. Understand issues more concerned about by various stakeholders through in-depth interview with stakeholders on their strategic plans for the future development of the Group and understanding and analysis of such strategic plans
3. Further analyze and confirm the impact of identified issues on the production, operation and sustainable development of the Group through on-site survey to production units.
4. Ensure the contents and preparation process of the report could accurately reflect the principles and intentions of the report through discussion with the management and report review.

## 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)



Through the above work, we analyzed the matrix of material ESG issues in 2018 of the Group, including 8 issues of high importance. Through the analysis, we found that stakeholders still think that product safety and quality were the most crucial risk issues in production and operation. As compared with 2017, stakeholders' focus on protection of employees' rights and interests, energy consumption management and innovation of technology and mode has been increased slightly. We will explicit the material issues concerned by stakeholders in the year in this report.



# 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)



# 1. Responsible Operation, to Build an Excellent Dongfeng (Continued)

## 1.5 Integrity and Compliance

The Group attached great importance to the construction of integrity culture and compliant operation. Based on strict compliance with various laws and regulations, including the *Criminal Law of the People's Republic of China* (《中華人民共和國刑法》) and the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the Group realized whole-value chain sustainable development. On one hand, the Group developed the Business Ethics Convention, to regulate and restrain the business activities of the Company, associates and business partners. On the other hand, the Company developed the Integrity Handbook and the Anti-corruption and Compliance Handbook, to organize and publish the Negative List covering the whole value system, including R&D, procurement and sale, so as to promote integrity education and prevent the occurrence of corruption events and ensure the compliant and incorruptible operation of the Group.

### Implement integrity work with suppliers and distributors

In promoting integrity construction, the Group implemented whole-value chain compliance and integrity work together with suppliers and distributors. Suppliers and distributors were required to enter into cooperation agreements, including “Mutual Agreement for Compliant and Honest Administration (《合規廉潔共建協議書》)” and “Commitment Letter for Compliant and Honest Administration (《合規廉潔共建承諾書》)”, to strengthen mutual forward supervision, regulate their respective honest business activities, and build a fair and impartial business environment together. Besides, the Group also attached great importance to corporate integrity system building – “The Black list” system, to exert strict control on existing business suppliers and place suppliers in violation of laws and regulations on our integrity platform “The Black list”.

### Implement integrity work with employees


In order to strengthen integrity supervision within the Group, the Group developed a three-level management system including supervision management, business system and procedure of work. Impartial penalty measures were implemented against employees in violation of Integrity Handbook and Anti-corruption (《廉潔從業手冊》) and Compliance Handbook (《反腐合規手冊》). At the call of the Group, Dongfeng Commercial Vehicle organized mini-symposiums and integrity courses to promote integrity construction; Dongfeng Commercial Vehicle compiled and published warning education cases quarterly in order to strengthen warning education. In addition, Dongfeng Commercial Vehicle held one warning education conference every three quarters to announce typical discipline violation cases, to alert and educate cadres and employees.

In addition, in 2018, the Group further improved reporting mechanism, published a dedicated reporting channel, and set up an independent department to handle various information reported by the masses through letters, phone calls and visits, so as to ensure that the issues reported by all stakeholders can be handled in a fair and impartial manner. Thanks to a series of measures taken in 2018, including complying with laws strictly, implementing integrity work with partners externally and strengthening integrity supervision internally, the Group had no corruption case in 2018.

## 2. Integration and Innovation, to Build Quality Experience Together

### Our Concept

We always implemented the customer demand-oriented business concept, and was committed to providing customers with reliable products and services. We required the quality to reach required standard in each link of the whole value chain. We promoted the improvement of intelligent manufacturing level of automobile and kept upgrading customer's driving experience and service experience by continuously enhancing technological innovation and quality and service improvement.

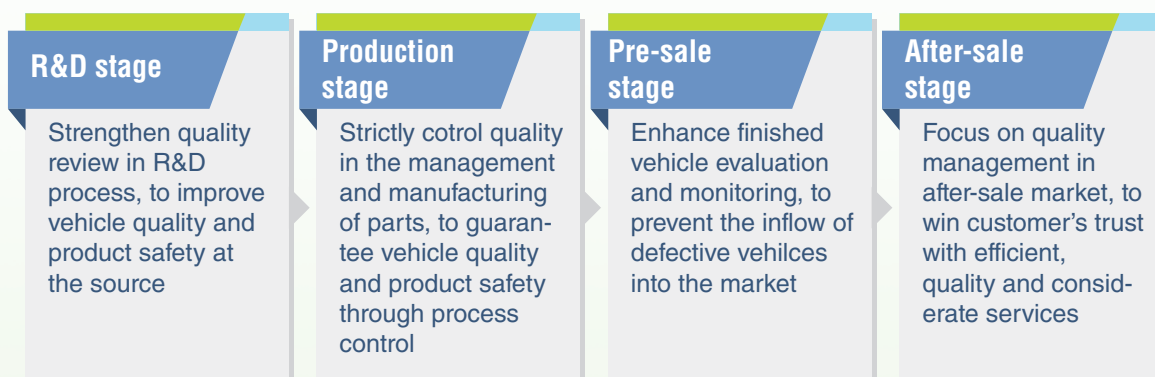
 <p><b>Objective</b></p>	<p>Build an excellent Dongfeng Brand by adhering to the customer-oriented principle and upholding the spirit of originality</p>
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 <p><b>Governance Improvement</b></p>	<p><b>Quality automobile manufacturing</b>      Promote the excellent quality management in all aspects and improve product quality by establishing the “Dongfeng Excellent Quality Evaluation System”</p> <p><b>Customer focus</b>      Improve sales and after-sale service satisfaction and promote brand value appreciation through escalating the customer-focused service system</p> <p><b>Smart upgrade</b>      Achieve technological breakthroughs in intelligence, network connection, electrification and lightweight and promote the development of smart enterprises through enhancing innovation in core technologies, including environmental awareness, intelligent decision-making as well as control and execution</p>
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### 2.1 Quality Automobile Manufacturing

#### Quality Management

The Group was established based on quality and reputation, kept promoting quality upgrading, took full consideration of the whole value chain of products and actively implemented automobile product quality and safety control. All subsidiaries have established sound quality management systems. In 2018, we set about establishing “Dongfeng Excellent Quality Evaluation System (《東風卓越質量評價體系》)”, and conducted quantitative evaluation on the quality management systems of all subsidiaries in two aspects, namely, process planning and implementation, and performance evaluation. The Group promoted the comprehensive excellent quality management and improved product quality through identifying respective weakness by benchmarking and implementing major improvement measures.



## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### Zhengzhou Nissan guaranteed product safety at the source

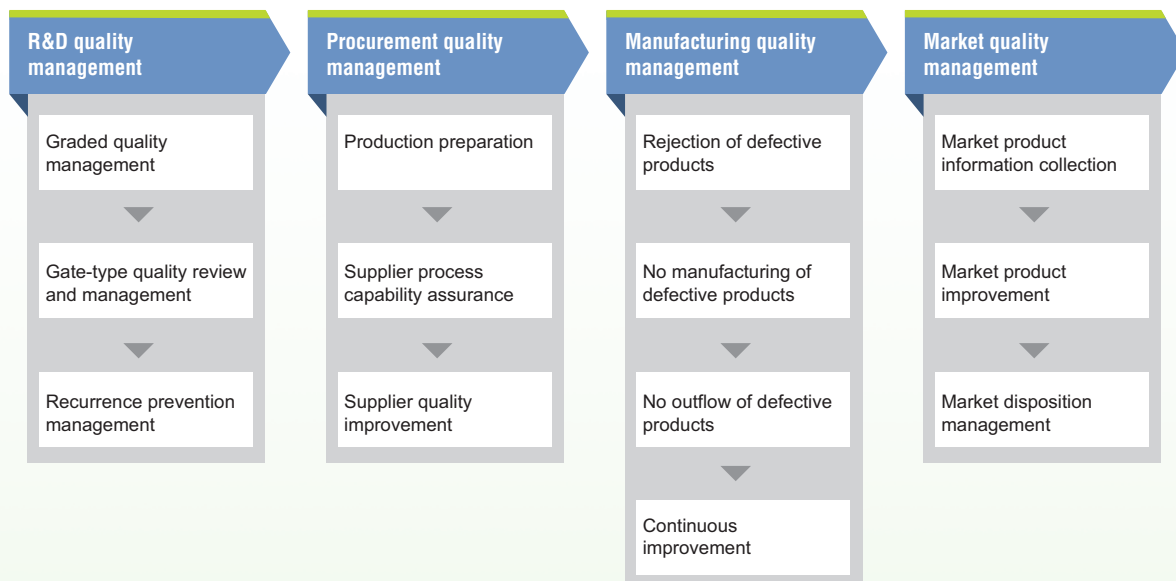
Zhengzhou Nissan guaranteed product safety at the source of R&D and design. Zhengzhou Nissan considered automobile safety issue in setting USP (Unique Selling Proposition), set commodity and security-related disaster prevention evaluation index for newly developed products, and incorporated relevant safety laws and regulations, standards and concepts into design; in addition, for trial vehicles, Zhengzhou Nissan implemented a series of quality evaluation and management measures, including commodity evaluation, security-related disaster prevention inspection, protection critical/important inspection and PSQC (Pre-sale Quality Clinic) test drive.

During the Reporting Period, the Group also promoted quality management and evaluation internally and externally:

- In respect of internal evaluation, the Group established cross-functional teams to complete pilot evaluation in three units, namely, Dongfeng Nissan, Dongfeng Liuzhou Motor and Dongfeng Passenger Vehicle (including the Research & Development Center), through extensive survey.
- In respect of external certification, the Group actively implemented quantitative evaluation, graded certification and industry certification of quality management systems. Several units including Dongfeng Commercial Vehicle and Dongfeng Liuzhou Motor have been awarded with IATF 16949 Automobile Quality Management System Certificate.

### Product quality management process of Dongfeng Commercial Vehicle

Dongfeng Commercial Vehicle has established IATF 16949 automobile quality management system, and kept improving product quality management level based on four sub-processes, namely R&D quality management, procurement quality management, manufacturing quality management and market quality management. Dongfeng Commercial Vehicle developed relevant management system for each sub-process, extensively applied advanced management tools and technical equipment, guaranteed the process in compliance with the quality standard and legal requirements at each stage, and ensured the timely delivery, stable quality, reduced costs and customer satisfaction.



## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### Quality Improvement

Improvement of quality management level is a continuous process. The Group attached great importance to improving employees' quality awareness, and actively implemented various types of activities and training programs to raise awareness of quality, hence further strengthening awareness of quality management and improving quality management level.

#### Quality improvement plan of Dongfeng Honda Engine

During the Reporting Period, Dongfeng Honda Engine implemented various quality activities and kept improving the quality awareness of all employees.

##### BQ (Best Quality) of the Year Contest

BQ Contest was held and a total of 22 projects were received from various departments, and at last, 2 Gold Awards, 3 Silver Awards and 5 Bronze Awards at the Company level were granted. In addition, the Company recommended the 2 Gold Award winning projects for the Global BQ Contest held by Honda and the two projects were granted with one Gold Award and one Silver Award of Global Honda BQ, respectively.

##### SQE (Supplier Quality Engineering) Training Course

Focusing on "Automobile Technology" and "Quality Management", Dongfeng Honda Engine continued to improve "SQE Growth School" brand course system, and developed a total of 10 sets of expertise training courseware, including Application of Minitab in Quality Management and Practical Measurement Tools – Special Measurement Tools, and completed 22 sessions of course training and sharing, reaching a training time of 44 hours/person.

##### Organize Quality Month activity

Dongfeng Honda Engine organized the "Quality Month" activity with corporate characteristics through various forms. Quality awareness and competence of all employees were improved through carrying out quality quiz and enhancing automobile quality legal system propaganda.

##### Quality Up activity

Dongfeng Honda Engine implemented Quality Up activity, with an aim to improve the quality assurance capability of all production lines. Through a series of activities, including "Quality Slogan Banner Publicity", "Interview with Quality Star" and "Standard Execution Enhancement", quality awareness of all employees were improved; through organizing error proofing technique training and compiling quality knowledge teaching materials, quality knowledge reserve of employees were increased; through "Engineering Verification Enhancement" activity, and inviting technical inspection and quality improvement personnel to participate in, inspection and verification level and results were fully improved.

## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

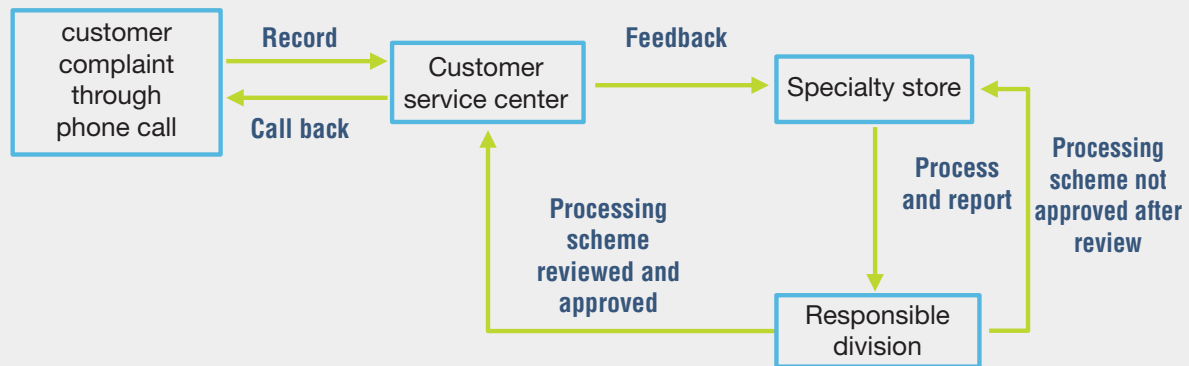
### 2.2 Customer Focus

#### Customer's Rights and Interests

The Group strictly complied with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and (《中華人民共和國消費者權益保護法》) the *Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》), adhered to the customer-focused principle, prevented false advertising, focused on customer demands, kept diversifying customer communication channels and thoroughly understood customer's comments on products and services. All subsidiaries have, based on their respective business characteristics and business modes, continuously improved customer complaint channels and complaint processing mechanisms, with an aim to improve customer response efficiency, address customer's issues in a timely fashion and practically safeguard customer's legitimate rights and interests.

