



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

Stock Code: 489



**2017**

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**

\* For identification purposes only



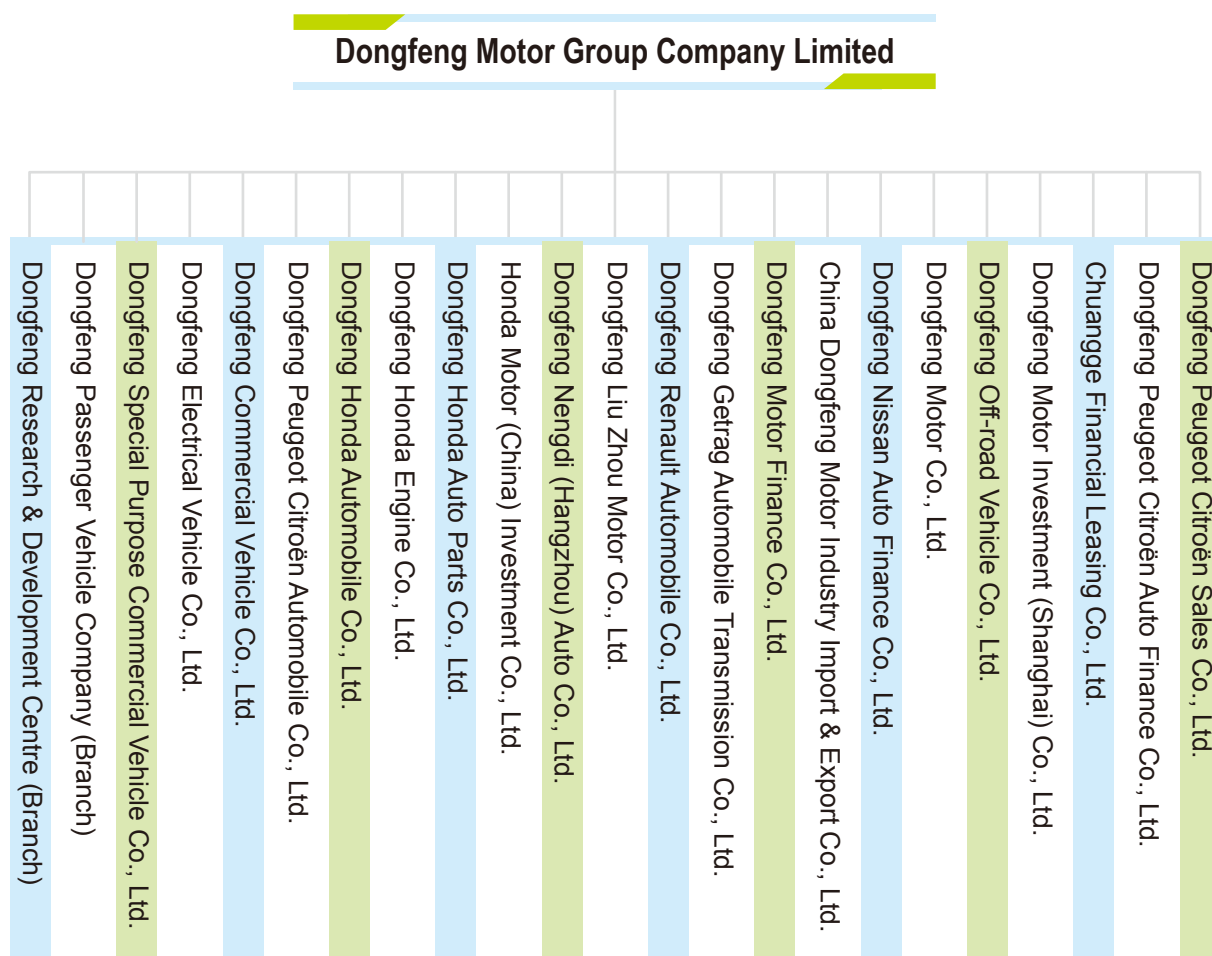
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## ABOUT US

Dongfeng Motor Group Company Limited was incorporated in the People's Republic of China and listed in Hong Kong in 2005 (stock code: 00489). Its registered office is located at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the PRC. We are primarily engaged in the manufacture and sale of commercial vehicles, passenger vehicles and auto engines and parts, finance businesses as well as other automotive related businesses.

As of 31 December 2017, Dongfeng Motor Group Company Limited has 21 subsidiaries, joint ventures and other companies in which the Company has direct equity interests and 2 branches. Detailed structure of the Company is shown as below:





## ABOUT THIS REPORT

This report represents the second 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 economic, social and environmental performance of the Group for the period from 1 January 2017 to 31 December 2017 (Reporting Period).

### Guiding Principle

This report is made 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 prioritising 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 Range of the Report

This report introduces the performance of Dongfeng Motor Group Company Limited under relevant ESG issues following such policies, ideas and objectives of the entire group of Dongfeng Motor Group Company Limited, and states the specific implementation and performance of relevant ESG policies by production units at the level of various subsidiaries under the guidance of the Group.

The ESG related policies, statements, implementation of policies described and the data performance quantified in this report mainly cover the Group’s headquarters, subsidiaries, joint ventures, associated corporations (including those companies in which direct or indirect equity interests are held through subsidiaries, joint ventures, associated corporations). In addition, the scope of a small part of the data covers less than the above scope, and 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.



## ABOUT THIS REPORT (Continued)

### Reference

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

### 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 15 June 2018 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:

Email: [ir@dfmc.com.cn](mailto:ir@dfmc.com.cn)

Address: Special No. 1 Dongfeng Road, Economic and Technology Development Zone, Wuhan, Hubei

## EXECUTIVE STATEMENT

The story of cars can be traced back long ago, since the birth of the first steam car in several hundred years ago that the car industry incessantly provided impetus to the progress of modern civilization. Coupled with the pace of constructing a new China, the PRC car industry achieved proud results from inception, growth, comprehensive development to the present stage of taking off. The lifestyle of people in the PRC also underwent sweeping changes attributable to the development of the car industry in the PRC. Dongfeng Motor Group firmly grasped the rapid development of internet, artificial intelligence, new energy and other emerging technologies to accelerate the pace of industrial upgrade and continue to extend the story of cars.

In 2017, Dongfeng Motor Group proactively encountered new opportunities and challenges in the market circumstances, always bear in mind the political responsibility, economic responsibility, stakeholder responsibility, environmental responsibility and social and charitable responsibility required to be assumed by us as a State-owned Key Enterprise of automobile, and integrate the same into our strategic development.

This year, we accelerate the improvement of core capabilities in respect of own research and development, continue to carry forward the corporate spirit of “International perspectives, Sustainable development”, predict, judge, manage and control risks effectively through forward-looking vision for business layout to maintain quality operation, drive the continuous, steady development of joint venture business, and achieve breakthroughs in own brand, new energy and overseas business; adhered to the operating ideology of “Care for every person, care for every vehicle”, we strive to provide staff with a pleasant, healthy and safe working environment, stringently exercise control over product quality, offer the best services to customers as far as possible; we pursue green development, spare no effort in working on energy-saving and environmental protection. We implement and commence more than a hundred of energy-saving and transformation projects, obtaining significant results in reduction of comprehensive energy consumption, and proactively explore in areas such as green factory, green product design, green value chain, to raise the level of sustainable development in a non-stopping way; we consistently penetrate into community and the public, conduct activities such as targeted poverty alleviation, Kids Nursing Program and various kinds of social services, so as to increase the level of harmony and the sense of well-being in the whole society.

There should be new undertakings in the new era. While the PRC car industry is moving forward the new journey from large to strong, we will persistently embrace the core value of “Unite for one cause, Cooperate for excellence, and win-win”, and under the mission of “Realize Our Dreams with Vehicles”, urge for a higher standard of environmental, social and governance performance of Dongfeng Motor Group, and embrace new challenges under the new situation, with stronger sense of mission and responsibility, as to realise sustainable development.

Zhu Yanfeng

Chairman





## KEY PERFORMANCE INDICATORS FOR 2017

### Results and product liability

- Accumulated sales volume of vehicles amounted to approximately 3,284,200 units, representing a year-on-year increase of about 4.1%, which secured a market share of 11.4%
- Sales revenue was approximately RMB125,016 million; annual profit totalled RMB14,634 million
- The number of qualified suppliers totalled 10,843, of which the number of local suppliers is 5,205

### Environment and Safety

- A total of 214 models have been included in the List of Recommended Models for New Energy Vehicle Popularisation and Application of the State
- Comprehensive energy consumption of RMB10,000 output amounted to 14.37 kilograms of standard coal/ RMB10,000
- A total of RMB160 million was invested in executing 114 energy-saving and transformation projects in total
- New energy commercial vehicles had a market share of 19.7%, moving up to the top position
- Work injury rate was 0.177‰, representing a decrease of 15% as compared to 2016

### Staff

- Total number of our staff reached 146,843
- RMB197 million was invested in training and education
- Over 30,000 training sessions were organized and conducted, and 680,000 participants received trainings

### Community

- Total funding of approximately RMB54 million was invested in community events
- 6,200 participants were involved in community events
- Income tax payment reached RMB1,141 million



# 1. OPERATING IN GOOD FAITH – RESPONSIBLE DONGFENG

## Key performance indicators for 2017:

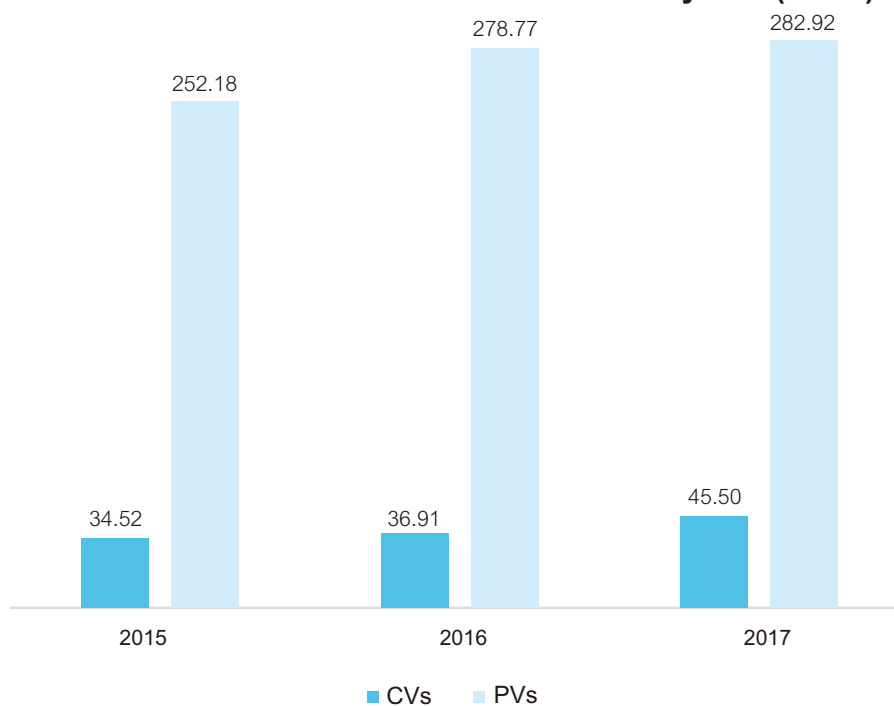
- Accumulated sales volume of vehicles amounted to approximately 3,284,200 units, representing a year-on-year increase of about 4.1%, which secured a market share of 11.4%
- Sales revenue was approximately RMB125,016 million; annual profit totalled RMB14,634 million

## 1.1. Economic Performance

### Making progress while maintaining stability in operations

In 2017, the overall PRC car market was characterized by slower growth, intense competition, increase in consumption, differentiation in tendency. The Group proactively responded to various risks and challenges, and realised steady growth on the basis of maintaining stability in operations.

Sales volume of vehicles in recent three years (0'000)



### New breakthroughs in operations

In 2017, the Group's own brand, new energy and overseas business achieved new breakthroughs. Annual automobile sales volume of own brand amounted to approximately 962,000, representing a year-on-year increase of 6.2%. Annual sales volume of commercial vehicles amounted to approximately 441,200, representing a year-on-year increase of 23.8%. We proactively participated in the construction of the "Belt and Road Initiative" and obtained significant results, with an annual export volume of around 53,000, representing a year-on-year growth of 68%.

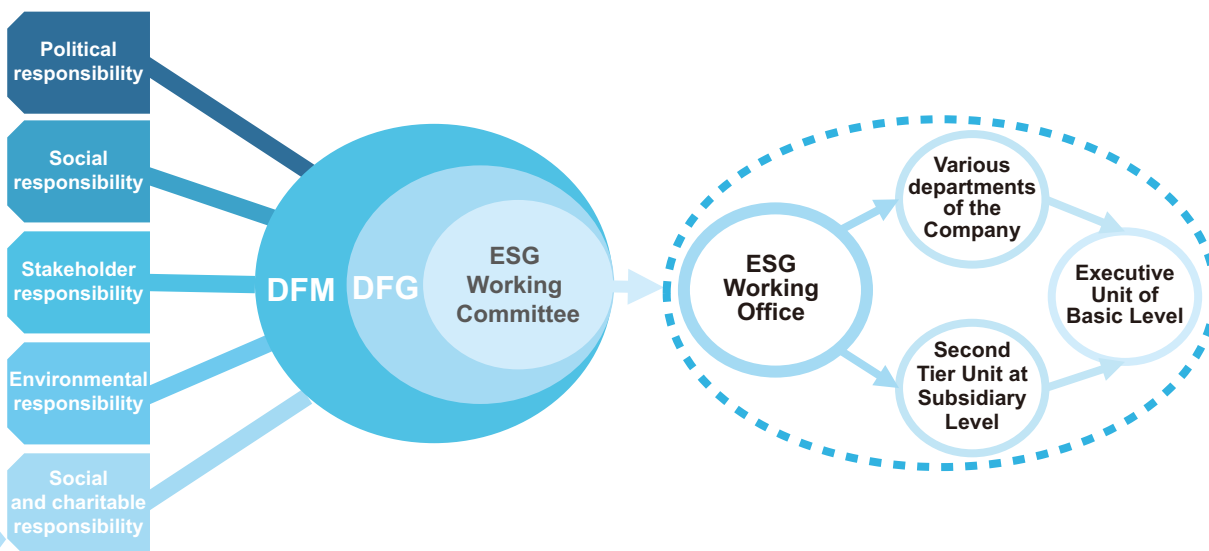
## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

### Promoting economic development

The Group plays its leading function as a State-owned Key Enterprise, proactively give impetus to technological upgrade and transformation, advances green, intelligent manufacturing plants, and actively extends the chain of car industry, vigorously develop the automobile business, conscientiously performs economic responsibility, political responsibility and social responsibility in terms of boosting local economic development, enlarging employment opportunity, generating profit tax, constructing an intelligent city and other aspects, in order to enable mutual improvement of local development and the automobile industry.