#### Customer complaint information processing system of Dongfeng Renault

Dongfeng Renault paid close attention to customer complaints, kept optimizing internal processing flow and enhancing tracking and rectification. The whole process of customer complaint processing was managed in the customer complaint information processing system (CIP). Any complaint not closed by the specified time node would be reported by the system automatically to ensure that customer complaints were addressed as soon as possible. Thanks to the efficient complaint tracking system, Dongfeng Renault recorded a seven-day complaint closure rate of up to 95.7% and a complaint resolution rate of up to 100%.



## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### Customer communication channel of Dongfeng Liuzhou Motor

Dongfeng Liuzhou Motor established a quick-response customer communication channel, taking full consideration of customer communication demands. In establishing communication channels, Dongfeng Liuzhou Motor considered two aspects, namely, regular channel and special channel, to enable more convenient and efficient customer communication.

Regular channel	Special channel
<ul style="list-style-type: none"> <li>• Sales hotline</li> <li>• 7*24 service hotline</li> <li>• Return visit to customers</li> <li>• Corporate website</li> <li>• Customer reception room</li> <li>• Fax, letter, mailbox</li> </ul>	<ul style="list-style-type: none"> <li>• Special channel for major customers</li> <li>• One-to-one "Valet" service for new model</li> <li>• Regular visit</li> <li>• On-site tracking service</li> </ul>

### Satisfaction Survey

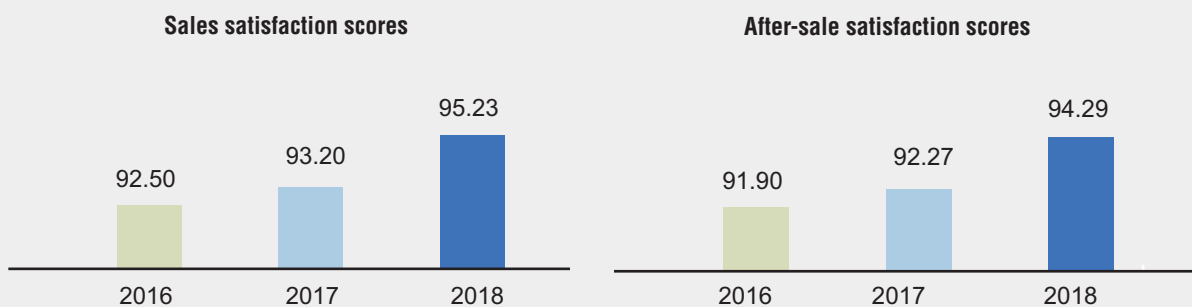
The Group always attached great importance to customer satisfaction, and continuously carried out customer satisfaction survey through visit, panel discussion, questionnaire, etc., to understand customer satisfaction with sale and after-sale services. All subsidiaries implemented targeted improvement according to customer feedback, and summarized and produced analysis reports on a regular basis, so as to continuously improve customer satisfaction with the sale and after-sale service of the Group, provide customers with better service experience and promote brand value appreciation.

## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### Trinity satisfaction survey system of Dongfeng Passenger Vehicle

Dongfeng Passenger Vehicle continued to optimize its customer satisfaction evaluation system. In 2018, the company added anonymous customers and expanded survey coverage of more cities to establish the new trinity satisfaction survey system consisting of telephone interview, anonymous customers and panel discussion. A total of 6 comprehensive operation reports, 22 monthly telephone interview data brief reports, 778 single store satisfaction improvement reports, and 6 reports of anonymous customers and 20 panel discussion reports were issued in this year, hence significantly improving customer satisfaction level.

#### Comparison of sale and after-sale satisfaction scores of Dongfeng Fengshen for three consecutive years from 2016 to 2018



### Privacy Protection

The Group paid close attention to data security and privacy protection of customers, developed strict information security measures and utilization system, enhanced prevention of the risk of customer privacy leakage. We have entered into confidentiality undertaking with related persons, to ensure customer's data to be kept intact and safely. We implemented graded management of query and utilization of customer's information, and set different access permissions to employees at different posts and grades. Any department or personnel must query or utilize customer's information after passing through approval grade by grade, hence preventing losses caused to customer's rights and interests due to leakage of customer's information and protecting the security of various information of customers to the maximum extent.

### Product Recall

The Group always prioritized the quality and safety of automobile products. Adhering to the attitude of being fully responsible for users, the Group ignored no issues in vehicle quality and product safety. Upon identification of defect, even relevant product standards have been satisfied, we would also recall such products at all costs. Recalls of vehicles were executed in strict accordance with the *Provision of Defective Automotive Product Recall Management Regulations* (《缺陷汽車產品召回管理規定》) and implementing rules and relevant standards. All subsidiaries developed detailed work flows and specific implementing documents thereby. During the Reporting Period, the Group executed 16 active recalls in total, and zero passive recall.



## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### 2.3 Smart Upgrade

#### Technological Innovation

Automobile industry has entered the transformation cycle of high-quality development. The Group thoroughly implemented innovation-driven strategy, targeted for increasing knowledge value, improved technological innovation system, created technological innovation atmosphere and motivated the innovation vitality of technical personnel. During the Reporting Period, we complied with the systems and documents developed and published by the parent of the Group, including the Measures for Administration of Incentives for Technological Innovation of Dongfeng Motor Corporation (《東風汽車集團有限公司技術創新獎勵管理辦法》), the Measures for Administration of Evaluation of Scientific and Technological Achievements of Dongfeng Motor Corporation (Trial) (《東風汽車集團有限公司科學技術成果評價管理辦法(試行)》), the Measures for the Administration of Review of Science and Technology Progress Award of Dongfeng Motor Corporation (Trial) (《東風汽車集團有限公司科學技術進步獎評審管理辦法(試行)》), promoted classified evaluation of scientific and technological achievements and further achieved more professional and regulated evaluation of scientific and technological achievements; *the Measures for the Administration of Operation of Mass Innovation Center of Dongfeng Motor Corporation (Trial)* was introduced, which improved the innovation vitality of the Group and fully motivated the enthusiasm and creativity of employees.

In 2018, following the technology development trend in “New Five Megatrends”, namely, “lightweight, electrification, intellectualization, network products and sharing platform”, as well as three technical challenges, namely, “national laws and regulations, intelligent driving and new energy technology”, the Group developed core technologies including environmental awareness, intelligent decision making and control and execution, and made breakthroughs in new technologies, including intelligence, network connection, electrification and lightweight.

#### Intellectualization

- In respect of Dongfeng intelligent connected automobile of autonomous passenger vehicle, the development of autonomous-driving vehicle prototype based on expressway condition has been basically completed.
- In respect of Dongfeng intelligent connected automobile of autonomous passenger vehicle, technological upgrade of autonomous-driving prototype based on complicated conditions has been completed.

#### Network products

- In respect of Dongfeng intelligent connected automobile of autonomous passenger vehicle, demonstration of operating technology scheme of LTE-V/5G-based connected sharing unmanned vehicle has been determined and the prototype has been revised.

#### Electrification

- Self-developed BEV E70 was equipped with completely self-developed integrated drive motor assembly and vehicle control unit, and vehicle mileage on one charge can reach above 350 kilometers.
- In commercial vehicle field, several technical routes, including energy-saving HET, series HEV and parallel light-duty HEV, have been formed, realizing an economic improvement of 8%.

#### Lightweight

- Self-developed BEV E70 realized a YOY weight reduction of 41Kg.
- Focus on promoting the parts lightweight project “Research on Application Technology of CFRP Driving Shaft”

#### Sharing Platform

- Ridesharing layout was implemented and several car-sharing platforms, including DFGO and T3 have been established. A number of travel operation modes, including timeshare leasing, online ride-hailing, long-term and short-term leasing and taxi, have been tested.

## 2. Integration and Innovation, to Build Quality Experience Together (Continued)

### Intellectual Property Protection

The Group strictly complied with laws and regulations on intellectual property protection, including the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) and the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), and targeted at developing the creation, application, protection and management of intellectual property at the industry leading level, continuously improved intellectual property system, promoted the effective integration of intellectual property in R&D and management and promoted corporate development.

The Group continuously promoted the improvement of intellectual property management level in many aspects, including institutional building, innovating management approaches and improving patent information utilization level.

- **In respect of institutional building**, the Group established intellectual property information system, improved the Measures for Administration of Intellectual Property (《知識產權管理辦法》), and standardized intellectual property management system;
- **In respect of innovating management approaches**, the Group enhanced internal cooperation, and promoted the transformation of scientific and technological achievements; and maintained evaluation on the 46 patents authorized since 2010.
- **In respect of improving patent information utilization level**, the Group implemented the layout of technological achievements, and progressively led in implementing the layout of technological achievements of several projects, including C10TD Engine, Autonomous-driving and Wheel Hub Motor, promoted the incorporation of various work on intellectual property in R&D process, to improve R&D level and efficiency and reduce R&D risks.

### 3. Opening and Cooperation, to Build Automotive Ecosphere Together

#### Our Concept

The Group was committed to establishing a competitive global supply chain system, developing fair and transparent procurement policy and process as well as win-win partnership, and by adhering to the concept of opening, actively establishing the multilateral communication platform, carrying out extensive cooperation with upstream and downstream supply chain, promoting the ability improvement of partners, and establishing healthy and sustainable automotive ecosphere.



Objective

Development through win-win cooperation, to create and share a better life



Governance Improvement

**Join hands with partners**

Build a sustainable automobile industry ecosphere together through establishing a strict supplier access and evaluation system and strengthening multilateral communication and cooperation

**Ridesharing**

Promote the formation of an efficient, green, safe and convenient automotive ecosphere of "People-Vehicle-Life" through innovating the commercial model of ridesharing and expediting strategic layout of travel service

#### 3.1 Join Hands with Partners

##### Supplier Management

##### *Quality Control*

Stringent supplier screening and management system is a requisite to providing customers with quality products. All subsidiaries of the Group have established stringent supplier access and evaluation systems, and implemented graded management of suppliers according to evaluation results.

##### Zhengzhou Nissan developed ASES (Alliance Supplier Evaluation Standard) Rank-up plan for suppliers of new products

In view of inadequate quality assurance capability of 16 suppliers of P15 model, Zhengzhou Nissan compiled improvement plan and implemented supplier ASES (Alliance Supplier Evaluation Standard) Rank-up support activity. In the process of support, Zhengzhou Nissan actively innovated ASES Rank-up support method, applied on-site clinic, self-improvement, vehicle manufacturing progress report, on-site instruction and formal evaluation, hence maximizing personnel efficiency and effects. During the Reporting Period, nine suppliers of Zhengzhou Nissan have improved their rankings from D to C.

### 3. Opening and Cooperation, to Build Automotive Ecosphere Together (Continued)

#### **Responsible Supply**

We also attached importance to our relationship with suppliers, continued to diversify channels, actively conducted communication and training guidance with suppliers and promoted long-term cooperation and mutual development with suppliers. On the premise of satisfying quality and delivery, we gave preference to local suppliers, in order to shorten procurement distance and boost local economic development through localization policy.

#### Supplier ESG Risk Factor Management of Dongfeng Honda Engine

Dongfeng Honda Engine implemented “Prevention First, Supplemented by Emergency Response” periodic ESC evaluation management to suppliers. Dongfeng Honda Engine implemented supply risk survey to all suppliers regularly every year, summarized supplier ESG weakness factors for implementing Plan-Do-Check-Act (PDCA) closed-loop management, and continuously followed up the rectification of supplier weakness factors through on-site verification, monthly evaluation, annual evaluation, etc., hence realizing closed-loop management of supplier ESG performance.

- Implement supply risk survey (including environment, labor and safety) from March to May every year
- Implement supplier system survey (including operation, production, labor dispatching ratio, salary and welfare and establishment of labor union) in November every year



- Monthly evaluation
- Annual evaluation

- Implement on-site labor inspection and verification from March to May every year
- Continuously implement on-site environment and safety inspection and verification
- Implement on-site environment management inspection and verification of energy-conservation and emission-reduction environment management inspection and verification from November to December every year

### 3. Opening and Cooperation, to Build Automotive Ecosphere Together (Continued)

#### Dongfeng Renault fulfilled the purpose of corporate social responsibility together with suppliers

Dongfeng Renault adhered to the purpose of performing corporate social responsibility in the globe. Based on respect, transparency and trust, Dongfeng Renault established the Dongfeng Renault procurement system with market competitiveness. In addition to evaluating the performance of social responsibility and sustainable development of suppliers, Dongfeng Renault also joined hands with suppliers to promote mutual development in corporate social responsibility:

- Join hands with suppliers to provide safe products and services, to satisfy customer demands;
- Join hands with suppliers to avoid discrimination, respect human rights, prohibit child labor and forced labor in work;
- Join hands with suppliers to care about employees in work and in life and provide employees with a safe and healthy work environment;
- Join hands with suppliers to abide by relevant laws and regulations, in particular, laws relating to competition and export, prevent corruption, manage and protect confidential information and protect intellectual property.