### 1.2. ESG Governance

The Group regards “quality, wisdom and pleasantness” as the core value and ESG governance as an important component of daily corporate operation and management, in an endeavor to achieve the corporate vision of “A centenary Dongfeng with sustainable development, an international Dongfeng with global competitiveness, and an innovational Dongfeng with independent development”, and in the meantime assumes more social responsibilities with high sense of mission and responsibility; With “Dongfeng drives dream” as its slogan, the Group advances the sustainable development of the whole society. We closely adheres to the “13th Five-Year Plan” – “Nursing Program” 2.0, the social responsibility formulated by Dongfeng Motor Corporation, being the parent of the Group, in accordance with the “Triple Dongfeng” vision and “Three-in-one”<sup>1</sup> as a corporate development and construction objective, by incessantly deepening the integration of ESG responsibility concept with operating strategy, and proactively implementing the “Five responsibilities” practice system; meanwhile, we consistently improve the ESG responsibility management system, clearly define the job duties and missions at various levels, and constantly raise the competitive edge of responsibility with sustained effort.



ESG Responsibility Management System

DFM: Dongfeng Motor Corporation; DFG: the Group

<sup>1</sup> “Three-in-one” refers to the “Harmony” culture, “Nursing” Program and “Business Ethics Convention” as the main body of the Dongfeng Motor Group’s soft power system.

# 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

## 1.3. Stakeholder Engagement

The Group has long been striving to establish diverse communication and liaison with all of our stakeholders, and share viewpoints, experience and discuss various topics closely related to the development of the Group under two-way, transparent and routine communication mechanism. Based on mutual trust and respect, we anticipate to achieve mutual benefits with each party of our stakeholders through rich dialogues and positive effect.

We have identified major stakeholders who hold decision-making power, influence in or closely related to the Group. Major stakeholders include shareholders/investors, employees, distributors, suppliers, and we have also actively communicated and exchanged with local communities and media of the place where we operate. Through communication and exchange with each party of our stakeholders, we can understand the issues they are concerned about, and review the results of relevant activities regularly and improve the communication channels and reflect stakeholders' views in a more encompassing way. The following table sets forth the issues concerned about by different types of stakeholders during the reporting period.

Type of stakeholders	Issues most concerned about by stakeholders	Channels of communications/feedback	Frequency/times
Shareholders/ investors	Operating results ESG management concept	<ul style="list-style-type: none"> <li>Shareholders' general meeting</li> <li>Investor meeting</li> <li>Results presentation</li> <li>Press release/ announcement</li> <li>On-site survey</li> <li>Roadshow and reverse roadshow</li> <li>teleconference</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' general meeting to be held annually</li> <li>Extraordinary general meeting or shareholders' class meeting to be held for any special circumstances</li> <li>Investor meeting and on-site survey to be held from time to time</li> <li>Roadshow and reverse roadshow to be carried out at least once a year</li> <li>Teleconference with investors to be convened from time to time</li> </ul>
Employees	Employment and labor Remuneration and benefits	<ul style="list-style-type: none"> <li>Staff training</li> <li>Labor union activities</li> <li>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>Training for each employee to be conducted at least once a year</li> <li>Labor union activities to be held from time to time</li> <li>Youth League Committee activities to be carried out at least once a year</li> <li>Staff representative meeting to be held at least once a year</li> <li>Opinions and suggestions to be collected from time to time</li> </ul>

## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

Type of stakeholders	Issues most concerned about by stakeholders	Channels of communications/feedback	Frequency/times
Distributors	Product responsibility Investment in community	<ul style="list-style-type: none"> <li>Product training</li> <li>Consumers' complaint handling</li> <li>Product maintenance</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>
Suppliers	Supply chain management Product responsibility	<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>Supplier meeting to be held annually</li> <li>Appraisal to be carried out once every half year</li> <li>On-site office to be set up from time to time</li> </ul>
Customers/ consumers	Product responsibility Research and development and innovation	<ul style="list-style-type: none"> <li>On-line promotion</li> <li>Off-line trade fair and promotion activity</li> <li>Telephone</li> <li>WeChat/Weibo</li> <li>New product release</li> <li>Market survey</li> <li>Analysis on clients' satisfaction</li> <li>Dialogue with and visit to clients</li> <li>Clients' complaint handling</li> </ul>	<ul style="list-style-type: none"> <li>From time to time</li> </ul>
Governmental authorities	Green production Operating results	<ul style="list-style-type: none"> <li>On-site survey</li> <li>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>From time to time</li> </ul>

## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

Type of stakeholders	Issues most concerned about by stakeholders	Channels of communications/feedback	Frequency/times
Local communities	Green production Investment in community	<ul style="list-style-type: none"> <li>– On-site survey</li> <li>– Interview</li> <li>– Charitable activities in community</li> <li>– Joint community building activities</li> </ul>	– From time to time
Media	Investment in community Operating results	<ul style="list-style-type: none"> <li>– Press release/announcement</li> <li>– Press interview</li> <li>– Press conference</li> </ul>	– From time to time

### 1.4. Materiality Analysis

During the reporting period, the Company carried out in-depth interviews with stakeholders to understand the views of stakeholders at all levels on the Group's ESG issues disclosed in the previous year and their expectations on ESG this year. In addition, the views and expectations of stakeholders provide a strong basis for the Company to develop a long-term ESG strategy.

Through communication with stakeholders, we conducted materiality assessment. Our materiality assessment has been implemented with four main phases, as illustrated below: firstly start by identifying each of material issues in respect of ESG that might affect our business or stakeholders, and then prioritise potential material issues and verify the results with management, and at last review the materiality assessment process.



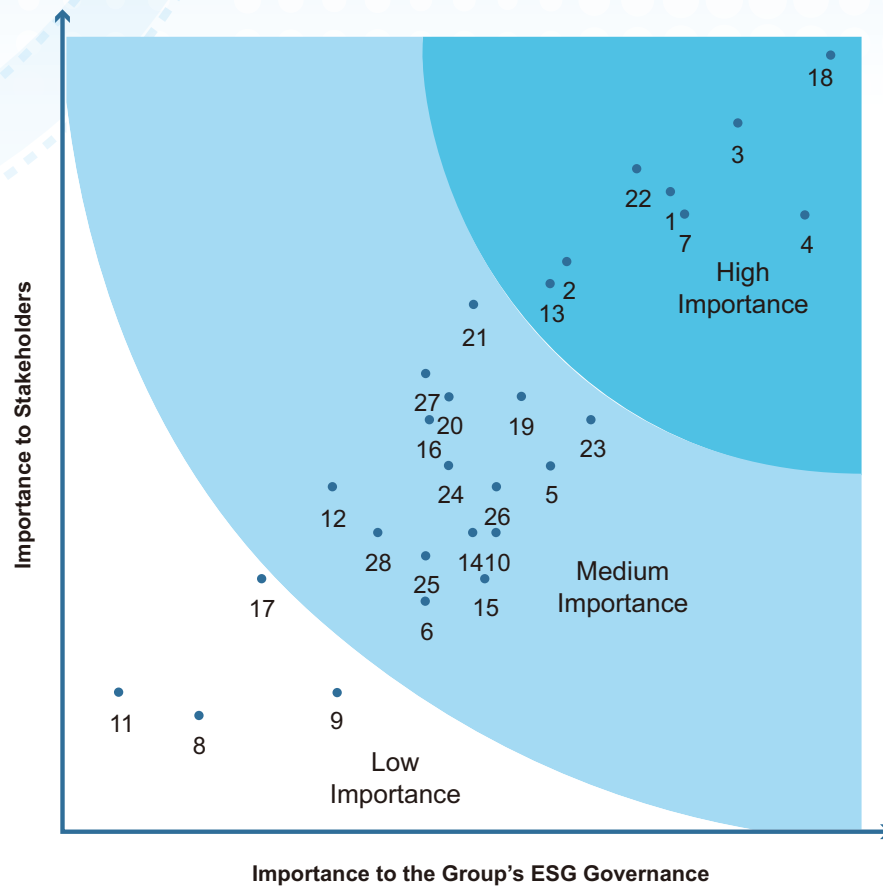
## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

### Materiality Assessment Process

1. Identifying potential material issues	Identify potential material issues that reflect the impact of the Group's business on economy, environment and society, or that affect the stakeholders' assessment of and decision-making for the Group by thorough inspections on media remarks, benchmarking analysis and other relevant documents.
2. Prioritising potential material issues	Develop a Stakeholder Communication Plan and conducts all-around communication and interviews, to understand issues more concerned about by various stakeholders, and at last to arrive at a materiality matrix which analyses and identifies the issues of genuine materiality.
3. Verifying the results with management	Submit the results of materiality matrix to the management who then confirms the materiality of the identified issues and their internal or external impacts on the Group. We will give a true presentation of the Group's performance on relevant issues in the report.
4. Review	Check whether the report contains reasonable description of the impact generated by and the performance on sustainable development of the Group and whether the process of preparing the report reflects the intention of the reporting principle. We will invite all stakeholders to provide advice in this regard.

On the basis of ESG issues in 2016, in combination of media analysis and peer benchmarking, the Group concluded and organized some of the ESG issues. Through the above assessment process, we have identified 8 ESG issues of high importance, 16 of medium importance and 4 of low importance for the Group, respectively ESG issues of high importance constitute the key part of this report and will be disclosed by us in this report elaborately.

## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)





## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

No.	Specific issues	No.	Specific issues
1	<b>Business performance</b>	15	Employee diversity and equal opportunities
2	<b>Corporate governance</b>	16	Child labor and forced labor
3	<b>Legal compliance</b>	17	Employee turnover rate
4	<b>Anti-corruption governance</b>	18	<b>Product quality and safety</b>
5	Low-carbon economy	19	Fuel efficiency and emission
6	Water resource management	20	Customer service
7	<b>“Three wastes” management</b>	21	Consumer rights
8	Impact on soil and groundwater	22	<b>Complaints and product recalls</b>
9	Industrial noise management	23	Research & development and intellectual property
10	Energy consumption reduction	24	Compliance with relevant regulations on products, services and marketing promotion
11	Use of packaging materials	25	Supplier management
12	Remuneration and benefits	26	Supplier ESG performance
13	<b>Occupational safety and health</b>	27	Contribution to community
14	Career development and training	28	Public welfare and charity

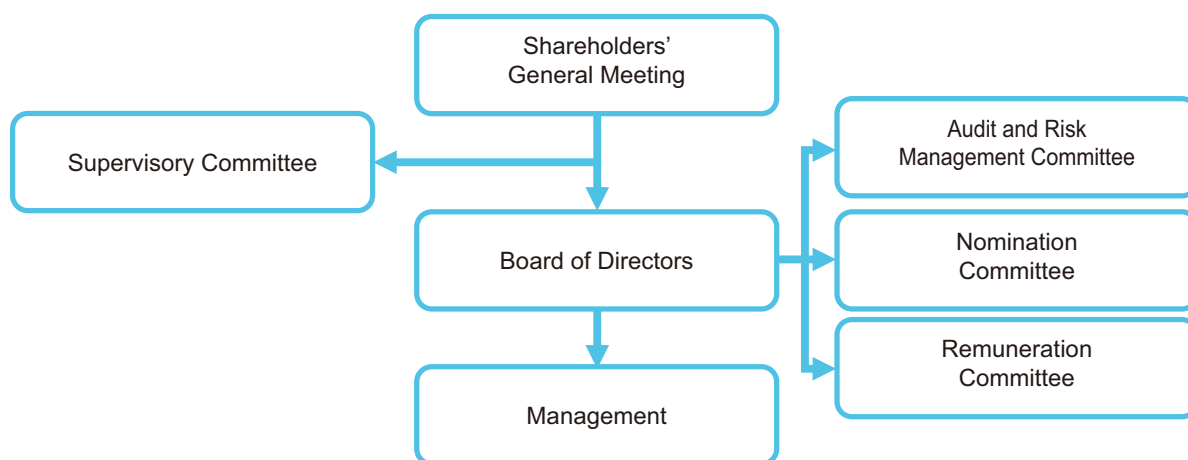
## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

### 1.5. Compliance

#### Corporate Governance

The Group has been in strict compliance with the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Rules Governing the Listing of Securities on the Hong Kong Stock Exchange* (《證券上市規則》), the *Corporate Governance Code of the Hong Kong Stock Exchange* (《企業管治守則》) and relevant rules in the Articles of the Association of the Group, in building a highly efficient corporate governance structure, safeguarding interests of shareholders and other stakeholders through the management system, and constantly enhancing the Company's values and management transparency as well as traceability of responsibility.

Shareholders' General Meeting is the highest authority of the Group, which is responsible for making major corporate business decision. The Board of Directors and the Supervisory Committee are under the supervision of the shareholders' general meeting. The Board of Directors has its Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. As an organ for decision making and execution, the board of directors is responsible for daily operation and management decisions of the Company. The supervisory committee is mainly responsible for the supervision of the performance of duties of the Board of Directors and senior management. The Board of Directors and the Supervisory Committee are independently accountable to the Shareholders' General Meeting.



For more details of corporate governance, please refer to the section headed "Corporate Governance" in the 2017 annual report.

## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

### Risk Management

Under the philosophy of “central planning, division of responsibilities, prioritization and comprehensive implementation”, the Group has set up a comprehensive set of compliance management, risk management and internal control systems, including systems for mechanisms and procedures, systems for organisations and bodies and the supervision and control system, and has gradually optimized the standardized risk management and internal control and management system. The Board reviews the effectiveness of the risk management and internal control of the Group regularly to ensure that the operation of the Company is in compliance with laws and its assets are protected and the ESG and other information that are used in its operation and disclosed to the public is accurate and reliable. The Board, the Audit and Risk Management Committee as well as various functional departments and divisions under the Group perform each of their duties in promoting a top-down risk management task.