#### Communication and Cooperation

The Group kept strengthening cooperation with governments at all levels, enterprises, universities and scientific research institutions, establishing communication platforms, innovating ways of cooperation, expanding areas of cooperation, hence complementing each other's advantages and building a healthy automobile industry ecosphere together.

##### Government-enterprise cooperation

- Promote cooperation with government, boost major scientific and technological innovation, and drive advances in industry technology
- Areas of cooperation included new energy automobiles, unmanned autonomous-driving technology

##### Enterprise cooperation

- Enhance cooperation with enterprises, and conduct extensive cooperation with suppliers, distributors and peers, to jointly maintain automotive ecosphere
- Areas of cooperation included car-sharing and etc.

##### School-enterprise cooperation

- Enhance school-enterprise cooperation, pay close attention to talent development and reserve talents for the industry
- Enhance industry-university-research institute cooperation, promote resource sharing and improve innovation efficiency

### 3. Opening and Cooperation, to Build Automotive Ecosphere Together (Continued)

#### Innovative Cooperation Platform

##### Smart Ecosphere

Ecosphere is oriented by user demands. Sharing ideas relating to automobile products are explored through establishing online open platform engaging all employees; then transformation of innovation achievements is promoted through offline participation in the implementation of creative ideas throughout the automotive value chain, to realize win-win cooperation in upstream and downstream industry chain and to form a self-adjusting ecosphere.

In the year, online platform PC terminal and mobile WeChat terminal of smart ecosphere Wind-T were launched at the same time, to collect creative ideas from all employees of the Group and the platform will be available for distributors and suppliers later.

##### Mass Innovation Platform

Mass innovation platform is an innovation ecology of the Group for establishing opening-collaboration-win-win, with an aim to fully utilize external resources for cooperation and innovation, hence expediting the implementation of new technologies and creating technology strength.

In 2018, the parent of the Group entered into cooperation agreements with ZTE Group, Hubei Mobile and Shanghai International Automobile City, and was awarded with preliminarily approved projects, such as development of remote driving system and unmanned delivery vehicle.

## 3. Opening and Cooperation, to Build Automotive Ecosphere Together (Continued)

### 3.2 Ridesharing

The Group is committed to establishing the efficient, green, safe and convenient connected automotive ecosphere “People-Vehicle-Life”. Based on our insight into reform of travel mode and industry development trend, we actively promoted the transformation of Dongfeng from an automobile manufacturer to an automobile service provider, expedited the strategic layout of travel service and the progress of major projects, launched two major platforms, T3 and DFGO, and other travel products, such as online ride-hailing, timeshare, lease and logistics.

#### **T3 Strategic Cooperation Project**

The Group launched T3 travel service together with China FAW Group and Chang’an Automobile, fully utilizing their respective industry chain related core advantages in vehicle resources and channel resources and introducing cross-industry partners, to implement full market-oriented operation in respect of talent, technology, organization, funds, market, etc. and build an efficient, quality, safe and reliable travel service brand, promote innovation in business mode, open to the industry for cooperation and achieve win-win development.

#### **DFGO**

During the Reporting Period, the Group built an exclusive car-sharing platform – DFGO. Front-end operation and rear-end support were interconnected efficiently and integrated organically through this platform, which could provide comprehensive data support for the travel business of the Group, create data values for partners, and provide data service to travel customers.

DFGO can not only be used as a client-side car leasing appointment software, featuring the functions of driving appointment, door switch with cell phone, self-settlement, etc., but also can be used as a timeshare leasing platform, covering several areas, including shuttle bus, online car-hailing, taxi and delivery vehicle. Based on the Group’s business segments and sales outlets of brand automobiles, the Group implemented the “Vehicle, Charging Pile and Parking Space” layout, to form the timeshare car leasing service with Dongfeng characteristics, complementing and interacting with transportation hubs, and providing the Group’s employees and customers with new economical and convenient options for attending meetings, business trip and travel.

## 4. Green Development, to Lead a Sustainable Future Together

### Our Concept

The Group ultimately adheres to green development idea for the whole value chain, as well as the concept of “manufacturing vehicles in an energy-saving and environmentally friendly way and manufacturing energy-saving and environmental-friendly vehicles”. Under the principle of “resource conservation, emission reduction, recycling and reuse”, we continue to implement the low carbon and green production method, establish green manufacturing mechanism, in achieving consistent, and high quality development whilst constantly receiving wide social recognition, so as to better perform its corporate social responsibility.



Objective

Establishment of an “environmental-friendly”, “resources-saving” enterprise to realize green development of the entire value chain



Governance Improvement

- Green design** Through enhancing the green design tasks covering the whole lifecycle of product development, increasing its ability in green design, and adheres to manufacture energy conservation and environmental protection products to reduce the negative impact on the environment brought by products
- Green factory** Through continuously implementing low carbon and green production method, reinforcing its resources management and objectives evaluation to facilitate energy-saving, emission reduction and recycling as well as building a green factory
- Green supply chain** Through proactively enforcing green supply chain management, leading the upstream and downstream enterprises along the supply chain to constantly raise energy and resources utilization efficiency and achieve green low carbon development



## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### 4.1 Green Design

The Group attaches high importance to green product development, as the key for realizing green development of the whole value chain, while constantly increasing its efficiency in green product development. We regard recycling and reuse of resources, control in-vehicle air quality, response to climate change as the main objectives of green product development, proactively carry out green design tasks covering the whole lifecycle of automotive development, and are principally engaged in development of energy-saving and emission-reduction performance for automotive products, development of environmentally friendly performance, noise, development of NVH (noise, vibration and harshness) performance, and are actively involved in China Eco-Car Assessment Program (C-ECAP) and electric vehicle testing and evaluation (EV-TEST) and other evaluation and certification work.

Meanwhile, we organized discussion about the design and development of green products. In 2018, we explored the establishment of a management mechanism on green product design and development at a pilot point in the Dongfeng Technology Center, and promoted special topic research. In October 2018, we set up the project titled “Research on the Characteristics of Healthy and Eco-cars”, covering the conceptual connotation of “Healthy Vehicle Building” and its technical pathway research.

#### In-vehicle air quality improvement’s research and development

In 2018, the Group continued to step up research and development efforts in in-vehicle air quality control. We studied the sources of odors from the surface and genuine leather materials, compared the effects of different processing techniques on the odors and volatile organic compounds (VOCs) of these two types of materials, and established a database of low-odor surface and genuine leather materials; Through the multi-dimensional analysis of temperature and time during testing, bag size and evaluation conditions for parts and components using bag method, the Group formulated the technical requirements for the odor of parts and components using bag method and the standards for inspection and testing methods, and asbestos was included in the scope of control. By promoting the application of various technical issues, in-vehicle air quality control has reached a higher level.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

We focused on reinforcing the research and development of new energy products to better cope with the risk of climate change, mainly from the following four aspects:

Develop vehicle model platform	Oriented to the industrialization of New Energy Vehicles, the Group establishing a modularization platform for New Energy Vehicles, and developing power modules for New Energy Vehicles.
Grasp resources for Three Electrics <sup>1</sup>	Building a control system for core resources conducive to the development of the Group's New Energy Vehicles, which possessed state-of-the-art technology in the industry with competitive advantage in quality and cost to meet the Group's own development needs; In enhancing strategic cooperation with external suppliers and ensuring supply, devoting great efforts to nurturing its own development capabilities and mastering development technologies, whilst coordinating, arranging and advancing the plan for industrialization of core resources.
Advance development of fuel cell	Accelerating research and product development on fuel cell technology, fostered its ability in industrialization and testing.
Innovate marketing system	Increasing its marketing capability, exploring market value, establishing a system for recycling of batteries, and exploring power supply method.

<sup>1</sup> "Three Electrics" refer to electric cells, electric control and electric enabled.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Research and development on fuel cell power system

In 2018, we participated in undertaking the New Energy Vehicle key project known as “Platform and Vehicle Development for Full-Power Fuel Cell Passenger Vehicle Power System” in the National Key Research and Development Program 2018 to develop a high-efficiency, high-safety and high-performance full-power fuel cell car and a SUV model, respectively.

In 2018, we participated in the “Key Technology Research and Platform Development of High Specific Power Fuel Cell Engines” by the Ministry of Science and Technology, which further enhanced platform design, engine integration as well as its ability in testing and verification capabilities for the fuel cell power system.

In 2018, we held a ceremony for signing the technical cooperation framework agreement with Wuhan University of Technology. According to the agreement, both parties would further enter into in-depth cooperation and jointly develop core technology of fuel cells to seize leading advantages in term of fuel cell cars. At the same time, both parties would enter into further cooperation in talent cultivation and provision.

Committed to manufacturing energy-saving and environmentally friendly products, the Group strived to reduce the negative impact of products on the ecological environment, and continued to facilitate reduction of carbon emissions during driving. In addition to the continuous introduction of low-energy automotive products, we also vigorously developed new energy business and launched a variety of green products such as electric vehicles (EV) and energy-saving engines. During the Reporting Period, a total of 170 vehicle models of the Group were included in the List of Recommended Models for New Energy Vehicle Popularization and Application of the State.



#### Dongfeng E70 (Anniversary Model) PEV

In 2018, the anniversary model of Dongfeng’s self-owned brand E70 pure electric Vehicle (PEV) was officially unveiled. The new car was consistent with the previous model in terms of appearance. The interior decoration, configuration and mileage were upgraded, and the driving mileage was increased from original 351 km to 401 km. The fast charging time was shortened from 1 hour for the previous model to 30 minutes.

#### Sylphy PEV

In 2018, Dongfeng Nissan Sylphy PEV model was officially unveiled. The new car was created based on the current Sylphy model. It was upgraded by installing a pure electric power system, and adjustment and upgrade was made to the appearance, with a mileage of 338 km.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)



### 10/12 Meter Pure Electric Bus

“City” series 10/12 meter pure electric bus, adopts a overall design of low-inlet, full-loaded body structure. The 10-meter bus has a single front door and double middle doors, and the 12-meter bus has double front doors and middle doors, with a driving milage (40km/h of constant velocity) of 226 km.

### 4.5-Tonne EV350 Pure Electric Logistic Vehicle

The EV350 pure electric logistics vehicle was created based on the Dongfeng “Captain N” series. A significant improvement was made to the power system and battery capacity, with a driving milage reaching of 200 km.

### Dongfeng C10TD Energy-saving Engine



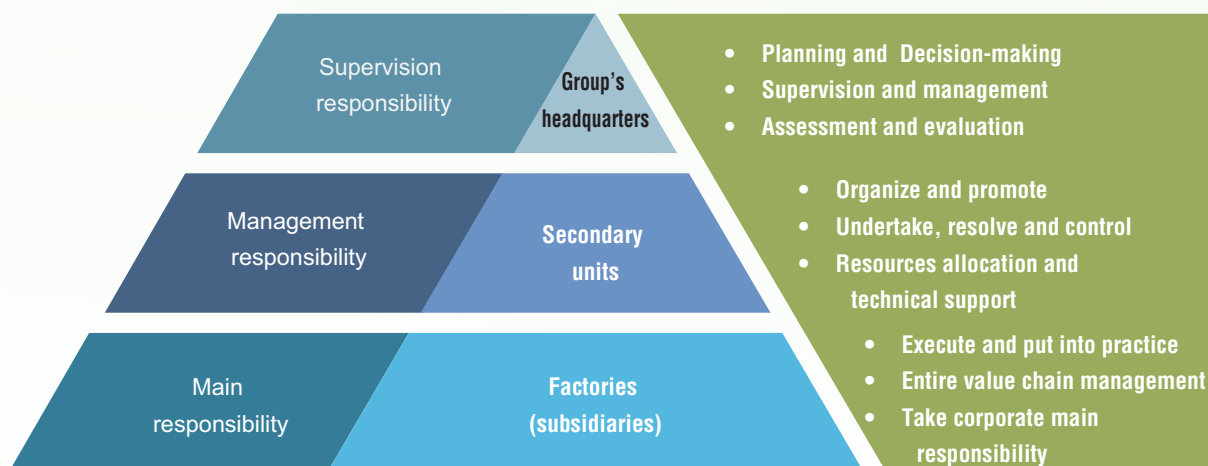
In 2018, Dongfeng C10TD engine independently developed by the Dongfeng Technology Center won the title of “‘Chinese Heart’ 2018 Top Ten Engines” in Kunlun Lubrication Cup with honor. The Dongfeng Fengshen AX4 model, which carries the engine, was recognized as a recommended model of the “‘Chinese Heart’ 2018 Top Ten Engines”, with petrol consumption of 5.3L for 100 km. The Dongfeng C10TD engine adopts the direct injection, turbo supercharging, variable valve timing technology for intake and exhaust, friction-reduced design, thermal management and other technologies, with low petrol consumption and strong power. It stands at the industry leading level in terms of comprehensive ability.