The Operation Management Department of the Group is mainly responsible for ESG risk management and control tasks. The Operation Management Department together with the internal control department will regularly review and investigate the energy, emission and other environmental information of various subsidiaries, and formulate relevant plans. In 2017, the Group prepared the environmental business plan for 2018-2022 through analysis of internal and external environmental circumstances, and the whole process of existing environmental activities. Among which, material risks and important missions affecting the Group's production and operating activities had been incorporated into the objectives of business plan, thereby forming an indicator system to facilitate better risk control.

#### ESG Risk Management Improvement

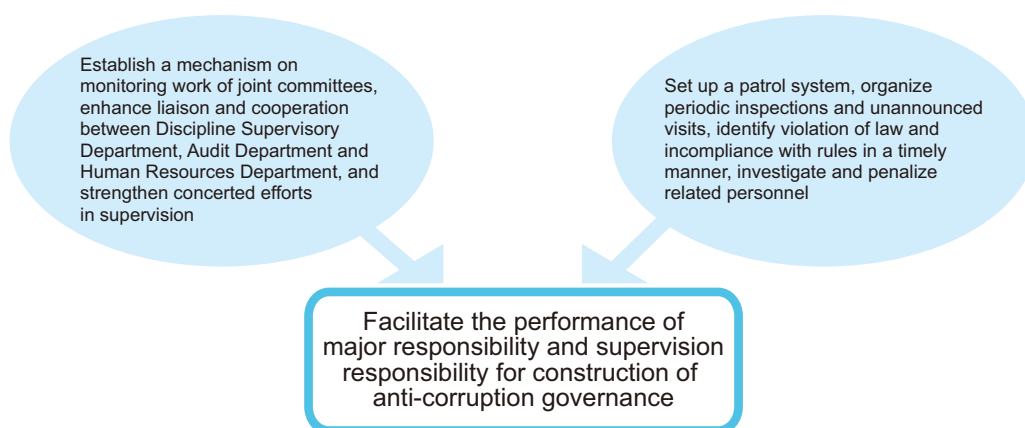
The Audit and Compliance Department of the Group was awarded the honorary title of “Role Model for National Internal Audit from 2014 to 2016” (「2014-2016全國內部審計先進集體」) by China Institute of Internal Audit.

The Group's “establishment of sound corporate planning and risk management model for commercial vehicles and commodities” was awarded the Third Prize of Management Innovation Achievement Awards of Hubei Province for 2017 (湖北省2017年管理創新成果三等獎).

## 1. OPERATING IN GOOD FAITH - RESPONSIBLE DONGFENG (Continued)

### Anti-corruption

With great emphasis on honest administration and anti-corruption measures, the Company has pushed forward anti-corruption measures in strict compliance with national laws and regulations, such as the *Criminal Law of the People's Republic of China* (《中華人民共和國刑法》) and the *Provisions on Rules on Integrity of Executives of State-Owned Enterprises* (《國有企業領導人員廉潔從業若干規定》) by setting up sound accountability system for honest administration, enhancing responsibility evaluation and examination, facilitating the implementation of main responsibility and supervision responsibility for honest administration.



Apart from the above, the Group has also continuously improved its whistleblowing mechanism, ensured smooth operation of whistleblowing channels such as online whistleblowing platforms, whistleblowing hotlines and whistleblowing email boxes, and set up designated agencies to handle letters, calls, visits and e-mail for whistleblowing from the public. According to the problems revealed from whistleblowing, the Group strictly follows the corresponding process flow for investigation and handling.

Meanwhile, the Group adopts the "Business Ethics Convention of Dongfeng Motor Corporation" of Dongfeng Motor Corporation (《東風汽車集團有限公司商業道德公約》), the parent company of the Group, as the business ethical standard to actively maintain a honest, compliant and clean business environment, and signed the "Mutual Agreement for Compliant and Honest Administration" (《合規廉潔共建承諾書》) and "Commitment Letter for Compliant and Honest Administration" (《合規廉潔共建承諾書》) with various partners such as suppliers, distributors, etc. to prevent commercial corruption from the source and build a honest and compliant environment through concerted efforts of different parties.



## 2. REFORM AND INNOVATION – INGENIOUS DONGFENG

### Key Performance Indicators:

- The number of qualified suppliers totalled 10,843.
- The number of local suppliers amounted to 5,205.

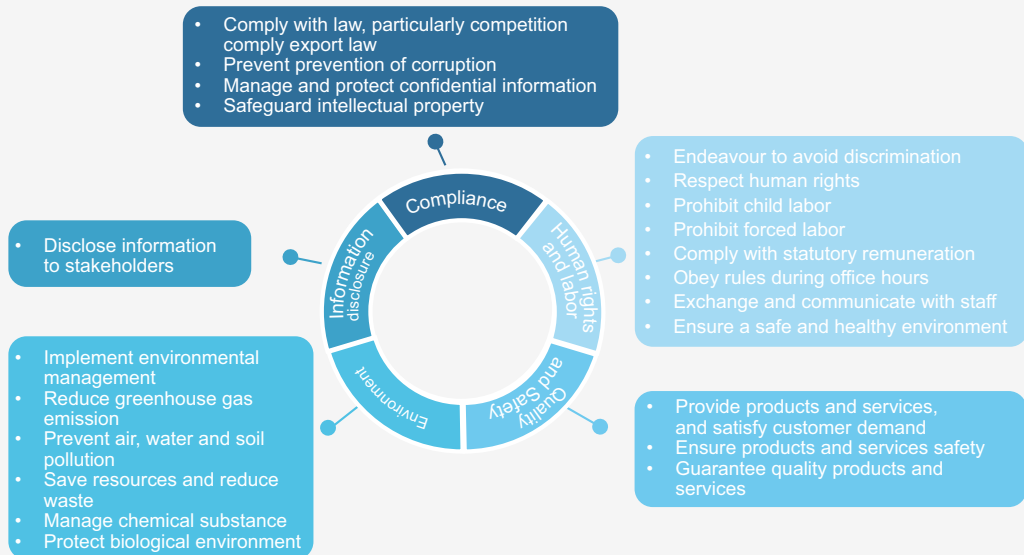
### 2.1. Supply Chain Management

In order to ensure the performance and quality of the whole vehicles, stringent screening and management by suppliers are the key tasks of the entire vehicle manufacturing. The Group establishes a stringent supplier screening and management system, gradually improves the approval mechanism on suppliers' access and strengthens supplier performance management. In addition to our evaluation of suppliers' costs, term of delivery, services, and technical capabilities, quality is our topmost priority in evaluating suppliers. Enhancing the quality of components is an important part for ensuring product quality.

Meanwhile, we have also included suppliers' relevant performance in ESG aspects into the scope of evaluation. The concept of ESG responsibility is fully conveyed to our suppliers' partners to increase suppliers' awareness towards ethics, environmental protection and social responsibility, so as to jointly promote the sustainable development of the enterprise and society as a whole.

### Suppliers' Social Responsibility and Management Mechanism

Taking Dongfeng Renault Automobile Co., Ltd. (hereinafter referred to as "Dongfeng Renault"), a subsidiary under the Group, as an example, Dongfeng Renault has established the suppliers' social responsibility and management mechanism, which proposes requirements for suppliers in terms of five aspects, namely safety and quality, human rights and labor, environment, compliance, as well as information disclosure.



As of 31 December 2017, the Group has a total of 10,843 qualified suppliers, of which local suppliers amounted to 5,205.

## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

### Support from Suppliers

Apart from supplier management, the Group continues to strengthen its support for suppliers in terms of the concept of social responsibility by means of training, assists suppliers to improve their ability to identify and solve problems, and improves the quality of supply from suppliers so as to constantly adapt to and meet our increasingly high quality standards and requirements.

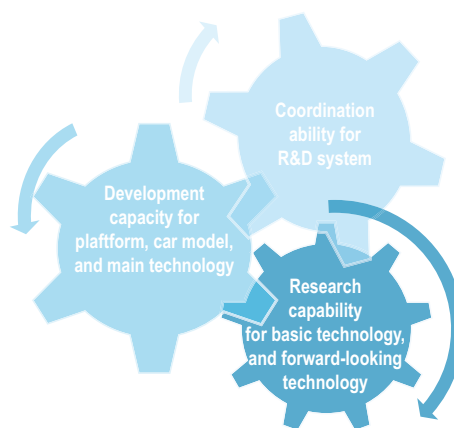
#### Improve the Quality of Supply from Suppliers

Taking Dongfeng Peugeot Citroën Automobile Co., Ltd. (hereinafter referred to as “Dongfeng Peugeot Citroën Automobile Company”) as an example, a subsidiary under the Group, in 2017 it continued to conduct trainings for suppliers in respect of Quality System Basics+ (QSB+), Advanced Product Quality Planning (APQP), Eight Disciplines (8D), Measurement System Analysis (MSA) relating to quality training and ability strengthening.

- A total of 8 training activities were organised throughout the year.
- A total of 257 suppliers participated in the trainings.
- As of 31 December 2017, 432 suppliers of Dongfeng Peugeot Citroën Automobile Company have been assisted to implement quality system improvement according to the QSB+ standard, and suppliers' abilities in quality assurance has improved by 15%.

### 2.2. Intelligent R&D

The Group steadfastly upholds the guidelines of “innovation-driven development” and “proactive leading” and adheres to the guiding concepts of “independent innovation, collaborative development, systematic enhancement and future leadership” for the development of science and technology, stepping up innovation of scientific institution and improving the “Three capabilities”.



## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

In 2017, the Group further optimised the scientific innovation system, and accelerated the establishment of a collaborative, complex and open research and development system based on R&D headquarters as the central office and R&D centers of various branches and subsidiaries as divisions, favorable to:

- **Increase the Group's technological achievement and revenue:** In the process of the open research system development, the design of the technological achievement and revenue mechanism was completed, which promoted synergy and sharing of the Group's technology, and the use of policy incentives ensured the healthy development of patents and proprietary technology.
- **Enhance sustainable development of the Company's innovation business:** Based on the characteristics of R&D personnel as knowledgeable workers, the technology center has established and improved the "capability + performance" incentive mechanism, which fully stimulated R&D personnel's ability to enhance their capabilities, initiatives and enthusiasm to generate results, and maximised the positive outcome of talents.

Meanwhile, we constantly improve the R&D quality to further ensure product quality. Highlighting "quality improvement and efficiency enhancement, with innovation and breakthrough", we will focus on platform-based and modular whole vehicle development, accelerate the implementation of the two strategies, namely "intelligence" and "green energy", and continue to promote orderly development of product lines.

In 2017, we launched the Science and Technology Innovation Week. During the period, we unveiled "Fan Yu Studio" (樊愉工作室), "Space of Creation and Sharing" (創享空間), and "T•Innovation Laboratory" to further stimulate the vigor of scientific and technological personnel in terms of innovation, create an innovative atmosphere, and constantly inject new vitality into our own innovation business.

### Industry-university-research Cooperation

The development of industry-university-research cooperation is one of the driving forces for promoting the Group's ongoing R&D and innovation. We established good interactive and cooperative relationship with major scientific research institutes at home and abroad, central enterprises in the industry, enterprises and institutions, as well as technical experts at home and abroad.

#### Permission to Establish the Workstation for the Group's Academician Experts

On 26 September 2017, the Workstation for Academician Experts of Dongfeng Motor Group was granted permission for establishment. Jianyong Yu, Academician of China Engineering Academy, professor of Donghua University, became one of those academician experts first introduced to the Workstation for Academician Experts.

The Workstation for Academician Experts will proactively launch various undertakings with a focus on the whole vehicles and auto parts, lightweight technology, national issues, talent training, etc.



## 2. REFORM AND INNOVATION – INGENIOUS DONGFENG (Continued)

### Research and Development Achievements

Compared to 2016, the number of our applications for invention patents increased by 25%, and the number of authorisation of invention patents increased by 34.2%. With regard to passenger vehicles and commercial vehicles, we obtained fruitful research achievements.

#### Passenger vehicles

- Fengshen AX4, Joyear X6, Fengguang 370, pure electric vehicles E70 and other models successfully listed
- Unmanned vehicles are undergoing testing and verification
- WindLink, a Dongfeng's brand for Internet of Vehicles, has successfully launched its owned brand models
- Development of pure electric module HP3.2a was completed, reaching the level in line with the model equivalent to the industry leading level

#### Commercial vehicles

- High traction Dongfeng Kinland flagships and Dongfeng Kai Pute successfully launched new products for listing.
- Medium and heavy commercial vehicles fully implemented the emission standard for the National Motor Vehicle Pollutant Emission Standard V (National Emission Standard V).



## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

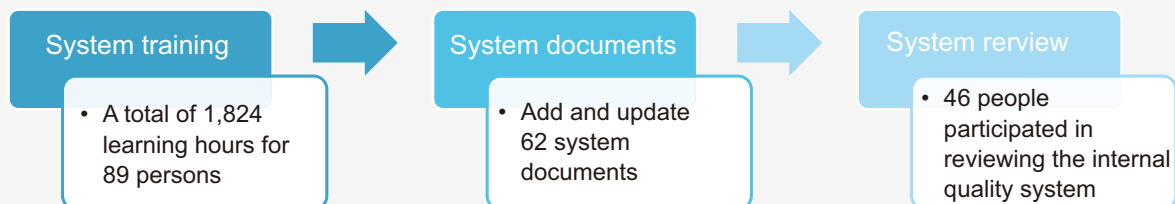
### 2.3. Superior quality

#### Quality Control

Product quality and safety are the lifeblood of an enterprise. Each of the subsidiaries has established a sound quality control system, strengthened product quality management and control, and continued to optimise the quality control system. At the same time, committed to offering customers with motor products with reliable quality and safe usage, we continuously improve product quality planning, raise the quality of auto parts and strictly control quality.

#### Implementation of the New Standard for Quality Control System

Taking Dongfeng Renault as an example, in 2017, Dongfeng Renault implemented the new standard for quality control system. At the same time, the quality manual was subject to complete amendment and revision, and review of revision from third party certification agency was passed successfully in 2017, and ultimately granted the certificate for new standard for quality control system certification by the certification agency.