## 4.2 Green Factories

Green factories are the core of green manufacturing system. The Group is strictly in compliance with laws and regulations including the *Environmental Protection Law of the People’s Republic of China* (《中華人民共和國環境保護法》), the *Energy Conservation Law of the People’s Republic of China* (《中華人民共和國節約能源法》), the *Cleaner Production Promotion Law of the People’s Republic of China* (《中華人民共和國清潔生產促進法》) and other national and local laws and regulations, adhered to the principle of “insistence on giving priority to conservation and protection”, during the Reporting Period, the Group aims at “determining on winning the battle of pollution prevention and treatment”, constantly practices low carbon green production method, proactively set up green factories characterized by land use intensity, production cleanliness, waste resource utilization, and low carbon energy supply, etc.. During the Reporting Period, Dongfeng Nissan, Dongfeng Cummins and Dongfeng Renault have received the title of “Green Factory” from the Ministry of Industry and Information Technology of the PRC.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

The Group established a leading team for energy conservation, emission reduction and environmental protection, and actively implemented the “Outline of Thirteenth Five-Year Plan for Energy Conservation and Environmental Protection (《節能環保工作“十三五”規劃綱要》)”. We have formulated management systems such as “Management Measures of Construction Projects for Environmental Protection (《建設項目環境保護管理辦法》)”, “Management Methods for Energy Conservation and Environmental Protection (《節能環保管理辦法》)” and “Management Measures for Performance (Interim) (《績效管理辦法(暫行)》)”, strengthened the target assessment and evaluation mechanism, set term’s targets for energy conservation and environmental protection, and adopted practical and feasible action plans based on the annual working plan. We strictly implemented the energy conservation and environmental protection responsibility system, maintained effective operation of the environmental management system and the energy management system, achieved systematic and scientific management, ensured orderly conduct of various tasks and guaranteed accomplishment of working objectives. At the same time, we actively carried out self-evaluation, self-correction and self-improvement in relation to energy conservation and environmental protection, according to the “Detailed Rules on the Level of Energy Conservation and Environmental Protection (《節能環保水平評價細則》)”.



### Three-level responsibility system of energy conservation and environmental protection

#### Platform for collection of energy conservation and environmental protection information

The Group has consistently strengthened the systemization and informationization of energy conservation and environmental protection. It has leveraged on the platform for collection of energy conservation and environmental protection information of Dongfeng Motor Group Company Limited, the parent company, to carry out online reporting, collection, analysis and approval of indicators including energy, water resources, industrial exhaust and its pollutants, industrial wastewater and its pollutants, greenhouse gas emissions, energy conservation and emission reduction, which further ensured the truthfulness and accuracy of the information on indicators, and improved the Group’s management efficiency in respect of energy conservation and environmental protection.

During the Reporting Period, under the keynote of pollution prevention and treatment policy of “the battle of pollution prevention and treatment is focused on winning the battle of defending the Blue Sky”, the Group carried out various tasks in an orderly manner on environmental risk investigation, pollutant discharge management, energy and greenhouse gas management, water resources management and other aspects. During the Reporting Period, the Group’s investment in environmental management and protection amounted to RMB851.7 million.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Environmental Risk Investigation

In order to achieve the goal of zero incident of environmental pollution, the Group proactively conducted environmental risk investigation, and based on production technique process, production equipment, raw and auxiliary materials consumption and storage, pollutant generation and discharge, examined and identified various risks in production activities and service procedures, established a mechanism on investigation of on-site environmental risk hazard to timely detect and eliminate all kinds of hidden dangers.

During the Reporting Period, we comprehensively organized and conducted investigation on hidden dangers of ecological environment risks and large-scale environmental protection inspections within the Group. The risk points involved air pollution, wastewater pollution, soil and groundwater pollution, solid waste pollution, and management risks of other aspects. A rectification plan and time frame have been formulated by each unit for each risk issue identified.

#### Special identification and control of environmental risks by Dongfeng Honda Engine

In order to reinforce identification and control of the Company's environmental risks, enhance the Company's ability in response to environmental risks, Dongfeng Honda Engine arranged for environmental risk identification and control over wastewater, exhaust, hazardous waste management and others in accordance with laws, regulations and other requirements. By identifying different risk levels, the Company developed risk response control measures to effectively minimize environmental operating risks.

### Environmental Management

In strict accordance with the *Law on Prevention and Control of Air Pollution of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Law on Prevention and Control of Environment Pollution from Solid Waste of the People's Republic of China* (《中華人民共和國固體廢物污染環境防治法》), the *Law on Prevention and Control of Water Pollution of the People's Republic of China* (《中華人民共和國水污染防治法》), the *Law on Prevention and Control of Pollution from Environmental Noise of the People's Republic of China* (《中華人民共和國環境噪聲污染防治法》), the *Environmental Protection Tax Law of the People's Republic of China* (《中華人民共和國環境保護稅法》) and other laws and regulations relating to emissions, the Group actively implemented the "Management Measures for Energy Conservation and Environmental Protection" and continued to promote certification of the environmental management system. As of 31 December 2018, the Group had 69 factories (subsidiaries) that obtained ISO 14001 environmental management system certification.

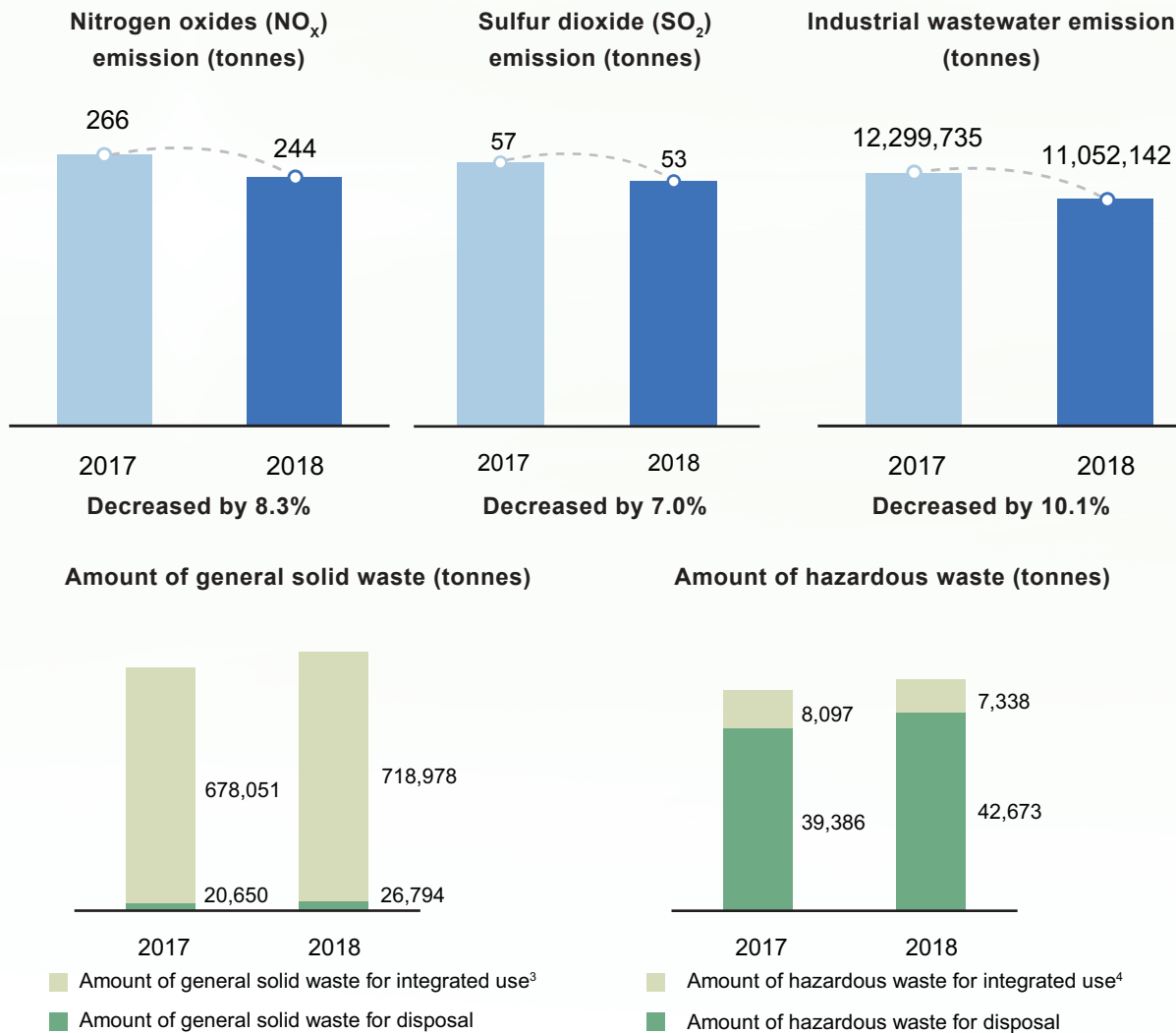
We actively carried out comprehensive census work on pollution sources, and implemented pollution source classification and level-to-level administration, targeted at eliminating environmental pollution incidents and reducing emissions such as sulfur dioxide (SO<sub>2</sub>), VOCs, and chemical oxygen demand (COD)<sup>2</sup>, whilst constantly improving emission prevention and treatment measures.

2 2018 goal for various environmental pollution incidents: 0; 2018 goal for SO<sub>2</sub> emission reduction: 10% lower than that of 2015; 2018 goal for COD emission reduction: 1.5% lower than that of 2015; goal for VOCs emission reduction: 3% lower than that of 2015

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

Main emission category	Major preventive and control measures for pollution
Air pollutants	<ul style="list-style-type: none"> <li>• Active implementation of the Implementation Plan for the Three Year Action Plan of winning the battle of defending the blue sky to push forward special rectification work on industrial exhaust</li> <li>• Regulate VOCs by integrated use of end control and source reduction               <ul style="list-style-type: none"> <li>• End control: centralized collection of paint refuse, installation of air conditioners and post-VOCs processing equipment</li> <li>• Source reduction: application of low VOCs coatings such as water-borne coatings or high solid coatings; use of robots to replace manual spraying as to improve coating utilization; use of compact and environmentally friendly coating and installation techniques to replace traditional techniques (3C1B instead of 3C2B); application of cleaning aqueous solvent, recycling and reuse of cleaning solvents</li> </ul> </li> </ul>
Water pollutants	<ul style="list-style-type: none"> <li>• Continue to promote centralized treatment projects for industrial sewage</li> <li>• Advance the examination of clean production in coating workshops</li> <li>• Standardize the operation of wastewater treatment stations, optimize treatment techniques and improve and transform the capacity of treatment stations to strengthen control over the degree of concentration in wastewater treatment stations</li> <li>• Carry out split flow of rainwater and sewage, split flow of clean water and sewage, and control soil and groundwater pollution</li> </ul>
Solid waste	<ul style="list-style-type: none"> <li>• Standardize the disposal of non-hazardous waste and improve utilization rate of recycling</li> <li>• Improve and stringently execute emergency management of hazardous chemicals storerooms</li> <li>• Strictly work on the collection, storage, transfer and disposal of hazardous waste</li> <li>• Increase repeated use of packaging materials and reduce packaging waste</li> <li>• Actively adopt green packaging to alleviate the environmental impact of packaging waste</li> </ul>

## 4. Green Development, to Lead a Sustainable Future Together (Continued)



3 Comprehensive utilization of general solid waste refers to the quantity of non-hazardous waste recovered and utilized by the Group or external units; General industrial solid waste disposal refers to the quantity of non-hazardous waste disposed of by external units through landfill and incineration.

4 Comprehensive utilization of hazardous waste refers to the quantity of hazardous waste recovered and utilized by qualified hazardous waste treatment units; Hazardous waste disposal refers to the quantity of hazardous waste disposed of by qualified hazardous waste treatment units through landfill and incineration.



## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Special rectification on VOCs in coating lines by Dongfeng Nissan

Dongfeng Nissan invested RMB643 million in 8 coating lines for renovation, of which some of the renovation projects were completed during the Reporting Period. VOCs emissions decreased from 20g/m<sup>2</sup> to 10g/m<sup>2</sup> or lower, and VOCs emission reduction reached 50%. The remaining 6 lines are currently in the stage of equipment installation or production, which is expected that the goal of achieving 50% reduction in VOCs emissions compared to 2017 will be achieved by 2020.



### Upgrade and renovation of wastewater treatment stations by Dongfeng Parts

Dongfeng Auto Parts and Chassis Systems Co., Ltd., a subsidiary of Dongfeng Parts, invested RMB5.06 million in wastewater treatment stations for upgrade and renovation during the Reporting Period, such that COD emissions can be reduced by approximately 3.5 tonnes per year on the basis of a completion rate of 100% in pollutant emissions, thereby raising its comprehensive treatment capacity, whilst incessantly reducing pollutant emissions.

### Standardization of solid waste management by Dongfeng Renault

Dongfeng Renault constantly standardized the management of solid waste containers and optimized the classification and reduction activities of solid waste sources. During the Reporting Period, management processes of all solid wastes in the factory were reorganized, and the classification and measurement of the sources were facilitated through asset numbering and standardized management of containers, which optimized the classification of solid waste sources and laid a solid foundation for reduction of solid wastes. In the meantime, Dongfeng Renault established a classification standard for wastes by dividing into two levels (factory level – color classification, workshop level – graphic classification), set up a standard for color classification and collection of containers as well as stocking up, and unified the visual classification and identification of trash bins.



## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Promotion of durable packaging during the whole process by Dongfeng Peugeot-Citroën

Dongfeng Peugeot-Citroën continued to develop green packaging. In the stage of determining the specification of packaging design, it specifically pointed out to the supplier that the packaging design shall meet the requirements for recurring and durable use; in the stage of examination and inspection on physical packaging, it exerted stringent control, rejected disposable packaging and forbade one-off inner packaging; it made on-site improvements, tracked the results after implementation on site and gave back promptly.

### Management of Energy and Greenhouse Gas Emissions

In strict accordance with the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), the *Renewable Energy Law of the People's Republic of China* (《中華人民共和國可再生能源法》) and other laws and regulations relating to energy, with an aim to consistently reducing energy consumption and greenhouse gas emissions, the Group proactively implemented the “Management Measures for Energy Conservation and Environmental Protection”, set the goal for comprehensive energy consumption of RMB10,000 output value<sup>5</sup>, continuously gave impetus to the construction of ISO 50001 energy management system, established an online collection and monitoring system for energy, and vigorously promoted advanced management methods such as energy-saving diagnostic activities and energy consumption quota management.

We incessantly propelled energy conservation work mainly from two aspects, namely engineering technology and structural adjustment.



- Promotion and application of new technology, new manufacturing process, new materials, new equipment
- Phase out equipment with high energy consumption, use of waste heat and pressure utilization, lighting and energy-saving transformation

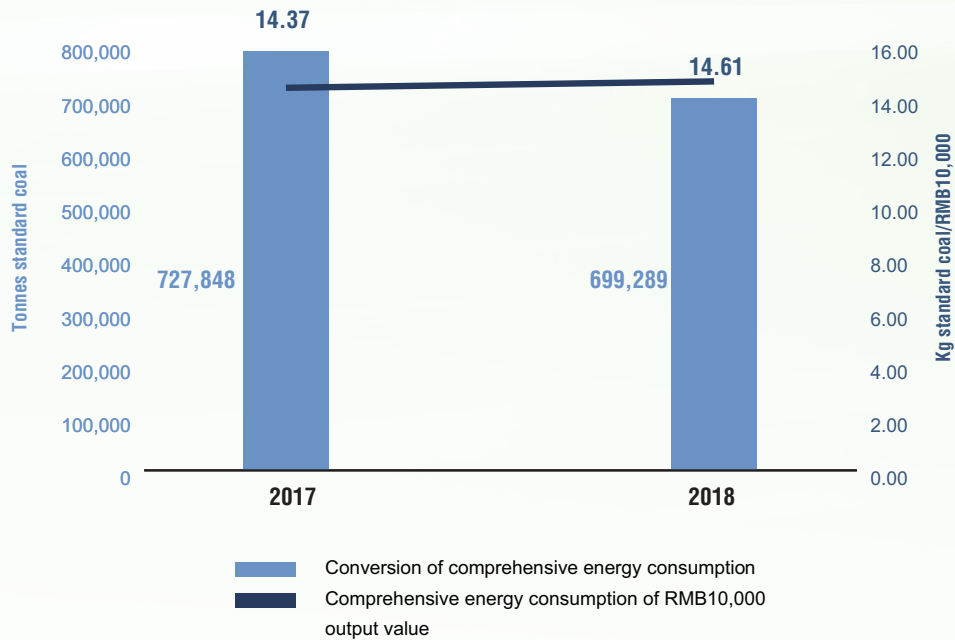


- Implement green manufacturing process in key energy consumption units such as casting, heat processing, coating and installation etc.
- Promotion and application of clean energy, execution of photovoltaic power generation

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

During the Reporting Period, the Group's comprehensive energy consumption<sup>6</sup> amounted to 699,289 tonnes standard coal, representing a decrease of 3.9% from 2017; comprehensive energy consumption of RMB10,000 output value amounted to 14.61 Kg standard coal, representing an increase<sup>7</sup> of 1.7% from 2017.

**Comprehensive energy consumption and intensity of energy consumption**



<sup>6</sup> Comprehensive energy consumption mainly includes gasoline, diesel, purchased electricity, steam and other direct and indirect energy consumption.

<sup>7</sup> Due to the reduction in industrial total output value and utilization rate of production capacity, there was a decrease in the comprehensive energy consumption during the Reporting Period compared to the corresponding period last year, but there was a slight increase in the comprehensive energy consumption of RMB10,000 output value.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Waste heat recovery for air compressors to reduce consumption of steam from coating by Dongfeng Auto Mobile Co., Ltd.

Dongfeng Motor Group Co., Ltd. Light Commercial Vehicle Branch adopts the waste heat transferor for air compressors to efficiently recover the residual heat of air compressors. The waste heat from air compressors after recovery is supplied to coating workshops for pre-coating treatment through secondary heat transfer. This initiative has not been applied before, and is considered to be innovative and forward-looking. After waste heat recovery, the unit cost of steam during coating can be reduced by 0.0247 tonnes/set.



### Photovoltaic power generation of Dongfeng Honda

As the first company in the central area to solely contribute funding to establish a solar PV on-grid power generation system, Dongfeng Honda has been promoting the use of clean energy. Dongfeng Honda utilized parking sheds for employees, bicycle sheds and commercial carports as building carriers to design a PV integrated carport, and installed wind and solar circuit lights and other new energy facilities in the plant area. Dongfeng Honda has built a 700-kilowatt PV power generation project with an annual power generation capacity of 625mWh, which served as a supplementary energy supply to the plant area for lighting and production, with annual reduction of carbon dioxide emissions by 329 tonnes per year.

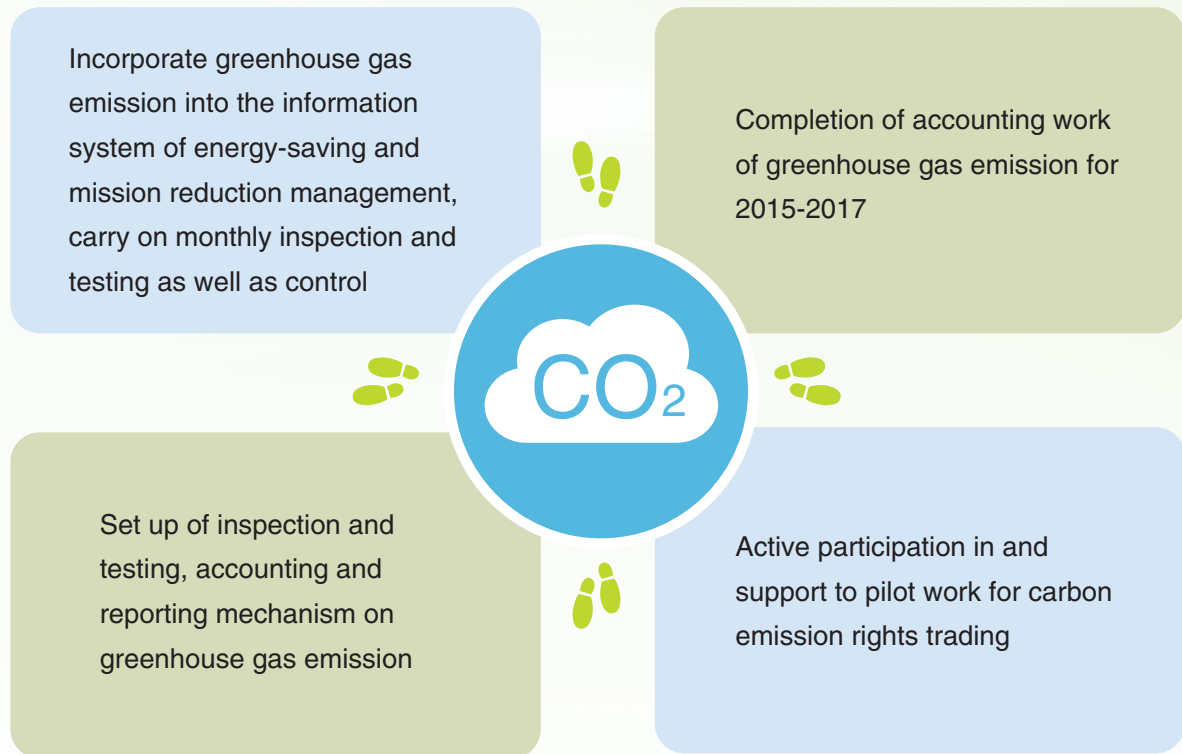
### Implementation of visual and intelligent management on energy use in the plant area by Dongfeng Honda Engine

The implementation of the energy management system of Dongfeng Honda Engine realized centralized and immediate online monitoring of water, electricity, compressed air and natural gas in the plant area. The overall energy operation in the plant area can be instantly understood, and abnormal information can be sent immediately under unusual energy conditions, and prompt response can be given in relation to unusual energy conditions to secure stable and reliable energy supply in the plant. Meanwhile, various department users, through real-time query of daily energy as well as data comparison and analysis, timely identified the difference in energy use and developed corresponding corrective measures so as to continue to promote the work of energy saving and emission reduction.



## 4. Green Development, to Lead a Sustainable Future Together (Continued)

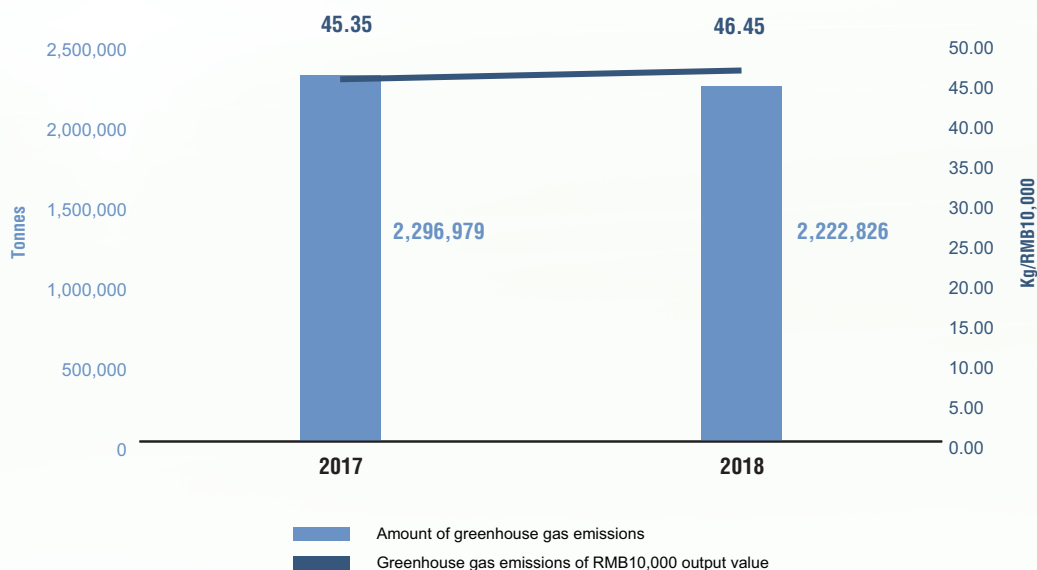
We actively work in line with the national “Working Plan on Control of Greenhouse Gas Emissions in the ‘Thirteenth Five-Year Plan’” (《“十三五”控制溫室氣體排放工作方案》), constantly strengthen management on greenhouse gas emissions, and reduce carbon footprint found in products to better fulfill its main responsibility of energy-saving and low-carbon and respond to risks arising from climate change.



## 4. Green Development, to Lead a Sustainable Future Together (Continued)

During the Reporting Period, the Group's greenhouse gas<sup>8</sup> emissions amounted to 2,222,826 tonnes, representing a decrease of 3.2% from 2017; the greenhouse gas emissions of RMB10,000 output value amounted to 46.45 Kg/RMB10,000, representing an increase<sup>9</sup> of 2.4% from 2017.

**Total volume and intensity of greenhouse gas emissions**



### Water Resources Management

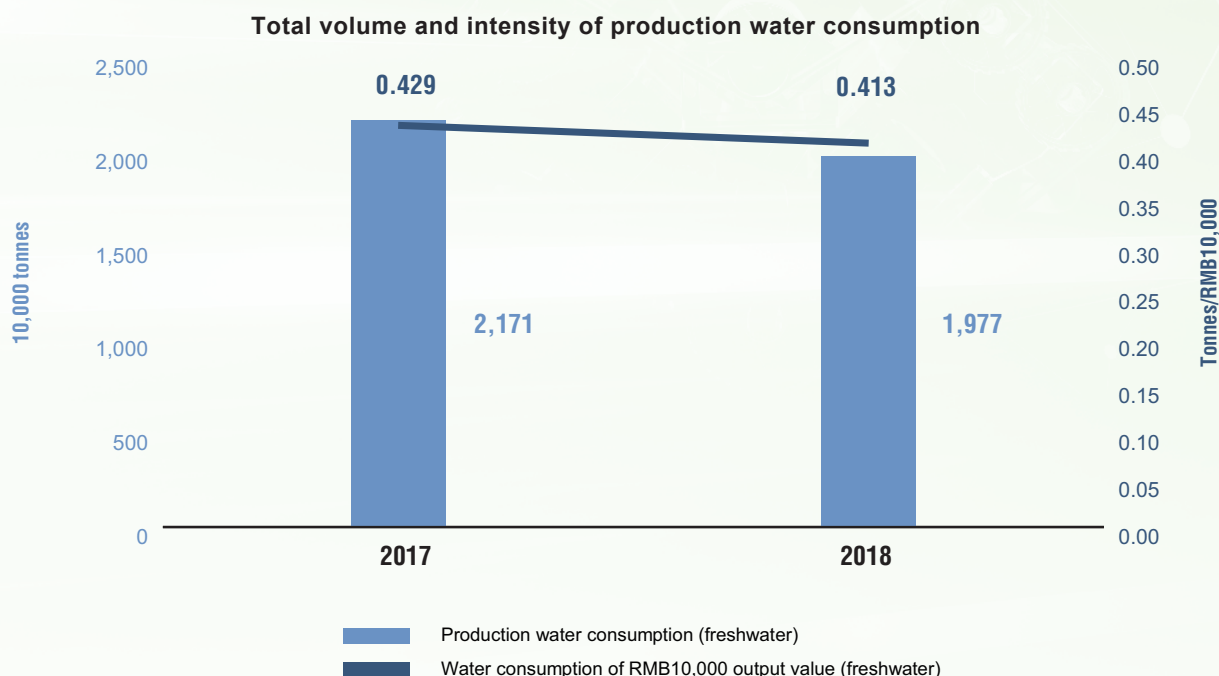
The Group strictly abides by the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and other laws and regulations relating to water resources protection, and actively works in line with the national 'Action Plan on Dual Control of Total Water Resources Consumption and Intensity in the "Thirteenth-Five Year"' (《“十三五”水資源消耗總量和強度雙控行動方案》) and "Implementation Plan on Actions Guided by Leaders in Relation to Water Efficiency" (《水效領跑者引領行動實施方案》) and for the purposes of decreasing water consumption and increasing the recovery rate of recycled water, consistently enforces intelligent management of water system, optimizes technique of water use, strictly controls running, evaporating, dripping and leaking of water, and increases its effort in promoting recovery of recycled water and water conservation.