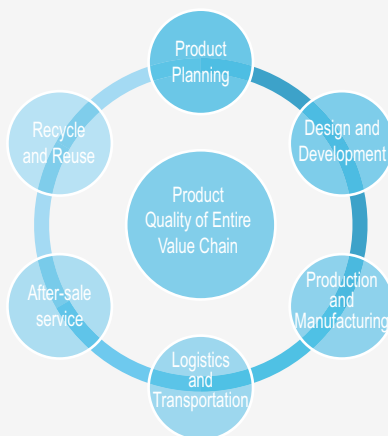
In 2017, Dongfeng Renault fully implemented the strategy of “creating boutique motors, selling star motors”, deeply adhered to the operating principle of “quality-oriented”, completed the annual basic strategy of creating boutique motors, such that the core quality indicator reached the alliance benchmark standard.

The Group attaches great importance to the quality planning and control of the entire process, and stringently monitors the quality of each part of the whole value chain such as product R&D, production, logistics and sales.

## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

### Implementation of Quality Planning and Quality Control in the Process

Taking Dongfeng Nissan Passenger Vehicle Company (hereinafter referred to as the “Dongfeng Nissan”), a subsidiary under the Group, as an example, Dongfeng Nissan set up the management and control flow of product quality and product safety for the whole value chain, from product planning, design and development, production and manufacturing, logistics and transportation, after-sales services, recycle and reuse. It identified, evaluated, coped with and managed the risks affecting product quality and safety in each phase of the whole value chain, clearly defined relevant duties and flows, and standardised corresponding management documents. In 2017, it optimised the quality management and control documents, and ensured the adequacy, appropriateness, effectiveness and timely update of such quality management and control documents



## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

### Improving Awareness toward Quality

Improving quality awareness of all employees is the key to continuous assurance of product quality. The Group places emphasis on enhancing employees' awareness toward quality and actively carries out various forms of activities and trainings for improving awareness toward quality.

#### Activities for Improving Awareness toward Quality

Taking Dongfeng Honda Automobile Co., Ltd. (hereinafter referred to as "Dongfeng Honda"), a subsidiary under the Group, as an example, Dongfeng Honda conducted various kinds of activities in relation to quality, in order to continuously improve awareness of all employees toward quality.

##### May to June 2017: Execute and practice the principle of "learning from the workplace, the actual stuff and the real situation"

- Focusing on the "voice of customers", the Company launched the 'execution and practice of the principle of "learning from the workplace, the actual stuff and the real situation" ' activity, visited and debriefed specialty stores, and leveraged the true complaints and recommendations given by customers and specialty stores about the quality of our products to further enhance the market's responsiveness to issues.

##### September 2017: Monthly events on quality

- During the nationwide monthly event on quality, the Company actively responded by adopting the theme of "excellent springs, customer dedication", and launching a series of activities such as conveying the TOP quality messages, technical inspection/declaration made by employee representatives on quality, listening to the voice of customers, and calling for collection/selection of the BQ (Best Quality) event badge, soliciting quality essays, thereby obtaining considerably satisfactory results.

## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

### Listening to Voice of Users, Building Quality Peugeot Citroën

In addition, taking Dongfeng Peugeot Citroën as an example, Dongfeng Peugeot Citroën carried out monthly events on quality under the theme of “listening to voice of users, building quality Peugeot Citroën” during September and December 2017 to improve the quality awareness of all employees.

- The Company's exhibition themed on quality showcases conclusion of experience and lessons, and recordings of users' evaluation of the Company's products and services were broadcasted on site.
- Dr. Mei Songlin, the global Vice President and Managing Director of China Operations for J.D. Power Asia Pacific (an authoritative industry market research agency), was invited by the Company's quality lecture hall to give a speech on the theme of “Listening to Voice of Users” by use of big data to explain the new trend of quality concern of users, where the Sino-French party cadres related to the field of quality participated.
- An online Q&A session on quality was organised. The general managers and executive deputy general managers of the Company led the members of the Executive Committee and the department heads (factory leaders) to take part in the Company's exhibition on the subject of quality and the quality lecture hall.



## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

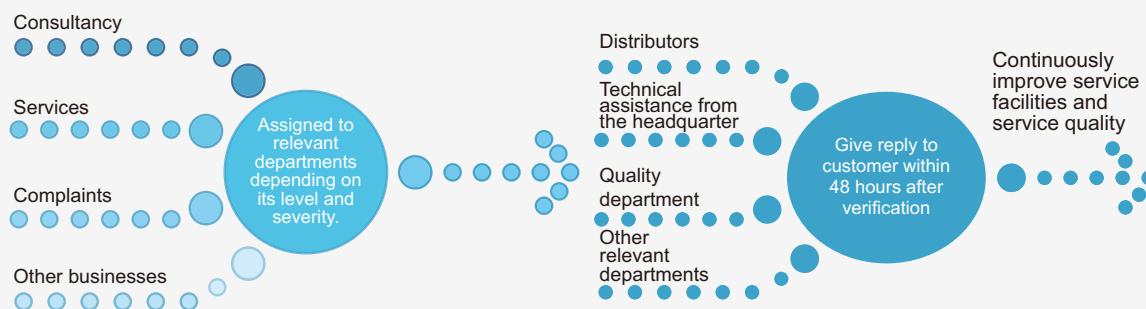
### 2.4 Excellent Services

#### Customer rights guarantee

As a responsible, enterprising and warm-hearted central enterprise, the customer-oriented Group always takes the “caring for everybody, caring for every vehicle” as its business philosophy, focuses on customer needs and respects their demands. We provide a full range of customer satisfaction service experiences through our thoughtful services, and effectively protect the legitimate rights and interests of customers through active actions. Each subsidiary of the Group has established a complete set of handling procedures for customer complaints based on its own business characteristics and operating model, with a purpose of solving customer problems in prompt manner and protecting customers rights and interests.

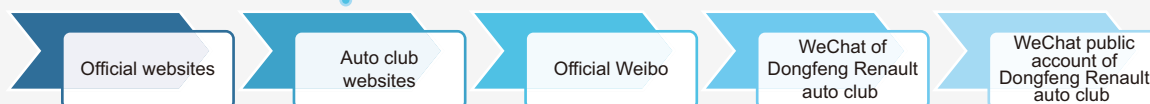
#### Customer complaint management mechanism

Dongfeng Peugeot Citroën Automobile Company LTD has established an all-round customer service center based on various interactive channels such as hotline and internet.



In addition to the established 7×24 hours 400 hotline service, Dongfeng Renault Automobile Co., Ltd. added the online customer service projects of various public platforms to provide customers with 7×10 hours of artificial online customer service and 7×24 hours robotic automatic response service to further expand the depth and breadth of customer service of Dongfeng Renault Service Center and gain favorable comments from customers.

#### Added online customer service items



## 2. REFORM AND INNOVATION - INGENIOUS DONGFENG (Continued)

### Market quality improvement

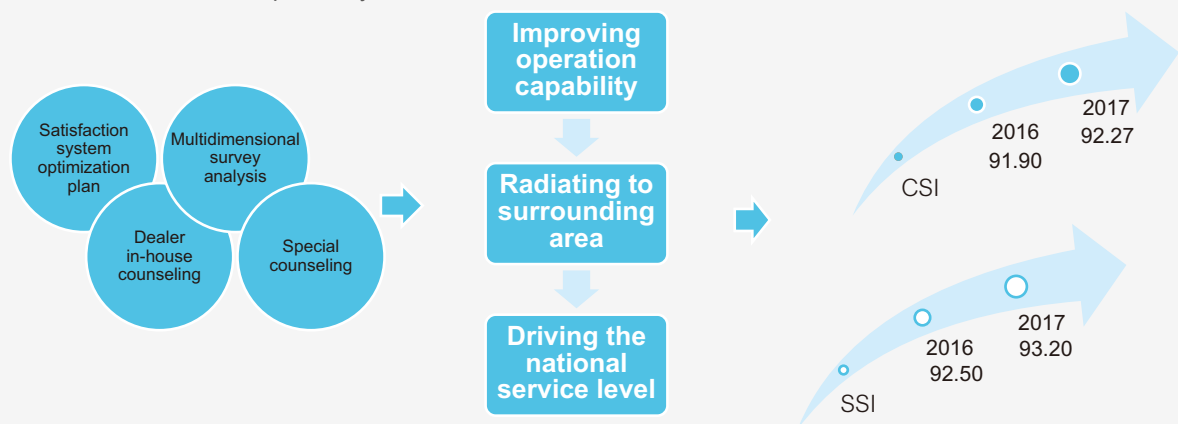
The Group focuses on customer satisfaction, proactively discovers problems through customer satisfaction surveys, listens to customer voices in multiple dimensions and provides a foundation for the continuous improvement of customer satisfaction to improve the market quality. The following describes the after-sales procedures of Dongfeng Honda Engine Co., Ltd. (hereinafter referred to as “Dongfeng Honda Engine”) and Dongfeng Passenger Vehicle Company (Branch) (hereinafter referred to as “Dongfeng Passenger Vehicle Company”).

#### Market quality assurance mechanism

Dongfeng Honda Engine formulated “Market Quality Information Handling Orders” for after-sales market quality, which requires employees to handle according to relevant procedures to ensure that market quality problems can be improved in time and effectively.

#### Satisfaction survey system optimization

In 2017, Dongfeng Motor Group Company Limited optimized the satisfaction survey system, established satisfaction project team, conducted analysis and research on customer opinions and suggestions through telephone interviews, mystery guests checking, face-to-face interviews and symposium. Compared with 2016, the sales and after-sales satisfaction scores of Dongfeng Aeolus increased in 2017, with the after-sales and sales satisfaction scores rising from 91.90 to 92.27 and from 92.50 to 93.20 respectively.



### Information privacy

In addition, the Group attaches great importance to the protection of customer information security. All customer-related information adopts a management mode including centralized storage, encrypted transmission, online use and offline backup. We conduct level-to-level administration on the query and use of customer information and set different allocating rights for employees of different levels at different positions. Any department or personnel who needs to inquire or use customer information must submit a written application to the relevant department and can only use after step-by-step approval of the application and obtaining the authorization, in order to avoid the loss of customer rights and interests caused by the leakage of customer information and to maximize the protection of customer information security.



### 3 CARE FOR THE EARTH • GREEN DONGFENG

#### Key performances in 2017:

- A total 214 vehicle models were listed in the catalogue of recommended vehicles for the promotion and utilisation of NEVs
- The industrial output value of comprehensive energy consumption was 14.37kg standard coal/RMB10,000
- A total amount of RMB160 million was invested to construct 114 energy-saving reconstruction projects
- The market share of new energy commercial vehicles was 19.7%, ranking the top position

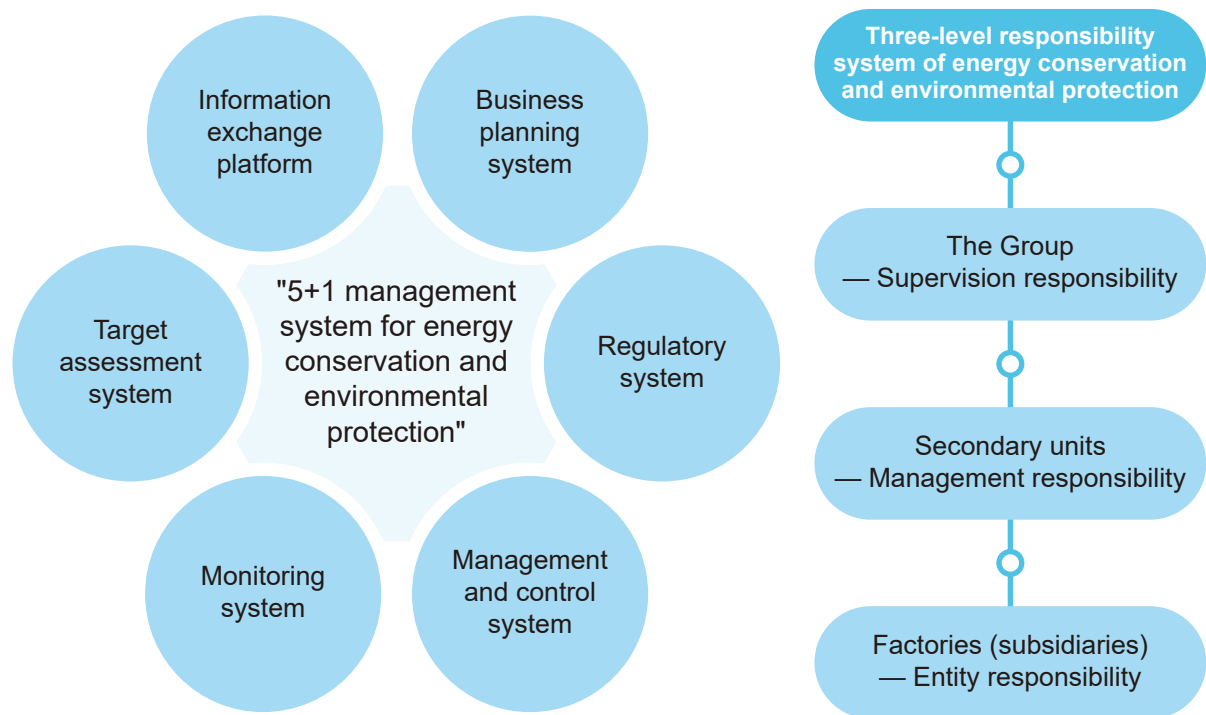
The Group actively gives response to the “Green Dongfeng 2020 Action” of its parent company Dongfeng Motor Group Company Limited and conducts proactive exploration in terms of green factories, green product design, green value chain and others. Green development is an important connotation of the Group. It is the incumbent responsibility for us, as a responsible central enterprise, to give automobile products “green lives” and to drive the green and sustainable development of the entire value chain. The Group actively implements a three-level responsibility system for energy conservation and environmental protection, and conducts closed-loop management for energy conservation and environmental protection from the full-value chain including product R&D, procurement, manufacturing, sales and recycling, centering with the concept of “manufacturing vehicles in an energy-saving and environmentally friendly way and manufacturing energy-saving and environmental friendly vehicles”. It integrates the concept of energy conservation and environmental protection and green travel into all processes related to its production and operation, fully reflecting the social responsibilities and undertakings of the Group as a State-owned Key Enterprise in each small link.

### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### 3.1 Green factories

##### Green management

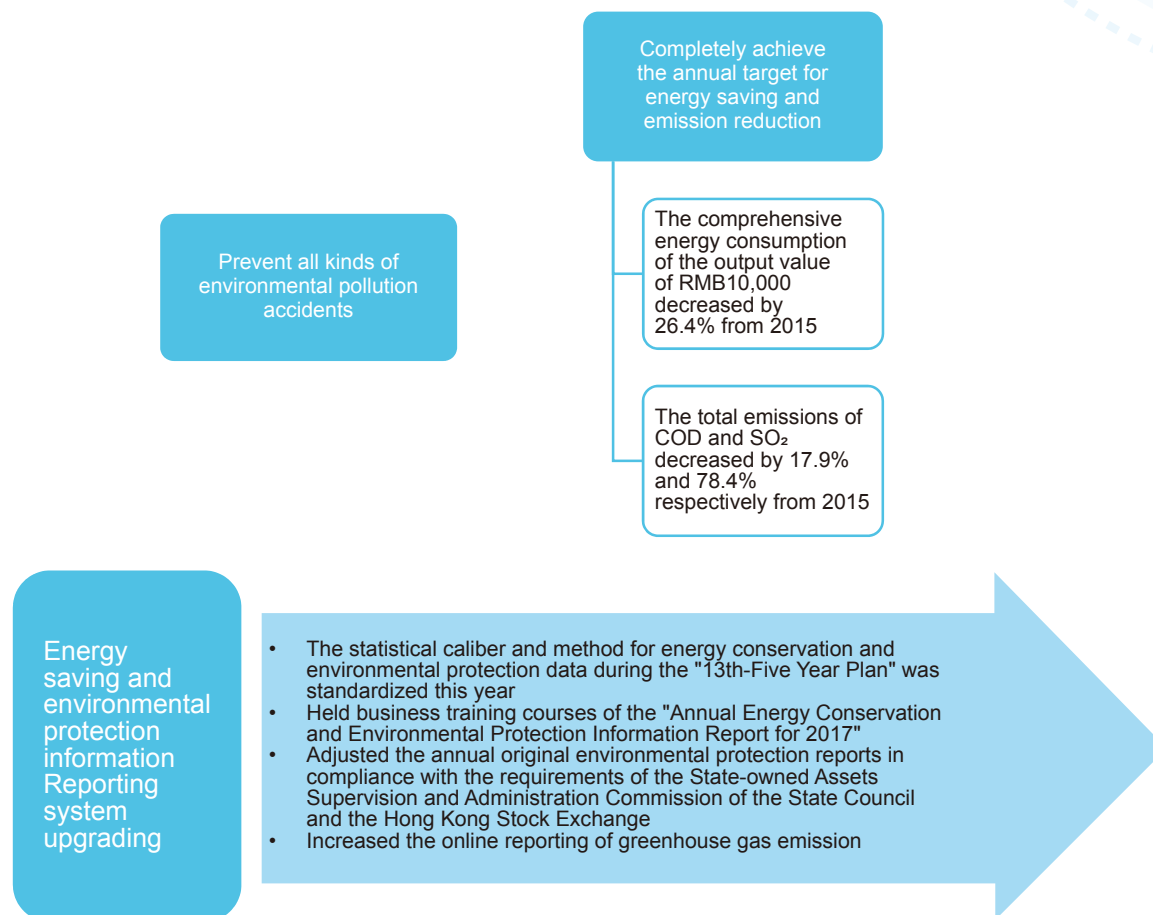
The Group is actively in compliance with laws and regulations including the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) and the *Law of the PRC on Appraising of Environment Impacts* (《中華人民共和國環境影響評價法》). Besides, it also strictly implements a system that requires pollution prevention facilities and other environmental protection facilities to be designed, constructed and put into production simultaneously with the main construction project to minimize the impact on the environment while carrying out the new, reconstruction and expansion projects, technical renovation projects and construction projects possibly cause pollution and damage to the environment. In 2017, focusing on system management, we enhanced the construction of “5+1 management system” for energy conservation and environmental protection. Through the “three-level responsibility system”, the Group urged its subsidiaries to meet the requirements of energy-saving and environmental protection regulations and continued to promote the implementation of the ISO14001 environmental management system.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Goals setting

The Group has compiled the energy conservation and environmental protection business plan for 2018–2022, which lists the significant risks and tasks affecting the production and operation activities of the Group into the operation objectives of its subsidiaries and forms an index system for the management and control of risks.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

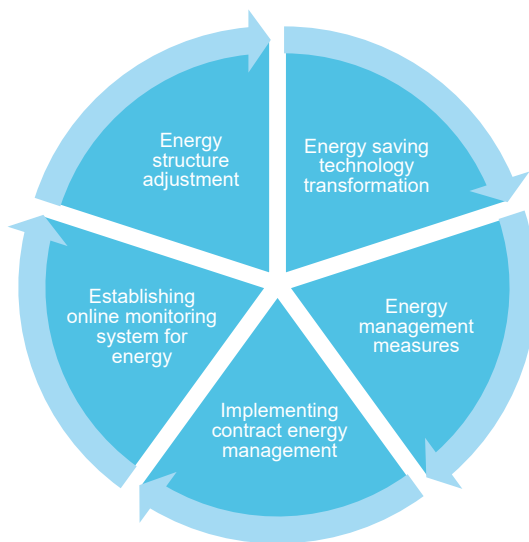
By the end of 2017, the Group had established online information monitoring systems for energy management in its 36 factories and realized energy consumption benchmarking management, energy consumption trend forecasting and energy-saving effect analysis through carrying out the online collection, historical data record analysis and system diagnosis and early warning functions of energy consumption, laying a scientific foundation for optimizing energy consumption management and improving efficiency.

#### Green production

The Group adheres to green development to make resource conservation and environmental friendliness become the mainstream production methods. We put green office concept into practice and gradually realize green production methods, and apply new technologies, equipment and processes in new projects to improve the essential level of energy conservation and environmental protection for construction projects. We are actively exploring the best practice for green operation.

#### *Energy conservation and consumption reduction*

In 2017, the Group fully launched the energy conservation and consumption reduction through the following energy-saving measures. We implemented a total of 114 energy conservation projects with an investment of RMB160 million.



Energy-saving transformation technologies carried out include: heating (melting) furnaces, transformers, motor systems, air compressors, switching station, lighting systems, etc.

Eliminate the application of promoting energy-saving technologies of outdated mechanical and electrical equipment, with 6,151 sets of backward equipment (products) closed down during 2016–2017.

Establish the online monitoring system for energy and promote measures on the construction, structure and management of contract energy management, reducing the comprehensive energy consumption.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Advocating green energy

The Group strongly advocates the use of green energy. In 2017, the Group made full use of green technologies, for example, it used waste heat recovery and solar energy technologies to implement energy conservation management and technological transformation on existing facilities to reduce energy consumption and achieved certain results.

#### Green energy technologies

Dongfeng Nissan's 30MW PV carport power generation project was applied to the production line of finished automobiles, providing a replicable distributed carport PV project model for its all factories across the China.

In 2017, the project generated a total of approximately 29.61 million kWh of electricity, saving around 3,639 tons of standard coal and reducing the emission of around 16,000 tons of CO<sub>2</sub>.

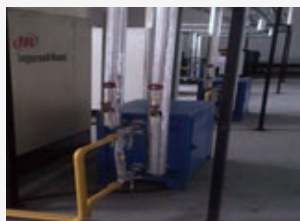
Won the first prize of "2017 China's Excellent Distributed Energy Project" (「2017年度中國分佈式能源優秀項目一等獎」)

China Southern Power Grid Integrated Energy Co., Ltd. Granted Dongfeng Nissan's PV carport power generation project as the first prize of "2017 China's Excellent Distributed Energy Project" (「2017年度中國分佈式能源優秀項目一等獎」), fully affirming Dongfeng Nissan's contribution to energy consumption reduction.



#### Waste heat recovery reduces energy consumption

Dongfeng Off-road Vehicle Co., Ltd. (hereinafter referred to as "Dongfeng Off-road Vehicle"), a subsidiary of the Group, uses the waste heat generated during the operation of air compressors, through the installed waste heat recovery system, to achieve energy recycling, thereby reducing energy consumption.



Directly saving electricity of 45,000kWh per year

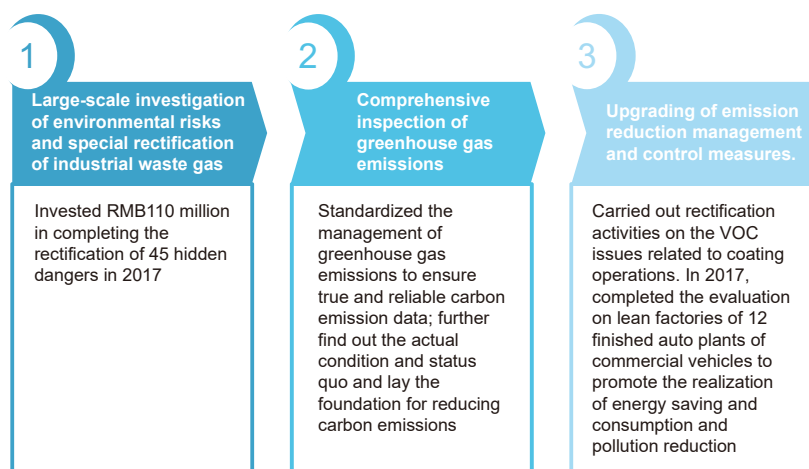
### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Energy consumption of the Group in 2017:

Types of energy	Total quantity
Purchased electricity (10,000 kWh)	311,638
Natural gas (10,000 standard cubic meters)	14,371
Diesel (tonnes)	21,336
Gasoline (tonnes)	19,096
Others <sup>2</sup> (tonnes standard coal)	46,169
Conversion of comprehensive energy consumption (tonnes standard coal)	727,848
Comprehensive energy consumption of output value (kg standard coal/RMB10,000)	14.37

#### Green emission reduction

In 2017, the Group organized and launched a variety of green emission reduction activities to implement green emission reduction in an all-around way, including large-scale investigation of environmental risks and special rectification of industrial waste gas, comprehensive inspection of greenhouse gas emissions and upgrading of VOC emission reduction management and control measures.



<sup>2</sup> Other energy sources include coal, fuel oil, kerosene, lubricating oil and etc.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Environmental risks investigation

##### 01 Commencement of investigation

- Taking Dongfeng Liuzhou Motor Co., Ltd. (hereinafter referred to as "Dongfeng Liuzhou Automobile"), a subsidiary of the Group, the company carried out the nationwide special rectification of industrial waste gas and the investigation of environmental risks in 2017

##### 02 Results of investigation

- Found out a total of 20 problems, which were all rectified, reducing the company's environmental risks

##### 03 Treatment of hidden issues

- Through carrying out the clean production of PV coating lines: The generating quantity of paint slag in PV coating line I reduced from 34g per square meter to 17g per square meter, with a decrease of 50.0%; The generating quantity of chemical oxygen demand reduced from 87g per square meter to 47g per square meter, with a decrease of 45.9% °

#### Low-pressure casting environmental protection system reconstruction

Taking Dongfeng Honda Engine as an example. As part of the environmental planning, the company carries out the upgrading and reconstruction on its low-pressure environmental protection system. The company improved the collection capacity and handling efficiency of the environmental protection system through the expansion of environmental protection devices, the closed reconstruction of production facilities, the introduction of water washing processes and etc. to achieve the goal of reducing odour emission concentration. The introduction of online monitoring devices and the adoption of automatic control devices improved the reliability and stability of system operation in terms of visualization and automation.



##### 01 Increased system handling capacity

- 45,000 m<sup>3</sup>/h before the reconstruction → 95,000 m<sup>3</sup>/h after the reconstruction

##### 02 Improved system odor handling efficiency

- 55% before the reconstruction → 85% after the reconstruction

##### 03 Reduced odor emission concentration

- 1,299mg/m<sup>3</sup> before the reconstruction → 461mg/m<sup>3</sup> after the reconstruction (national standard: 6,000mg/m<sup>3</sup>)

##### 04 Upgraded visual monitoring system

- Emission date can be monitored and displayed and the automated control of closed-loop emission can be realized after the reconstruction

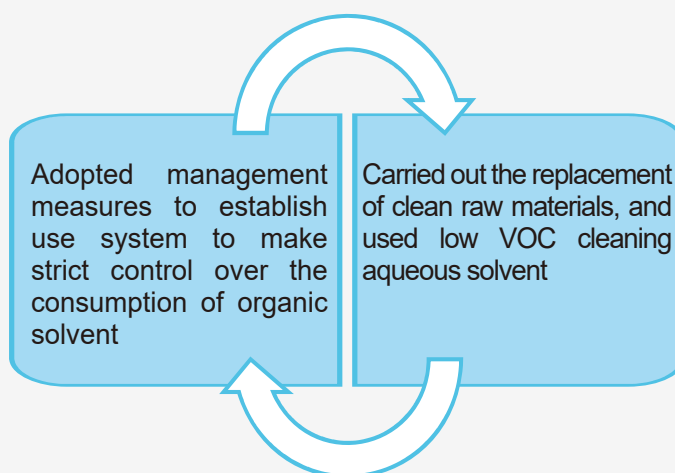
The company has declared two patents of "utility model and invention of ACF series organic sand core dust removal and reodorization equipment"



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### 2017 “Embracing Blue Sky Action Plan”

Dongfeng Peugeot Citroën Automobile actively participated in the 2017 “Embracing Blue Sky Action Plan” organized by the municipal government of Wuhan. It invested RMB90 million in the waterborne transformation of the coating workshop of Wuhan No. 1 Plant, which will greatly reduce VOC emissions after the completion of the transformation.



#### The Group's emissions in 2017:

Emissions	Total quantity
NO <sub>x</sub> (tonnes)	266
SO <sub>2</sub> (tonnes)	57
Industrial wastewater (tonnes)	12,299,735
Greenhouse gas <sup>3</sup> (tonnes)	2,296,979
Greenhouse gas emissions of output value (kg/RMB10,000)	45.35

<sup>3</sup> Greenhouse gases include category I greenhouse gases (include greenhouse gas emissions directly generated by businesses owned and controlled by the Group) and category II greenhouse gases (include greenhouse gas emissions indirectly generated by purchased energy for the internal consumption).



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

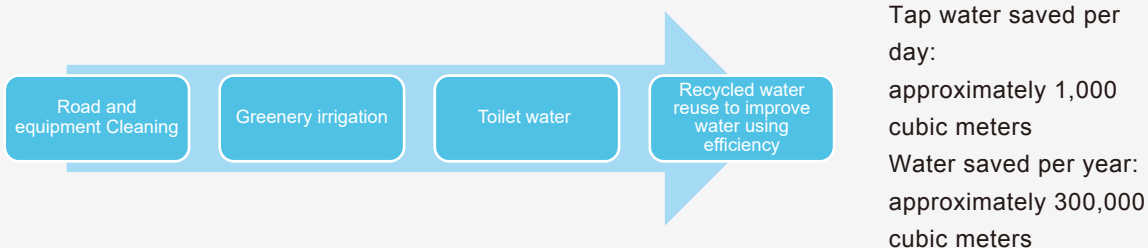
#### ***Water resource management***

The Group is strictly in compliance with regulations and requirements released by the national and local governments and continuously carries out the technical transformation of the source of production process to reduce industrial water consumption. In addition, it also increases the recovery rate of recycled water to improve its water use efficiency.

Regarding office water use, in addition to posting conserve water sign boards and raising employees' awareness of water saving in office building area, the Group also checks office water consumption on a weekly basis, and conducts supervision and rectification once dripping water is found to guide all employees to promote the concept of water-saving office.

#### **The world-class DAT-IAT process makes water resource meet standards and recycled**

Taking Dongfeng Honda as an example. The company conducts project planning with the goal of "green factories". Its wastewater treatment adopts the world-advanced DAT-IAT technology to improve the function of phosphorus and nitrogen removal. Through continuous improvement of the formulas and ratios of wastewater treatment drugs, the indicators of recycled water after treatment can meet the national first-class discharge standards and fully meet the requirements for reuse.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Water use of the Group in 2017

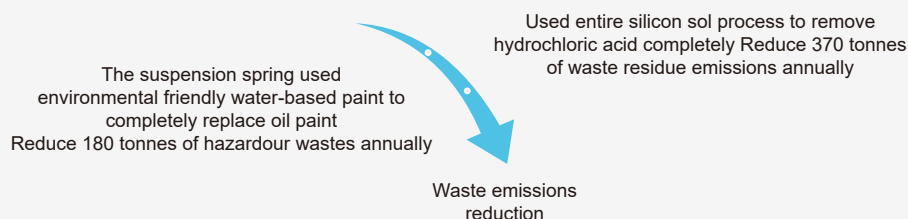
Water resource	Total quantity
Consumption (10,000 tonnes)	2,171
Water consumption of output value (kg/RMB10,000)	428.58

#### Waste management

On a basis of proper storage, transfer and disposal of waste, we insist on implementing the 3R approach (Reduce, Reuse and Recycle) for solid waste internally. We also consider disposal ways when entrusting the treatment, and select the recycling way in priority and minimize landfill disposal to promote waste recycling. In 2017, the Group also advocated the implementation of green transformation at the source of production process to reduce the generation of waste, thereby realizing intrinsic green production. Dongfeng Auto Parts (Group) Co., Ltd. and Dongfeng Liuzhou Motor are taken as examples below to introduce their waste reduction initiatives.

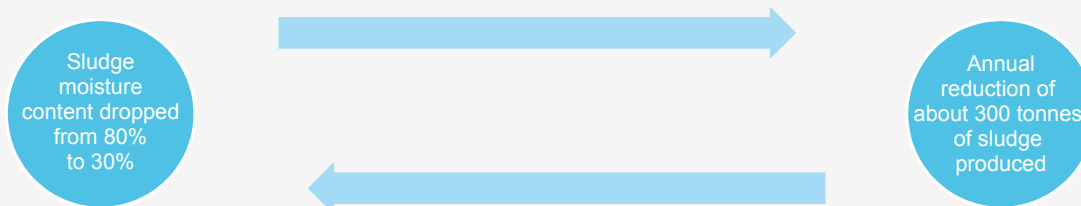
#### Green transformation is made from the source of production process to reduce waste emissions

In 2017, Dongfeng Auto Parts (Group) Co., Ltd focused on carrying out green transformation from the source of production process through launching special promotion of environmental protection.



#### Sludge low-temperature drying reduces the generation of sludge

In 2017, the Sewage Station of Liudong Passenger Vehicles Base introduced sludge low-temperature drying project with energy management mode through the technical visit and project evaluation of Dongfeng Liuzhou Motor.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Generated waste treatment in 2017:

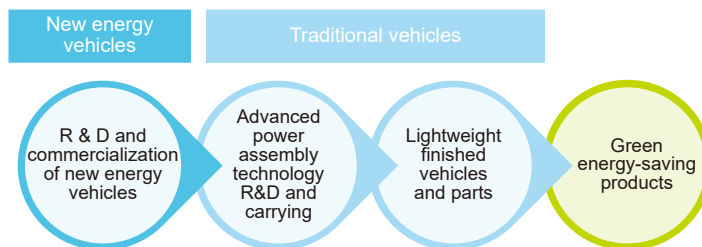
Generated waste treatment	Treatment capacity in 2017
Hazardous waste disposal <sup>4</sup> (tonnes)	39,386
Comprehensive utilization of hazardous waste <sup>5</sup> (tonnes)	8,097
Hazardous waste disposal of RMB10,000 output value (kg/RMB10,000)	0.78
General industrial solid waste disposal <sup>6</sup> (tonnes)	20,650
Comprehensive utilization of general industrial solid waste <sup>7</sup> (tonnes)	678,051
General industrial solid waste generation of RMB10,000 output value (kg/RMB10,000)	13.80

#### 3.2 Green products

The Group is committed to giving “green lives” to automotive products through technological progress and scientific and technological innovation. Through in-depth exploration in energy conservation and environmental friendliness, the Group launches research in such key fields as engine and power transmission technology, lightweight design technology, fuel economy of finished vehicles and eco-friendly automotive materials.

#### Energy-saving products

##### Overall strategy for energy conservation of products



<sup>4</sup> Hazardous waste disposal refers to the quantity of hazardous waste disposed of by qualified hazardous waste treatment units through landfill and incineration.

<sup>5</sup> Comprehensive utilization of hazardous waste refers to the quantity of hazardous waste recovered and utilized by qualified hazardous waste treatment units.

<sup>6</sup> General industrial solid waste disposal refers to the quantity of general industrial solid waste disposed of by external units through landfill and incineration.

<sup>7</sup> Comprehensive utilization of general industrial solid waste refers to the quantity of non-hazardous waste recovered and utilized by the Group or external units.

### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### New energy products

In 2017, the Group's 214 vehicle models were listed in the catalogue of recommended vehicles for the promotion and utilization of New Energy Vehicles (NEVs). It sold 54,800 NEVs, representing a year-on-year growth of 117.6%.

Performance of NEVs in 2017		
Index	Performance in 2017	Compared with 2016
Sales of NEVs	54,800	Up 117.6%
Sales of new energy commercial vehicles	39,100	Up 119.0%
Sales of new energy passenger vehicles	15,700	Up 114.1%

The Group gives active response to the requirements of the national policies and has formulated the "Strategic Development Plan for New Energy Vehicles during the "13th Five-Year Plan"". In 2017, according to its "583 Plan" (namely 5 types of core resources, 8 key technologies and 3 innovative business models), the Group continuously conducted in-depth research on areas including core resources, key technologies and innovative business models of new energy vehicles to accelerate product development and market promotion.

#### Self-owned brand E70 PEV

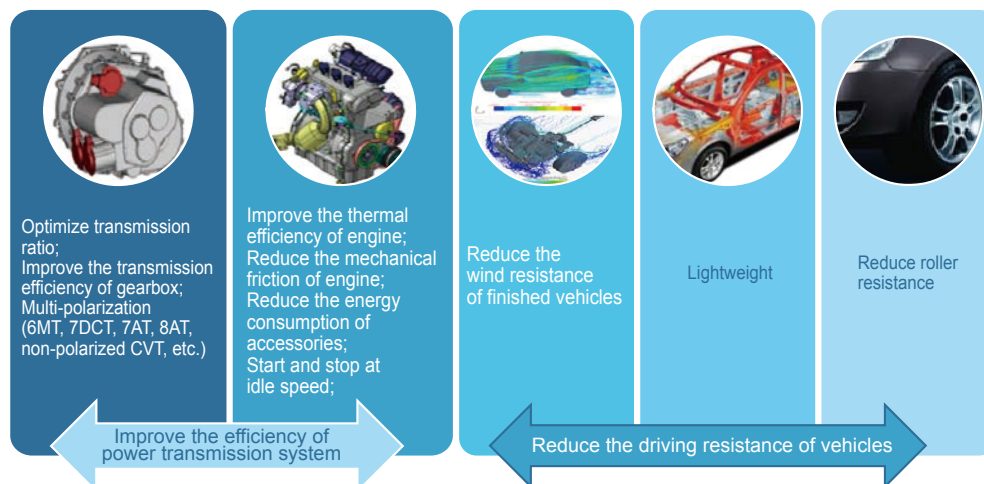
In September 2017, the Group's new self-owned brand E70 pure electric car put commenced operation successfully and kicked off a good start with its long driving mileage, battery system with high-energy-density ratio, spacious passenger room, etc.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

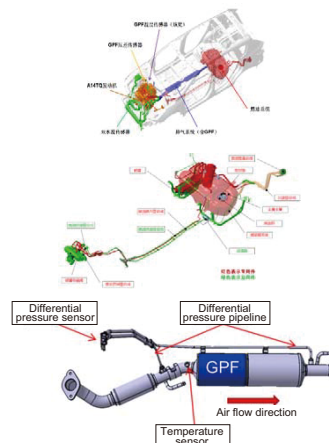
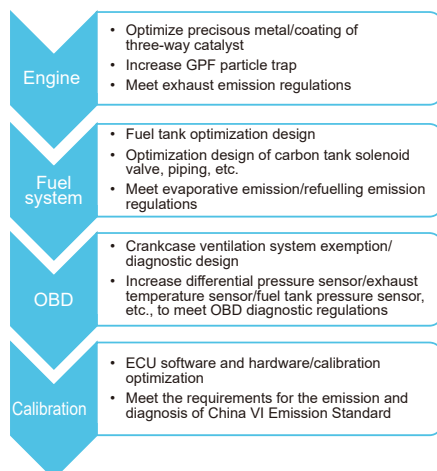
#### Green routes of traditional vehicles

In terms of traditional vehicle models, the Group has improved the efficiency of power transmission systems of traditional vehicles and reduced the driving resistance of vehicles through two green routes including advanced power assembly technology R&D and lightweight finished vehicles and parts. In recent years, the Group has continuously explored new technologies in gearboxes, engines and body parts, including supercharging technology, direct injection technology, friction reduction and lightweight technologies, start-stop technology, etc., to promote the concept of giving auto products “green lives”.



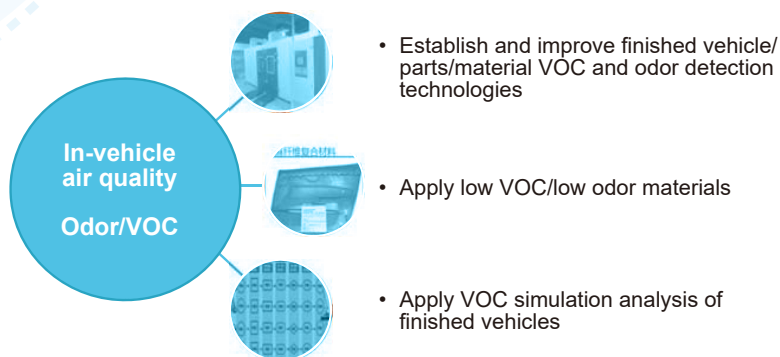
#### Environmentally friendly products

With the release of China VI Emission Standard for Motor Vehicles, the Group formulated the overall technical plan for major emissions. In 2017, the Group completed the announcement output of 11 in-production vehicle models. As required by the regulatory requirements of exhaust emissions, evaporative emissions and refueling emissions, the Group made overall application of emission improvement technologies, made design review in time and effectively and optimized design plans.

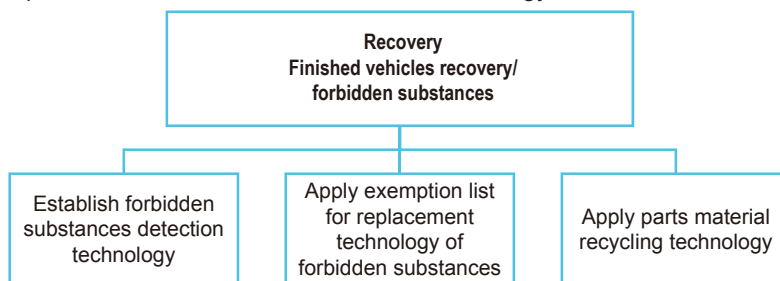


### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

In view of in-vehicle air quality, the Group puts its hand to the source of materials and adopts low-VOC interior materials. Meanwhile, it also establishes favorable driving environment by controlling such links as design, production and processing, storage, assembling and late purification.

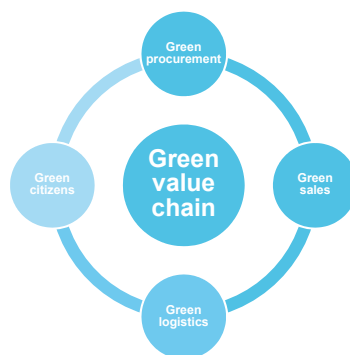


In addition, in order to realize the management of the entire product lifecycle, the Group has also continued to improve recovery rates and recyclability rates of various models through the recovery and utilization technology and the prohibition of substances detection technology of finished vehicles.



#### 3.3 Green value chain

The Group actively promotes environmental protection, by taking practical actions to promote the the environmental awareness of industrial chain and making every endeavour to reduce the negative impact on the environment. In addition to our green concept, factories and products, our green value chain also influences all links related to our operation including green procurement, sales, logistics and citizens.





### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Green procurement

The Group attaches great importance to the development of green supply chain. Through injecting green procurement concept into suppliers' selection and assessment and daily communication with suppliers, the Group promotes green supply chain and bring suppliers together with it to march forward in the sustainable development path. Dongfeng Honda Engine has achieved certain results in promoting the green supply chain.

#### Deep implementation of green supply chain

In order to continuously promote the green supply chain, Dongfeng Honda Engine made in-depth exploration and practice in supplier access and systematic emission and made good achievements.

##### Supplier access

Confirm that suppliers make effective management and control over toxic factors such as electroplating/dust/lead and have preventive measures (such as casting dust treatment) at their manufacturing sites;

Confirm that the management of suppliers has awareness to improve the environment;

Confirm that suppliers have a complete set of sewage treatment facilities at their manufacturing sites with normal operation and that their hazardous wastes are managed according to hazardous wastes management systems and are transferred and disposed off by qualified units;

Confirm that suppliers have complete environmental protection regulatory procedures for their manufacturing sites and carry out the assessment system on environmental impact and the "Three Simultaneous" system during the construction period;

Confirm that suppliers has passed the ISO14001 environmental management system certification and they did not fail to pass environmental protection inspection or had penalty records within the past one year.

In 2017, the Company inspected a total of 21 suppliers and conducted in strict compliance with aspects required as environmental regulations.

##### Systematic emission of suppliers

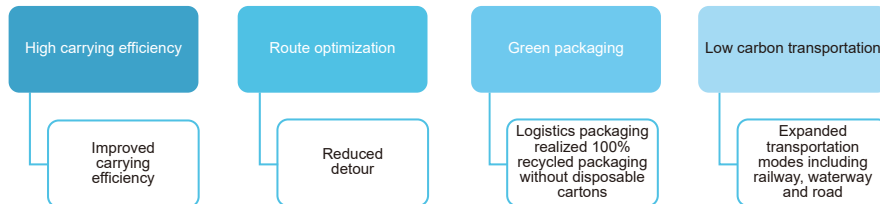
In order to realize green procurement, Dongfeng Honda Engine promotes the systematic emission reduction management system of supply chain-SLIMOFFICE. In 2017, the company started to collect CO<sub>2</sub> emission data from suppliers, whose accumulated sales accounted for 70% of the total, and conducted targeted management, achieving the annual goal of CO<sub>2</sub> emission reduction of 1% successfully. It also conducted spot inspections on seven suppliers with significant CO<sub>2</sub> emission reduction, evaluated suppliers combined with their inspection results for the annual green environment awards and commended at the annual procurement conference.



### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Green packing materials and logistics

The Group attaches great importance to green logistics, pays attention to the transformation of transportation modes and the recycling of packing materials of parts and its logistics network solves the problem of logistic return by rationally utilizing social resources, improving the mileage utilization of vehicles, reducing the investment in transportation equipment and reducing carbon emissions in the logistics link.



#### Recycling packaging practice

Taking Dongfeng Getrag Automobile Transmission Co., Ltd. (hereinafter referred to as "Dongfeng Getrag"), a subsidiary of the Group, as an example. The company promotes recycling packaging for domestically produced parts and reduces waste generation. At the end of 2017, the domestically-produced recycling packaging made up 61% from 31%.



Carton packaging before improvement



Plastic liner after improvement



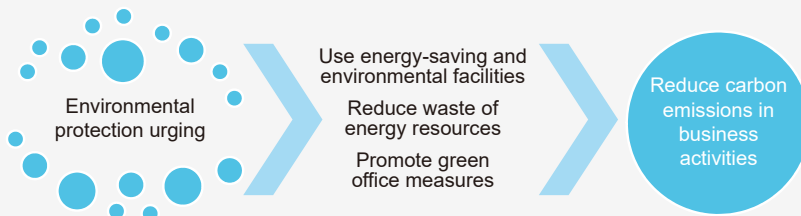
### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

#### Green sales

The Group actively carries out the certification activities of green franchise stores. Through the supervision and assessment on all sales and service links of outlets, the Group propels franchise stores to complete environmental protection upgrading.

#### Upgrading and reconstruction of authorized stores

Taking Dongfeng Honda as an example. The company launches the upgrading and transformation of special stores in a wide range of distributors. While improving customer services experience, the company also attaches great importance to urging stores to use more energy-saving and environmentally friendly facilities during the reconstruction. In addition, it also advocates authorized stores across the country to promote green office measures, in order to reduce the use of energy and paper and minimize carbon emissions in business activities.



#### Green citizens

The Group also spreads green concept through different means, assumes green responsibilities and is willing to take concrete actions to care for our earth together with all sectors of the community.

#### Give the children a blue sky, let the green color the future

On 18 October 2017, themed with “give the children a blue sky, let the green color the future”, the “YUE Activity” press conference for Dongfeng Honda’s CSR medium-term planning & the opening ceremony of the environment exhibition center of Dongfeng Honda officially held in Wuhan. Dongfeng Honda will take solid and effective actions to “fulfil the promise with heart and deliver more joy” and actively perform its social responsibilities as a corporate citizen.



Dongfeng Honda Environment Exhibition Center



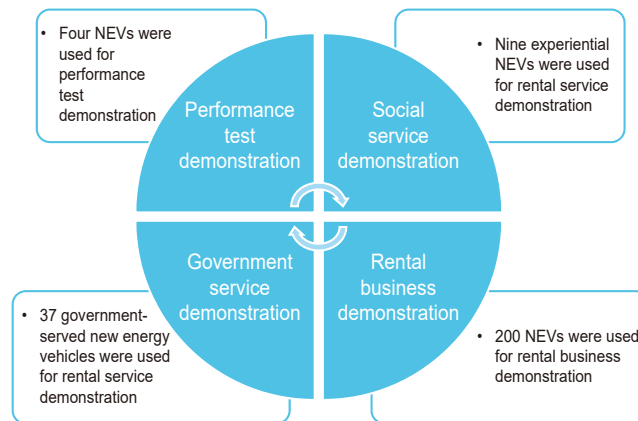
On-site guests in vehicle body painting activities



Factory visit through experiencing spinning VR

### 3 CARE FOR THE EARTH • GREEN DONGFENG (Continued)

In addition, the hybrid vehicles designed and researched by the Group has undergone completed commercialization. The Group puts its new energy vehicle models into practice in each corner of the society, including establishing cooperation with government, taxi companies and rental vehicle companies, then taking new energy vehicles as demonstration vehicles and actively advocating low-carbon business travel, and encouraging to experience new energy technologies and formulating practical incentive policies for industry development, to highlight the Group's green concept and social responsibility.



## 4. SAFE AND SECURE – HEALTHY DONGFENG

### Key performance results:

- In 2017, the Group's disabling incident frequency rate was 0.177‰, down 15% comparing with that in 2016.
- After safety inspection, Dongfeng Motor Company Limited found a total of 4,067 problems, all of which had been rectified and carried out.
- Dongfeng Honda Engine vigorously built safety culture experience room, including 60 m<sup>2</sup> multimedia teaching room which can hold 50 people for training, 68m<sup>2</sup> experience area and 85m<sup>2</sup> danger prediction area.

Safety and operation efficiency are inextricably linked. During the development course, the Group regards the production of safe products as our strong sense of responsibility to the society and safe production as an important part for improving operation quality, and lists the above into our long-term development strategy. Adhering to “producing safe products” and “no accidents in safe production” as core goal and building “sustainable safety and health” competitive strengths as corporate mission, the Group continuously promotes the Occupational Health and Safety Strategic Planning during the “13th Five-Year Plan” and makes efforts to keep occupational health and safety management system effective operation to ensure the safe and stable operation of the Group.

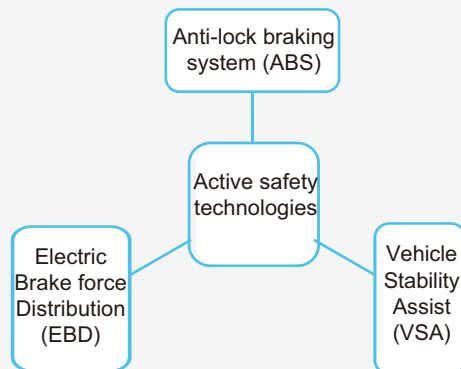
## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### 4.1 Safe products

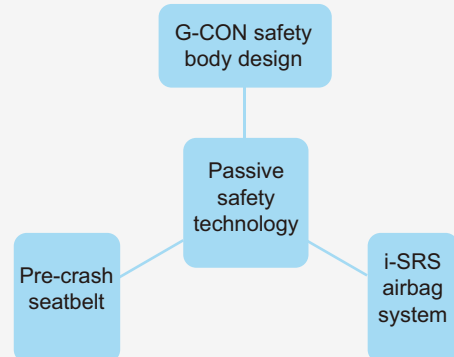
The Group regards the traffic safety of motorists, passengers and pedestrians as our core of product liability, constantly increases the R&D investment in the field of safety technology, and actively adopts safety concepts and technologies with advanced international level to improve the safety performance of automobiles to higher level. In each link involved in automobile industry including design, manufacturing, marketing, service, etc., the Group takes no accidents as its goal and constantly improves the level of quality safety, and supplies reliable and safe vehicles to the community to serve the public in an honest and safe manner.

#### In-depth exploration of active and passive safety technologies to guarantee the quality safety of vehicles

**Active safety:** It refers to the performance that automobile itself prevents or reduces the occurrence of road traffic accidents.



**Passive safety:** It refers to the capability that automobile itself reduces personal injuries and cargo loss after a traffic accident.



ELYSION is the first five-star MPV under the new rule of C-NCAP<sup>8</sup>. Dongfeng Honda always puts vehicle safety first and protects each driver and passenger in all respects.

<sup>8</sup>

C-NCAP refers to the China-New Car Assessment Program which requires new vehicle model purchased in the market to have collision safety performance test according to the requirements, stricter and more comprehensive mandatory standards in China, and the assessment results are divided by star level and published to the public, aiming to give customers systematic and objective vehicle information and propel enterprises to develop and produce in accordance with higher safety standards so as to effectively reduce the injuries and losses of road traffic accidents.





## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### Safety body High-strength ACE loaded body structure

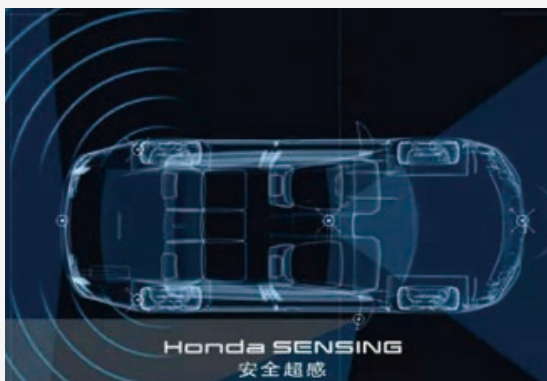
- In the event of a collision, it depends on hardness rather than thickness. In addition, if it is unable to absorb energy, it may become a deadly weapon to endanger the safety of driver.

### Safety system Honda SENSING

- Using two sensors including microwave radar carried on the front grille of a vehicle and monocular cameras placed in the front window to sense the situation of outside world and the driver, so that the vehicle can maintain the best speed, distance between vehicles, driving routes, etc. and avoid the occurrence of accidents maximumly.

### Safety configuration Comfort safety configuration

- High-end models are equipped with PA automatic parking assistance system, ACC active cruise system, lane departure warning system, collision mitigation braking system, 360° panoramic image, etc.



In addition to the above safety guarantee technologies, the Group has also formulated active and passive safety recall management systems in a standardized and effective manner to conduct timely investigations on problem products and eliminate product defects in a public, transparent and rigorous way, in order to make every effort to make up for the losses caused by customers. The Group also strictly implements the statutory requirements and procedures of "Defective Automotive Product Recall Management Regulations (《缺陷汽车产品召回管理规定》)", "Implementation Measures on Defective Automotive Recall Management Regulations (《缺陷汽车召回管理条例实施办法》)", etc.

We have a meticulous pursuit for product safety and quality. Even if there are suspected problems after listing, we will recall vehicles proactively. In 2017, the Group voluntarily recalled 348,395 automobiles and no passive recalls occurred.

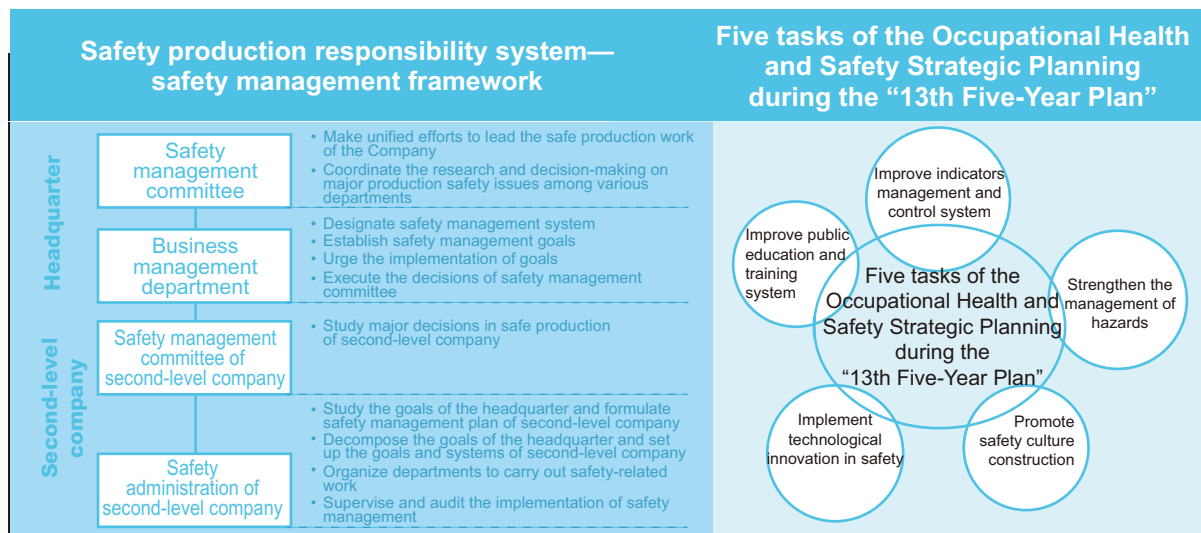


## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### 4.2 Safe production

#### Safety management

The Group gives active response to five tasks of the Occupational Health and Safety Strategic Planning during the “13th Five-Year Plan” of Dongfeng Motor Corporation, continuously strengthens the implementation of corporation safe production responsibility and continues to improve safety management system. In 2017, by advancing the self-management of occupational health safety in all-around way, strengthening the dynamic management of hidden dangers and improving special safety, the frequency and severity of accidents were greatly reduced.