During the Reporting Period, the Group's production water consumption (freshwater) amounted to 19.77 million tonnes, representing a decrease of 8.94% from 2017; water consumption of RMB10,000 output value amounted to 0.413 tonnes/RMB10,000, representing a decrease of 3.7% from 2017.

8 Greenhouse gas emissions mainly refer to carbon dioxide emissions from Scope 1 (including diesel, gasoline, natural gas and other direct energy consumption) and Scope 2 (including purchased electricity, heat).

9 Due to the reduction in industrial total output value and utilization rate of production capacity, there was a decrease in the total greenhouse gas emissions during the Reporting Period compared to the corresponding period last year, but there was a slight increase in the greenhouse gas emissions of RMB10,000 output value.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)



### 4.3 Green Supply Chain

In constantly improving our own green development, we are committed to fostering green development throughout the whole value chain. The Group actively seeks management measures for energy conservation and environmental protection targeted at upstream and downstream suppliers and distributors along the chain of car industry, logistics and other aspects, and builds a management system on energy conservation and environmental protection for the upstream and downstream value chain to advance the establishment of a green supply chain.

We prefer selecting green suppliers and continue to enhance assessment on environmental risks of suppliers, and strive to minimize suppliers' environmental risks and avoid material effect on the Group's production and operating activities brought by suppliers due to environmental issues. We hope to join hands with suppliers to promote environmental protection and resource conservation while reinforcing energy conservation and environmental management of suppliers.

#### Active Construction of a green supply chain by Dongfeng Honda Engine

In order to further build a green supply chain, Dongfeng Honda Engine proactively implements the ESG management measures of "prevention as main concern, supplemented by emergency" on suppliers to step up management over environmental risk in the supply chain. Dongfeng Honda Engine continues to implement SLIMOFFICE, a systematic management system on GHG emission reduction for the global supply chain, gather data of greenhouse gas emissions from suppliers and conduct targeted management (with a goal of reducing greenhouse gas emissions by 1% per year) to facilitate the development of a low-carbon supply chain.

## 4. Green Development, to Lead a Sustainable Future Together (Continued)

### Periodic investigation on environmental protection of suppliers by Dongfeng Getrag

In formulating the supplier's annual review plan, Dongfeng Getrag incorporated environmental investigation into the items for review and updated the above to the procedure document of the "Suppliers Review and Implementation" (《供應商審核實施》). At the same time, it formulated the "Survey Form for Environmental Compliance of Suppliers" (《供應商環保合規調查表》), defined the detailed rules for survey, thoroughly investigated on suppliers, and required each of the suppliers to sign the "Survey Form on Environmental Compliance of Suppliers" and the "Commitment Letter for Environmental Protection" (《環保承諾書》).

In the meantime, the Group promotes green and low carbon in the downstream of the chain of car industry. We give impetus to pursuing energy conservation and environmental protection in sale outlets by promoting green certification; we achieve low-carbon logistics and transportation through optimizing logistics routes, improving delivery efficiency and enlarging the mode of low-carbon transportation.

### "Green franchise stores" certification by Dongfeng Nissan

Dongfeng Nissan continues to promote "green franchise stores" certification nationwide. The "green franchise stores" do not only need to get pass the ISO 14001 environmental management system certification, but also need to meet the requirements of the "Instruction Manual for Green Franchise Stores Owned by Dongfeng Nissan" (《東風日產綠色專營店指導手冊》) and sign the "Commitment Letter for Construction of Green Franchise Stores owned by Dongfeng Nissan" (《東風日產綠色專營店建設承諾書》). Dongfeng Nissan will deploy personnel to check and conduct review on the franchise stores to ensure that they reach various requirements of the "green franchise stores".

### Replacement of electric forklifts by Dongfeng Liuzhou Motor


In order to adopt low carbon in logistics and transportation, mitigate the noise effects of logistics forklifts to air and workshops, Dongfeng Liuzhou Motor replaced 29 fuel forklifts with electric forklifts during the Reporting Period, thereby effectively reducing carbon emissions, air pollution and noise effect incurred by diesel forklifts.



## 5. Staff Cohesion, to Create a Better Life Together

### Our Concept

Employees are the first driving force of the Group to realize sustainable development. Adhered to the mission of supporting the Company's strategy and fostering employee development, we concern about guarantee of employee's rights and interests, career development and personal growth, physical and mental health as well as life balance, so that employees belonged to different positions can maximize their own value, share the corporate development achievements with employees and urge for mutual growth.

 <b>Objective</b>	<p>Service supports company strategy; Service supports employees' development</p>
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 <b>Governance Improvement</b>	<p><b>Employee's rights and interests</b> Through deepening three system reforms, the Group establishes a more effective employee incentive mechanism, increases the level of remuneration and welfare benefits of employees, and safeguards employee's rights and interests</p> <p><b>Training and development</b> Through optimizing staff's grading mechanism, the Group improves the system for occupational development of staff, facilitates reasonable mobility of staff and stimulates talent's vigor</p> <p><b>Health and safety</b> Through deepening the subsidiaries' own safety management level and own management evaluation on occupational health, the Group facilitates the building of safety culture, and safeguards occupational health and safety of employees</p> <p><b>Caring for staff</b> Through establishing support and rescue mechanism of labor union, the Group conducts diversified forms of employee activities to increase the sense of cohesion, achievement, happiness and security among employees</p>
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## 5. Staff Cohesion, to Create a Better Life Together (Continued)

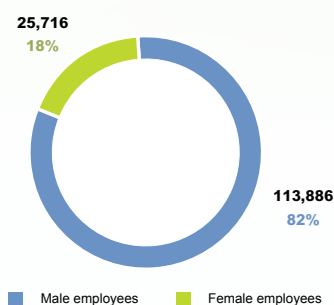
### 5.1 Employee's Rights & Benefits

#### Basic Rights

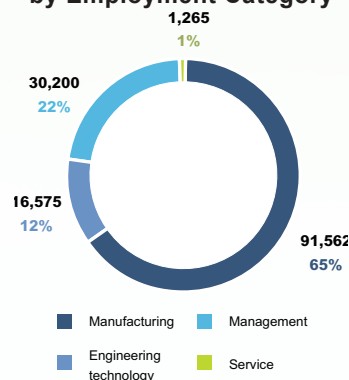
The Group fully abides by the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Implementation Regulations of Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法實施條例》), the *Law on Protection of Minors of the People's Republic of China* (《中華人民共和國未成年人保護法》), the *Provisions on Prohibition of Child Labor* (《禁止使用童工規定》) and other national laws and regulations, highlights and safeguards employees' legitimate rights and interests, provides equal treatment to every candidate without employment discrimination due to factors such as gender, age, rank, ethnicity, race, religion, marital status, disability and form of employment, and eradicates the use of child labor. During the Reporting Period, there were no child labor employment and forced labor in the Group.

As at 31 December 2018, the total number of the Group's employees was 139,602 in total, representing a decrease of 4.9% as compared to that in 2017, and the proportion of male and female employee was basically consistent with that in 2017, with a total employee turnover rate of 6.7%. The specific employee structure is as follows<sup>10</sup>:

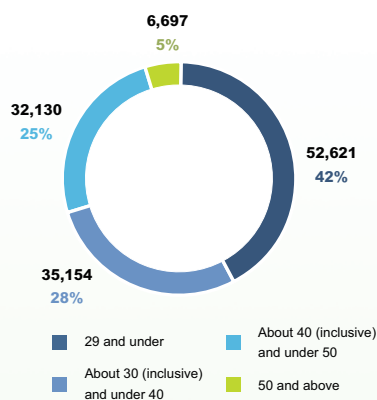
**Distribution of Employees by Gender**



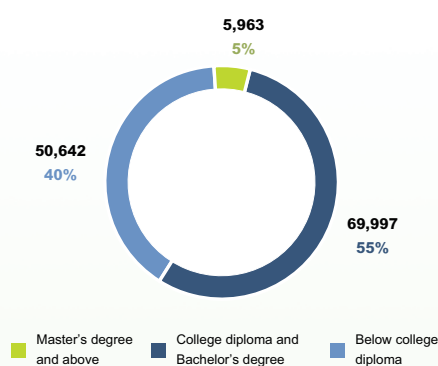
**Distribution of Employees by Employment Category**



**Distribution of Employees by Age Groups**



**Distribution of Employees by Academic Qualifications**



<sup>10</sup> Proportion determined by age and academic qualifications is based on the proportion of total formal employees of the Group.

## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### Remuneration and Performance

The Group understands that a sound development system on remuneration is the primary factor for attracting outstanding talents for pursuing long-term development and unleashing their development potential. In 2018, in order to evaluate employees' work performance and behavior more objectively and fairly, and establish an effective employee incentive mechanism, the Group optimized and issued the Implementation Measures for Performance Management of Employees in the Headquarters (《總部員工績效管理實施辦法》) to further standardize the implementation principles and operational procedures of employee performance management.

- Reinforce performance process management, carry out performance review and counselling, improve timeliness of performance appraisal, and facilitate improvement in employees' capability;
- Reinforce the main responsibility of performance management, implement a mandatory distribution system based on the proportion of performance results to reflect variation in incentives, and effectively identify and incentivize personnel with high performance.

At the same time, regarding the intensification of the three system reforms as the keynote, the Group has made breakthroughs in respect of diversified and differentiated incentives, and enable performance to conform to remuneration by forming the allocation concept of "market-oriented, struggle-based, value creation and incremental sharing".

- Innovate allocation mechanisms for different groups and different business areas to stimulate talent enthusiasm, initiative and creativity
- Increase incentive support to strategic business, set strategic mission goals and propose challenge plans on remuneration, and enable the operation team with great duties and responsibilities to receive the rewards they deserve;
- Seek to establish a medium- and long-term incentive "1+4" system of the Company, and explore medium- and long-term incentive mechanisms such as equity incentives for core employees and dividend incentives offered by the Group as a technology company.

### Employees' Welfare

In accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China* (《中華人民共和國工會法》) and other relevant national and local laws and regulations, the Group provides employees with social insurance including pension insurance, medical insurance, unemployment insurance, industrial accident insurance, and pregnancy insurance, as well as a housing provident fund. The Group also provides its employees with additional welfare benefits such as corporate annuity, supplementary medical insurance, medical insurance for major diseases, accidental injury insurance, etc.

In 2018, the Group adjusted and optimized the employee welfare and business protection program, improved employee protection, optimized protection for children, and in order to offer employees with accident insurance with wider coverage and upper limit, the Group added insurance for major diseases as well as insurance coverage of surgery and hospitalization allowance; in response to the calling of the national birth policy, the Group incorporated the second children of employees into the scope of coverage, thereby further raising the level of employee welfare and protection.

## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### 5.2 Training and Development

#### Career Development

The Group attached great importance to career development of employees and actively facilitated proper employee turnover to stimulate talents' vitality. In 2018, the Group optimized the employee grading system with reference to their competence and performance, made an additional expert position to further enable mobility to the professional path for its employees, and improved remuneration and training policies of relevant positions.

#### Staff Training

Talent cultivation is the fundamental driving force for the Company's long-term development. The Group continued to enrich the content and form of staff training by accelerating the promotion and improvement of online learning platform, and provided employees with multi-level and diversified training by making full use of internal and external training resources to promoting their management and professional skills on an on-going basis. The Group invested RMB177 million in training and education, organizing 27,000 sessions of staff training with participation of 780,000 persons.

#### Establishment of the Young Talent Pool

As young talents are the backbone for the Company's sustainable development, the Group lays much stress on the cultivation and development of young talents by establishing a young talent pool, and carrying out the "master-apprentice" activity to pair new employees with training tutors, covering over 98% new employees. In 2018, the "master-apprentice" activity achieved pairing up of 269 first-level tutors in the talent pool and outstanding young talents, with coverage of 45% of the first-level tutors in the talent pool of the Group. 375 young talents were included in the young talent pool of various categories, including 186 professional technical talents, 44 senior technical talents, 46 marketing talents, 29 international talents and 70 special talents.

## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### Development of the “Learning-oriented Dongfeng Passenger Vehicle Company”

Supported by the “Ten, Hundred, Thousand” Talent Project, Dongfeng Passenger Vehicle Company focused on the cultivation of talents at three levels, i.e. company level, department level and office level, continued to enhance the employees’ sense of participation in training through development of training system and training information, and raised their learning awareness to promote the development of the “learning-oriented Dongfeng Passenger Vehicle Company”.

#### Optimization of the Training Management System

Formulating the Measures for the Management of Training Credits of Indirect Personnel (《間接人員培訓學分管理辦法》) to strengthen the management of credit-based system, improve the position-related knowledge and skills of employees and achieve the transition from passive learning to active learning.

Revising the Scope of and Standards for the Use of Training Funds (《培訓經費使用範圍及標準》) on a regular basis to support for the operation of training programs and meet business needs, and ultimately ensure the effective implementation of training programs.

#### Expansion of the Training Course System

Organizing five sessions of course development, covering 130 courses in the fields of quality, procurement, production and finance; preparing courses on safety for employees at the company level, department level, workshop level and team level; innovating learning mode by establishing a mobile learning platform and developing micro courses to support for employees’ online learning; improving the curriculum system for the reserve on-site personnel, and developing 14 courses for developing the ability of the on-site management personnel

## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### 5.3 Health and Safety

#### Production Safety

The Group established a Production Safety Committee for comprehensive safety management, continued to improve the safety management system for the implementation of production safety accountability of all employees, further advanced independent safety management of subsidiaries, strengthened safety risk prevention and control, and created the safety culture of “safe development by giving priority to life”, thereby creating a safe working environment for employees.

In 2018, the Group carried out safety management evaluation on 14 entities, including 27 workshops of all kinds and 56 inflammable and explosive sites. All entities continued to revise the safety management standards based on the evaluation results to improve their safety management capability. During the Reporting Period, the Group’s work-related injury rate was 0.12%<sup>11</sup>, down by 39% as compared with that in 2017, with no occurrence of work-related death.

Development of Safety System	Independent Safety Management	Safety Risk Management and Control	Safety Emergency Management
<ul style="list-style-type: none"> <li>▪ Establishment of the reward and punishment mechanism for safety assessment</li> <li>▪ Establishment of the production safety commitment and publication system</li> <li>▪ Establishment of the production safety education and training system</li> <li>▪ Establishment of the Production Safety Committee and safety inspection system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evaluation of safety management capability of subsidiaries</li> <li>▪ Amendment to the standards for independent safety management of the Company</li> <li>▪ Training on the independent safety management standards of the Company</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular safety inspections</li> <li>▪ Special safety rectification</li> <li>▪ Strengthened safety hazard investigation and management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Formulation of emergency plan for production safety incidents</li> <li>▪ Pilot program for proposal optimization</li> <li>▪ Emergency evacuation drill</li> </ul>

<sup>11</sup> The work-related injury rate refers to the annual injury rate per 1,000 employees.

## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### The Safety Experience Room of Dongfeng Honda Engine

In 2018, the safety experience room of Dongfeng Honda Engine was put into official use, with the purpose of improving the safety-related knowledge and skills of relevant personnel and enhancing the influence of corporate safety culture. During the Reporting Period, the experience room carried out training with participation of approximately 1,550 office staff and relevant personnel, and was visited eight times by government officials and industry peers for exchange activities. Meanwhile, the experience room also standardized the course content by hanging the tutorials of the experience project on the walls and through collection of 40 copies of materials/charts.



### Establishment of Production Safety Standardization by Dongfeng Equipment Company

Through active promotion of production safety standardization and consolidation of basic safety management on an on-going basis, Dongfeng Equipment Company was aimed at improving its safety management capability, lowering on-site safety risks and reducing safety incidents. During the Reporting Period, Dongfeng Equipment Company invested a total of RMB101.2 million in establishment of production safety standardization, safety hazard rectification, etc.. In November, two plants affiliated to the company passed the on-site inspection of secondary enterprises for production safety standardization.

Meanwhile, taking the opportunity of the safety quarterly theme event, Dongfeng Equipment Company carried out special safety improvement activities such as special safety improvement of the plant area, improvement of equipment safety protection, safety management of non-typical operations, and the most thorough investigation and management of safety hazard with maximum coverage, achieving 100% participation of departments and employees and 100% coverage of the investigation scope.



## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### Occupational Health

The Company attached equal importance to the occupational health and safety of employees. We were in strict compliance of the *Law on Prevention and Control of Occupational Diseases of the People's Republic of China* (《中華人民共和國職業病防治法》), the *Provisions on the Supervision and Administration of Occupational Health at Work Sites* (《工作場所職業衛生監督管理規定》), the *Administrative Measures for Occupational Medical Examination* (《職業健康檢查管理辦法》) and other national laws and regulations and standards for occupational health and safety to strengthen and standardize occupational health management. In 2018, we organized 14 subsidiaries to carry out evaluation of independent occupational health management at the company level, led all subsidiaries to carry out hearing protection programs and surveys on occupational taboos, suspected occupational diseases and current situations of occupational disease patients, as well as occupational health training and on-site first-aid drills, so that occupational health and safety of employees can be guaranteed.

#### Strengthened Management and Control of Occupational Health and Safety Risk by Zhengzhou Nissan Company

In 2018, taking the occupational safety management system as the paramount, Zhengzhou Nissan Company improved its management and control capabilities of occupational health and safety risks through technology and management. During the year, the comprehensive compliance rate of occupational hazard factors was increased to 90.1%.

- In terms of engineering technology, additional robots were used to replace manual operations and smoke and dust removal equipment, so as to increase the compliance rate of dust and toxic substance emission in workplaces, thereby improving the employees' working environment;
- In terms of daily management, by conducting occupational health examination for employees, carrying out various types of training on occupational health knowledge, putting up additional occupational hazard warning signs in the workplace and other measures, independent occupational health management was maintained and occupational health and safety risks were effectively controlled.

### 5.4 Employee Care

#### Work-life Balance

In order to address the growing needs of employees for a better life on an on-going basis, and make all employees "work happily and live happily" with sense of achievement, happiness and security, all subsidiaries of the Group took the initiative to carry out various types of activities to promote work-life balance.



## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### Recreational and Sports Activities

The labor union of Dongfeng Commercial Vehicle took the initiative to carry out recreational and sports activities to help employees develop a healthy lifestyle and positive attitude towards life. In view of the production situations, the Company continued to enrich the cultural life of its employees by carrying out small-scale activities such as brisk walking, rope skipping, plank, idiom guessing, chess and card games, fixed-point shooting and work-break exercise, and all grass-roots units also established associations to carry out recreational and sports activities such as badminton, ping-pong, fishing, swimming, chess, calligraphy and painting.



### Caring for Female Employees

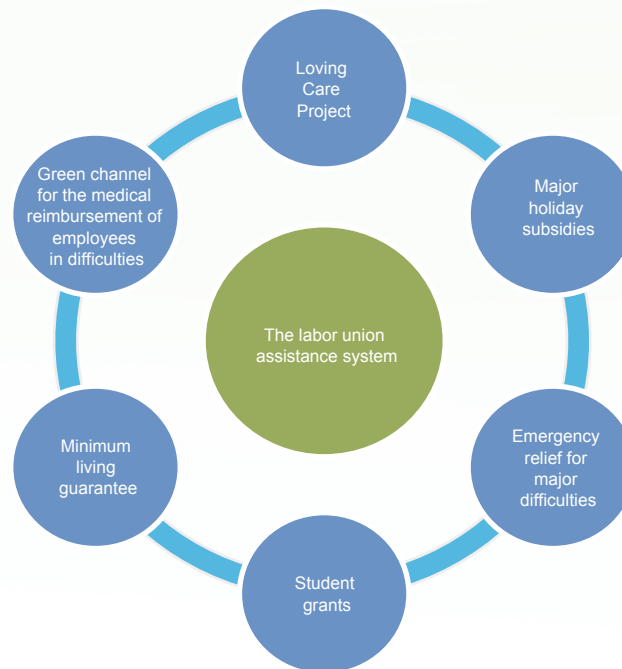
The Group was committed to creating a more unbiased workplace. Led by the labor union of the Group, the labor unions of all subsidiaries continued to show their cares for female employees through distribution of holiday subsidy to female employees on the Women's Day, female employee recognition events, lectures on mental and physical health for female employees, various types of needlework and parent-child activities, and physical examination for female employees, with the purpose of safeguarding their special rights and interests and enriching their lives.



## 5. Staff Cohesion, to Create a Better Life Together (Continued)

### Assistance and Support for Employees with Difficulties

The Group placed emphasis on caring for its employees and insisted on doing practical and good work for employees in difficulties, establishing a labor union assistance system comprising of “green channel” for the medical reimbursement of employees in difficulties, “Loving Care Project”, major holiday subsidies, emergency relief for major difficulties, etc.. We continued to improve the system of assistance for employees in difficulties by formulating and issuing the Measures for the Management of the “Loving Care Project” Special Funds of the Company (《公司“愛心工程”專項款管理辦法》) and Regulations on the Use of the “Loving Care Project” Special Funds of the Company (《公司“愛心工程”專項款使用管理細則》). In 2018, upon analyzing the medical insurance data for the past three years and taking into consideration of the employees’ affordability, the Group adjusted scope of assistance of the “Loving Care Project”. Upon adjustment, the proportion of medical insurance assumed by employees in difficulties was greatly reduced.



## 6. Diligent Dedication, to Share a Harmonious Society Together

### Our Concept

While advancing quality improvement, technology research and economic development in an all-round way, the Group completely and accurately carry out the concept of whole-value-chain public welfare to “perform social responsibility” and “fighting the key battle of poverty alleviation”. Under the guidance of the Implementation of The Three-year Plan to Support for Fighting the Key Battle of Poverty Alleviation by Dongfeng Motor Corporation (《東風汽車集團有限公司全力以赴支持打贏脫貧攻堅戰三年行動的實施方案》) issued by our parent company Dongfeng Motor Corporation and according to the overall arrangement of the “Run” plan, the Group pushed forward the “empowerment project”, and responded to the call of “Dong Feng, benefiting the community” put forward by the parent company by actively performing social responsibility with respect of conveying the sense of responsibility, environmental protection, knowledge spreading, industrial development and development of people’s livelihood, which contributed to the sustainable development of the Group.



Objective

Achieving the three-step transition from the “chaser”, to “leader” to “elite”



Governance Improvement

#### Targeted Poverty Alleviation

The Group spared no efforts to promote the “empowerment project” supported by the “poverty alleviation package” with the characteristics of Dongfeng Motor to achieve the goal of poverty alleviation of the targeted regions

#### Targeted Poverty Alleviation

According to the overall arrangement of the “Run” plan of the parent company, the Group actively participated in the “Social Responsibility Month” event to promote volunteerism and exercise low-carbon life and environmental protection

### 6.1 Targeted Poverty Alleviation

It is expected that within three years, we will cooperate with stakeholders including enterprises, suppliers, distributors and customers, to “pack” a whole-value-chain “poverty alleviation package” with the characteristics of Dongfeng Motor, which is supported by the “empowerment project” and industrial development. According to the implementation plan of the parent company, the Group set the following goals of poverty alleviation in the “five provinces and nine counties”:

- By 2020, all regions designated to the Company, i.e. Keping County, Mashan County, Fang County, Wutai Township and other three counties for poverty alleviation at the national level, will be lifted from poverty as planned;
- The poverty alleviation projects in the twining poverty alleviation regions of the Company, i.e. Gongjo County, Jiangda County, Xingtai County, Xingshan County, Enshi City and Wufeng County, will be promoted and conducted in a timely manner and with high quality.

## 6. Diligent Dedication, to Share a Harmonious Society Together (Continued)

The Group is of the view that “raising ambition” and “educational assistance” are the two optimal ways to block the intergenerational transmission of poverty. On the one hand, the Group achieved “employment of one person and poverty alleviation for the whole family” through skill training and promotion of employment, and on the other hand, achieved the goal of poverty alleviation of the targeted regions through provision of education sponsorship to school-age children, thereby performing social responsibility of the Group.

### Support for Industry and Contribution to Development

In view of the actual situations of different regions, the Group formulated and adjusted the strategic plan of its subsidiaries to drive local development and increase employment rate. In Guangxi, the Group increased strategic investment in Dongfeng Liuzhou Motor and entered into strategic cooperation agreement with Guangxi Zhuang Autonomous Region Government to jointly establish the Group’s significant commercial vehicle and passenger vehicle base, independent brand and new product research and development base in southern China and export base in southeast Asia, so as to drive the development of the automobile industry and economy of Guangxi. In Xinjiang, the Group achieved local procurement and processing by adjusting the organizational structure of Dongfeng Commercial Vehicle (Xinjiang) Co., Ltd. (東風商用車新疆有限公司), a subsidiary of Dongfeng Commercial Vehicle Company, and establishing an independent research and development, manufacturing and sales value system. Through a series of organizational restructuring, the Group was able to employ 669 Xinjiang locals and reduce environmental pollution caused by transportation.

### “Joint Efforts in Targeted Poverty Alleviation”

Based on the experience of young volunteer service in 2017, the volunteer work guidance committee of Dongfeng Motor Corporation, the parent company of the Group, organized young volunteers from its major bases to carried out the second “Being a Responsible Dongfeng Person” event on the street and in the community. In the “Joint Efforts in Targeted Poverty Alleviation” event in Mashan County, Guangxi, the volunteers shouldered responsibility as youngsters and members of Dongfeng, which was demonstrated in:

- the provision of 119 convenience services
- the donation of RMB70,000 as student grants to the Youth League Committee of Fang County



### Support for Education to Empower the Impoverished People with Knowledge

The Group was aware of the importance of “educational assistance” in carrying out charity events. The Group was not satisfied with the regular education sponsorship, and therefore made a shift from donating to school-age children in poverty-stricken areas to cultivating their scientific literacy, which was a shift from the public welfare 1.0 era of “direct material donation” to the public welfare 2.0 era of “empowerment of the impoverished people with knowledge”. In 2018, the Group introduced modern teaching mode and technology equipment to rural education, so that children in the rural areas could be taught with scientific teaching methods the same as those in the cities. In addition, the Group provided children with a journey to smart technology, allowing them to experience the wonders of technology.

## 6. Diligent Dedication, to Share a Harmonious Society Together (Continued)

### Enlightenment of Dream by Dongfeng Nissan

Supported by the 2018 Sunshine • Caring with Love Charity Event, Dongfeng Nissan paid visits to Xingyi, Guizhou, Zigong, Sichuan and Xiaogan, Hubei, where education was relatively backward, and in where Dongfeng Nissan helped several primary schools build playgrounds and renovate classrooms, and bring 20 children to the Dongfeng Nissan Technology Experience Center in Guangzhou for interactive experience. While immersing themselves in advanced automobile culture, the impact brought by smart and high technology and immersive experience was conducive to broaden the minds and inspiring the dreams of these 20 “young journalists” advanced automobile culture.



### 6.2 Community Dedication

With reference to the overall arrangement of the “Run” plan of the parent company, the Group adhered to the responsibility performance concept of “Dong Feng, benefiting the community”, and spared no efforts to promote the development of public welfare. In addition, the Group attached importance to the all-round development of talents. In addition to cooperating with colleges and institutions to carry out talent training, the Group also delivered the concept of sustainable development to thousands of students and parents to promote social responsibility performance.

#### Caring for the Development of Community

In active response to the “Social Responsibility Month” event of the parent company, the Group contributed to the development of a harmonious community and beautiful homes by leveraging its own advantages. In 2018, the Group continued to carry forward the spirit of volunteerism of “dedication, friendship, mutual assistance and progress” and carried out a series of brand services projects such as “Learning from Lei Feng”, “Respect and Love for the Elderly”, “Free Medical Service” and “Youth Service League” to meet the needs of the community and put volunteerism into practice.

#### Putting Environmental Protection Concept into Practice to Make Contribution to a Better Environment

In terms of our responsibility in environmental protection, the Group initiated the planting of the “carbon balance” ecological forest to substitute carbon emission from plants with an increase in oxygen emission. While enhancing the carbon sequestration capacity of the natural environment, the Group established a green and ecological cycle to promote sustainable development.

## 6. Diligent Dedication, to Share a Harmonious Society Together (Continued)

### From the “Charity Spirit” to “Ten Thousand People Planting Trees”

In 2015, the “Carbon Balance” Eco-economic Forest Project initiated by the Group and undertaken by Dongfeng Automobile Co., Ltd. was awarded the “Mingshan Charity List – Best Charity Project of Listed Companies”. Over the past years, implementing the emission reduction mode of offsetting corporate carbon emission by carbon sequestration through afforestation has gradually become the Group’s mission to protect the global environment. On the 2018 Arbor Day, Dongfeng Future, together with Shandong Business Daily, held the “Ten Thousand People Planting Trees with Dongfeng Future” activity, in which thousands of students were accompanied by parents to make contribution to sustainable development.



### Reliving the Past Ten Years’ Charity Events by Dongfeng Honda

On 10 December 2018, Dongfeng Honda, together with Jiangnan University, held the “Relive the Past Ten Years’ Charity Events – Establishment of the Xiaoziren Club and Green Charity Event” at the East Lake Greenway in Wuhan, which was aimed at promoting the cooperation between schools and enterprises for common development by leveraging their respective advantages. In this event, all participants, while enjoying the beautiful scenery of the East Lake Greenway, picked up garbage along the way, spreading the concepts of low-carbon life and environmental protection to the public.



## 7. APPENDIX

### 7.1 Applicable Laws and Regulations

No.	Documents
<i>I. Major Applicable Laws</i>	
1	The Criminal Law of the People's Republic of China (《中華人民共和國刑法》)
2	The Advertising Law of the People's Republic of China (《中華人民共和國廣告法》)
3	The Consumer Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》)
4	The Trademark Law of the People's Republic of China (《中華人民共和國商標法》)
5	The Patent Law of the People's Republic of China (《中華人民共和國專利法》)
6	The Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)
7	The Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》)
8	The Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)
9	The Labour Union Law of the People's Republic of China (《中華人民共和國工會法》)
10	The Labour Law of the People's Republic of China (《中華人民共和國勞動法》)
11	The Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》)
12	The Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)
13	The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)
14	The Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》)
15	The Law of the People's Republic of China on Promotion of Clean Production (《中華人民共和國清潔生產促進法》)
16	The Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)
17	The Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)
18	The Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》)
19	The Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)
20	The Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》)

## 7. APPENDIX (Continued)

No.	Documents
21	The Circular Economy Promotion Law of the People's Republic of China (《中華人民共和國循環經濟促進法》)
22	The Water Law of the People's Republic of China (《中華人民共和國水法》)
23	The Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》)
24	The Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》)
<i>II. Major Applicable Regulations</i>	
1	The Measures for Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》)
2	The Guiding Catalogue for Eliminating Backward Production Equipment and Products in Certain Industries (2010 version) (《部分工業行業淘汰落後生產工藝裝備和產品指導目錄(2010年本)》)
3	The Measures for the Administration of Industrial Energy Conservation (《工業節能管理辦法》)
4	The Notice on Strengthening Energy Conservation Assessment and Review of Industrial Fixed Assets Investment Project (《關於加強工業固定資產投資項目節能評估和審查工作的通知》)
5	The Notice on Further Strengthening the Elimination of Obsolete Production Capacities (《關於進一步加強淘汰落後產能工作的通知》)
6	The Notice on Commencement of National Special Supervision on and Inspection of Energy Conservation in Major Industries (《關於開展國家重大工業節能專項監察的通知》)
7	The Notice on Strengthening Energy Conservation and Emission Reduction of Small and Medium-sized Enterprises (《關於做好中小企業節能減排工作的通知》)
8	The Automotive Industry Development Policy (《汽車產業發展政策》)
9	The Decisions of the State Council on Strengthening Energy Conservation (《國務院關於加強節能工作的決定》)
10	The Measures for Energy Conservation Supervision (《節能監察辦法》)
11	The Administrative Measures for Electricity Conservation (《節約用電管理辦法》)
12	The Measures for Cleaner Production Review (《清潔生產審核辦法》)
13	The Administrative Measures for Environmental Protection of Construction Projects (《建設項目環境保護管理辦法》)
14	The Implementation Regulations of the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》)
15	The Measures for Identification of Work-related Injuries (《工傷認定辦法》)
16	The Regulations on Insurance for Work-related Injuries (《工傷保險條例》)
17	The Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》)



## 7. APPENDIX (Continued)

### 7.2 ESG Performance

#### Environmental Performance Table

Indicator	Unit	2017	2018
<i>Aspect A1: Emissions</i>			
A1.1 The types of emissions and respective emissions data			
Nitrogen oxide (NO <sub>x</sub> ) emission	Tonne	266	244
Sulfur dioxide (SO <sub>2</sub> ) emission	Tonne	57	53
Industrial wastewater emission	Tonne	12,299,735	11,052,142
A1.2 Greenhouse gas emissions in total (in tonnes) and, intensity (e.g. per unit of production volume, per facility)			
Greenhouse gas emission	Tonne	2,296,979	2,222,826
Greenhouse gas emissions per RMB10,000 output value	Kg/RMB10,000	45.35	46.45
A1.3 Total hazardous waste produced (in tonnes) and, intensity (e.g. per unit of production volume, per facility)			
Disposed hazardous waste	Tonne	39,386	42,673
Hazardous waste for comprehensive utilization	Tonne	8,097	7,338
Disposed hazardous waste per RMB10,000 output value	Kg/RMB10,000	0.78	0.89
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)			
Disposed general solid waste	Tonne	20,650	26,794
Solid waste for comprehensive utilization	Tonne	678,051	718,978
Solid waste production per RMB10,000 output value	Kg/RMB10,000	13.80	15.58

## 7. APPENDIX (Continued)

Indicator	Unit	2017	2018
<i>Aspect A2: Use of Resources</i>			
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility).			
Purchased electricity	10,000 kWh	311,637	309,847
Natural gas	10,000 standard cubic meters	14,371	13,376
Diesel oil	Tonne	21,336	19,531
Gasoline	Tonne	19,096	17,665
Heat	MkJ	/	1,209,467
Others (including coal, fuel oil, coal oil, lubricating oil, etc.)	Tonne standard coal	46,169	46,780
Conversion of comprehensive energy consumption	Tonne standard coal	727,848	699,289
Comprehensive energy consumption per RMB10,000 output value	Kg standard coal/RMB10,000	14.37	14.61
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)			
Production water consumption (fresh water)	10,000 tonnes	2,171	1,977
Production water consumption per RMB10,000 output value (fresh water)	Tonne/RMB10,000	0.429	0.413

## 7. APPENDIX (Continued)

### Social Performance Table

Indicator	Unit	2017	2018
<i>Aspect B1: Employment</i>			
B1.1 Total workforce by gender, employment category, age group and geographical region			
Total number of employees	Person	146,843	139,602
<b>By employment category</b>			
Manufacturing	Person	97,722 <sup>a</sup>	91,562
Engineering technology	Person	9,604 <sup>b</sup>	16,575
Management	Person	32,098	30,200
Service	Person	6,085 <sup>c</sup>	1,265
<b>By gender</b>			
Male employees	Person	119,787	113,886
Female employees	Person	27,056	25,716
<b>By age groups</b>			
29 and under	Person	53,642	52,621
Above 30 (inclusive) and under 40	Person	35,789	35,154
Above 40 (inclusive) and under 50	Person	32,101	32,130
50 and Above	Person	8,660	6,697
<b>By academic qualifications</b>			
Master's degree and above	Person	5,872	5,963
College diploma and Bachelor's degree	Person	70,270	69,997
Below college diploma	Person	54,050	50,642

## 7. APPENDIX (Continued)

Indicator	Unit	2017	2018
B1.2 Employee turnover rate by gender, age group and geographical region			
Total turnover rate	%	8.30	6.70
<i>Aspect B2: Health and Safety</i>			
B2.1 Number and rate of work-related fatalities			
Number of work-related fatalities	Person	/	0
B2.2 Lost days due to work injury			
Number of work-related injuries	Person	/	16
Lost working hours due to work injury	Hour	/	6,584
Work-related injury rate	‰	0.177	0.120

Note:

In terms of the distribution of employees by employment category in Aspect B1.1,

- a. The employment category reported in 2017 was "manufacturing";
- b. The employment category reported in 2017 was "research and development";
- c. The employment category reported in 2017 was "sales".

## 7. APPENDIX (Continued)

### ESG Reporting Guide Content Index

#### *Content Index of Environmental, Social and Governance Reporting Guide*

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
<i>Environmental</i>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.2 Green Factories
	A1.1	The types of emissions and respective emissions data.	ESG Performance
	A1.2	Greenhouse gas emissions in total and intensity.	ESG Performance
	A1.3	Total hazardous waste produced in total and intensity.	ESG Performance
	A1.4	Total non-hazardous waste produced in total and intensity.	ESG Performance
	A1.5	Description of measures to mitigate emissions and results achieved.	4.2 Green Factories
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2 Green Factories

## 7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Green Factories
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	ESG Performance
	A2.2	Water consumption in total and intensity	ESG Performance
	A2.3	Description of energy use efficiency initiatives and results achieved.	4.2 Green Factories
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4.2 Green Factories
	A2.5	Total packaging material used for finished products and with reference to per unit produced	Due to the variety of packaging involved, only some types are currently counted, and the Group plans to complete the disclosure in the future
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	4.2 Green Factories
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Green Factories

## 7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
<i>Social</i>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Employee's Rights & Benefits
	B1.1	Total workforce by gender, employment category, age group and geographical region.	ESG Performance
	B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Performance
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Health and Safety
	B2.1	Number and rate of work-related fatalities.	ESG Performance
	B2.2	Lost days due to work injury.	ESG Performance
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Health and Safety

## 7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Training and Development
	B3.1	The percentage of employees trained by gender and employee category.	Refined management will be conducted in the future
	B3.2	The average training hours completed per employee by gender and employee category.	Refined management will be conducted in the future
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Employee's Rights & Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1 Employee's Rights & Benefits
	B4.2	Description of steps taken to eliminate such practices when any violations are discovered.	5.1 Employee's Rights & Benefits
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.3 Green Supply Chain
	B5.1	Number of suppliers by geographical region.	Refined management will be conducted in the future
	B5.2	Description of practices relating to engaging suppliers, number of suppliers on whom the practices are being implemented, how they are implemented and monitored.	4.3 Green Supply Chain



## 7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality Automobile Manufacturing
	B6.1	Percentage of total products sold or shipped subject to recalled for safety and health reasons.	2.2 Customer Focus
	B6.2	Number of products and service-related complaints received and how they are dealt with.	2.2 Customer Focus
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3 Smart Upgrade
	B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Automobile Manufacturing
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Customer Focus

## 7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.5 Integrity and Compliance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.5 Integrity and Compliance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.5 Integrity and Compliance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Diligent Dedication, to Share a Harmonious Society Together
	B8.1	Focus areas of contribution.	6. Diligent Dedication, to Share a Harmonious Society Together
	B8.2	Resources contributed to the focus area.	6. Diligent Dedication, to Share a Harmonious Society Together



東風汽車集團股份有限公司  
DONGFENG MOTOR GROUP COMPANY LIMITED\*