In 2017, we conducted the following improvements and explorations in terms of new management methods:

- Conduct behavior safety observation. Through face-to-face communication between managers and employees at all levels, make employees feel the importance of safety;
- Actively take the advantages of mobile terminals in information communication. Establish WeChat groups and QQ groups by all levels including the Group, subsidiaries, factories and workshops, so that employees can share safety production information in a timely manner, achieve the sharing for hidden information rectification and eliminate information dead zone;
- In the management of accident and incident, employees are encouraged to report incidents of false alarms and minor injury accidents. Through the investigation and analysis on such incidents, effective measures are taken to prevent them;
- Persist in problem-oriented safety management and make improvements.



## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### *Investigation and management of hidden dangers*

In 2017, actively following the call of “Notice of Launching Safe Production Investigation (《關於開展安全生產大檢查的通知》)” from Dongfeng Motor Corporation, the Group conducted safety inspection activities across the Group, and started a comprehensive safety inspection and rectification activity focusing on the following eight aspects. The implementation of the safety production inspection has improved the safety management system, effectively controlled various types of hazards, reduced on-site risks, significantly raised employees’ safety awareness, and eliminated the occurrence of major production safety accidents.



## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### Eliminate on-site hidden dangers and continue safe production inspection

Taking Dongfeng Motor Co., Ltd., a subsidiary of the Group, as an example, in 2017, we conducted a full-scale safety inspection with no dead corners. The company's leaders at all levels led random inspections and its factories conducted self-inspections. A total of 4,067 problems were found and rectified. For high-temperature maintenance and holiday maintenance, risk control measures and the site monitoring program of key project were determined at special seminars, and safety production conditions were reported every day, achieving zero safety accidents during holidays and high-temperature maintenance holiday.



Through our efforts, the Group's disabling incident frequency rate<sup>9</sup> was 0.177‰ in 2017, a decrease of 15% compared with that in 2016. However, there was still one work-related fatal accident and 25 work-related injury accidents in 2017. We strictly followed the accident handling process and carefully analyzed the root cause of the accident; we formulated corrective and preventive measures and continued tracking. In addition, we carry out safety education for all employees and continuously strengthened measures on safety management and supervision.

<sup>9</sup>

Disabling incident frequency rate here refers to injury rate per 1,000 people.



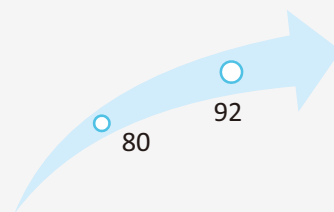
## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### *Occupational health management*

In terms of occupational health, the Group attaches importance to the health status of each employee, commits itself to providing a safe and healthy work environment for its employees, and regularly carries out diagnostics and improvement on important occupational health issues such as ergonomics, working environment, occupational hazards, and occupational health examinations and implements employee occupational health checkups and health surveillance files.

#### Special work on occupational health management standardization

Taking Dongfeng Motor Co., Ltd. as an example. In 2017, the company organized 17 units in Shiyan district (the northwest of Hubei province) to carry out self-evaluation of occupational health management standardization, and guided to complete the sorting of 49 archives included in six categories of occupational health. After the special work on occupational health management standardization, the average score of the occupational health archives standardization of 17 units rose from 80 to 92.



## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### ***Contractor safety management***

In addition, the Group attaches great importance to the safety management of contractors and adopts the same safety management guidelines as the employees'. Each subsidiary and branch company has established a safety management procedure for contractors. According to the procedure, the safety department takes the lead and conducts procurement and the project management department participates in. The synergy effects are fully exerted, and contractors are selected, evaluated, trained, and evaluated from the perspective of safety.

### **Strengthen the safety management of logistics vehicles and related parties in plant area**

Taking Dongfeng Commercial Vehicle Co., Ltd. (hereinafter referred to as "Dongfeng Commercial Vehicle"), a subsidiary of the Group, as an example, the company takes the logistics vehicles and related parties in plant area as the top priority for safety management in 2017:

- Integrate the inspection resources in safe sites and focus on safety warning education;
- Implement the principles of "business and safety must be treated equally" and "people who is in charge is responsible, people who uses is responsible";
- Highlight the key and difficult points of safety management and control, and continue to carry out the special action of "big inspection, rapid rectification and strict accountability" for hidden dangers in production safety;
- Deeply carry out the special inspections of safety technology regulations, improve safety technology guarantee system, strengthen the construction of emergency rescue capabilities, and improve safety guarantee capabilities;
- Solidly advance key safety tasks such as high-quality safety assessment and the prevention and control of hazards to promote the steady and healthy development of safety situation in plants



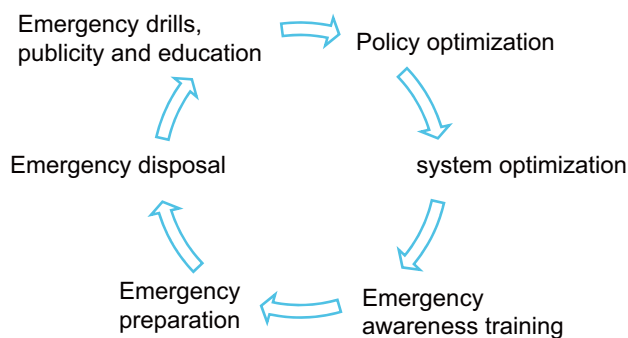
## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### *Improve emergency management*

Each subsidiary of the Group has a complete emergency plan based on its own condition, covering different types of potential risks and the corresponding plant area, such as emergency plans for natural disasters, electrical accidents and fires. It also has an emergency command team to supervise the preparation of emergency plans and organize drills so that employees always maintain a high level of safety awareness and master and use crisis management skills.

In 2017, in order to normalize the emergency management work, the Group actively optimized the emergency management policies and system, strengthened the capabilities of emergency preparation and disposal and enhanced the effectiveness of emergency drills to effectively improve the awareness and response for emergency of all employees.

#### **Relevant achievements and effectiveness of emergency work in 2017**





## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

### Popularize disaster prevention and reduction knowledge to improve emergency rescue skills

In 2017, Dongfeng Commercial Vehicle conducted a natural disaster escape drill. Within 5 minutes, 190 employees evacuated from escape ways in a fast and orderly manner according to projected routes and gathered at designated locations. The emergency drill included four items: emergency evacuation drills, head counting and reporting to the command centre, professional comments, and emergency rescue training.



### 4.3 Safe Improvement

The Group has strengthened the safety awareness of its employees and established the corporate safety culture to ensure safety management, thereby enhancing safety production as a whole. To this end, the Group encourages its subsidiaries to continue to strengthen education and training and carry out various safety activities to establish the corporate safety culture with full participation of its employees.

### Re-construction of the Safety Experience Room

In 2017, Dongfeng Honda Engine Co., Ltd. vigorously promoted the construction of the safety experience room, which will be used as a base dedicated for safety training upon completion, allowing employees to intuitively experience the harmful consequences caused by unsafe behaviours.

The safety experience room is divided into three zones, namely training zone, experience zone and danger precognition zone. The room has been completed and put into use. The employees are more proficient in mastering safety skills through experiential teaching activities.





## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

3M hearing protection  
verification system

CPR training system

Short circuit  
overload experience

Fire extinguishing  
experience

Sliding table experience

Working at height

60m<sup>2</sup> of  
multi-media  
classroom

Accommodation  
of 50 people  
to receive  
training at  
the same time

Experience  
zone 68m<sup>2</sup>

Danger  
preognition  
zone 85m<sup>2</sup>



Electric shock sensing device



Danger preognition training program

## 4. SAFE AND SECURE – HEALTHY DONGFENG (Continued)

In addition, the Group has a strong sense of social responsibility. It not only vigorously promotes safety concepts internally, but also actively advocates the concept of “safe automobile” to the society.

### Different Safety Experience Provided to the Children

In 2017, Dongfeng Honda Company volunteered to provide children with different safety experience through the lively and interesting “Traffic Safety Training Camp” charity event. In 2017, it carried out 16 such activities in aggregate, with participation of 2,155 students.

The transition from traditional inculcation in education to interactive education allows young children to become the best instructor and disseminator of knowledge. The Group advocates the “sense of ownership” and “sense of disseminator” by putting forward the slogan of “driver’s license for six-year-olds” (all eligible trainees are able to obtain the driving certification) and guiding children to become expert in disseminating automobile technology and traffic safety knowledge, so as to raise the awareness of driving safety in a family and even the society.

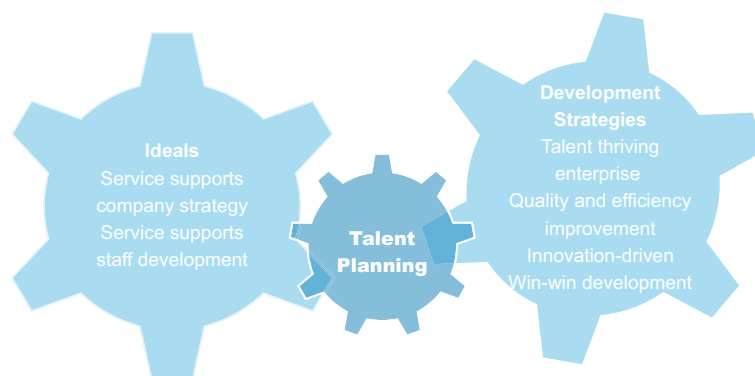


## 5. HARMONIOUS PROGRESS – WARM DONGFENG

### Key Performance Indicators for 2017:

- Total number of our staff reached 146,843, including 81.6% of male employees and 18.4% of female employees.
- Investment in training and education was RMB197 million
- Organized and carried out over 30,000 training sessions with 680,000 people trained

The Group regards its employees as one of the most significant factors for sustainable development. It firmly believes that the development and progress of the Company are closely associated with the employees' efforts and strivings, and is always committed to growing together with its employees. In business operation, the Group persists in respecting human rights, ensuring equal treatment of all employees, and striving to create a safe and comfortable working environment and establish a platform that allows sustainable development of career for all employees by providing competitive remuneration packages, comprehensive promotion mechanism, rich training contents and practical care for employees. The Group allows employees with diverse backgrounds to exert their potential and enhance their self-value, so as to promote the rapid development of the Company.



## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### 5.1 Harmonious Team

#### Safeguarding labor rights

The Group safeguards employees' legitimate rights and interests, and ensures that employees are entitled with rights while performing their obligations, both of which serve as the foundation for the Group to build a harmonious relationship with its staff and effectively strengthen democratic management. In 2017, the Group sorted the list of employees' rights and interests, formulated the Collective Contract (《集體合同》) and Special Collective Contract (《專項集體合同》), and initiated a new round of contract signing to proactively implement the employees' rights to know, participate, express and supervise.

The Group strictly abides by the *Labor Law of the PRC* (《中華人民共和國勞動法》), the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), 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》) and other national laws and regulations, prevents child labor employment and other circumstances of illegal employment by strict review of valid certificates of the applicants during recruitment, and resolutely resists forced labor in production. If any violations are found, the relevant employees are requested to stop working immediately. During the Reporting Period, there were no child labor employment and forced labor in the Group.

The Group upholds the idea of employment based on merits, and firmly opposes unequal treatment of employees due to factors such as gender, age, rank, ethnicity, race, religion, marital status, and disability, and creates a fair, impartial and non-discriminatory working environment for all employees.

#### Attaching importance to team building

The diversification of employees and the diversity of team composition are significant factors in promoting the overall development and innovation of the Company. The Group has always paid attention to the composition and construction of teams. While actively recruiting employees of different backgrounds, regions, ages and genders to develop team potential, the Group continues to promote the cultivation of local talents, creating jobs for the places that its subsidiaries and branches operate in, and supporting the economic development of local community.

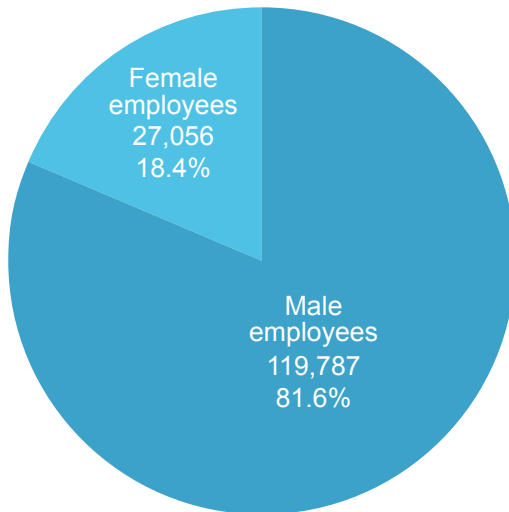
During recruitment, we proactively explore recruitment channels, such as campus recruitment and social recruitment, to both seek for outstanding talents for the Company and provide quality job opportunities for candidates.



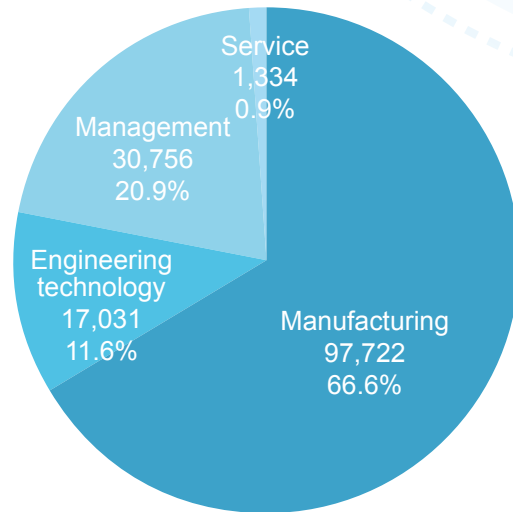
## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

As at 31 December 2017, the total number of our employees was 146,843, representing a decrease of 1.5% as compared to that in 2016, and the proportion of male and female employee was basically consistent with that in 2016.

**Total Number of Employees  
by Gender**

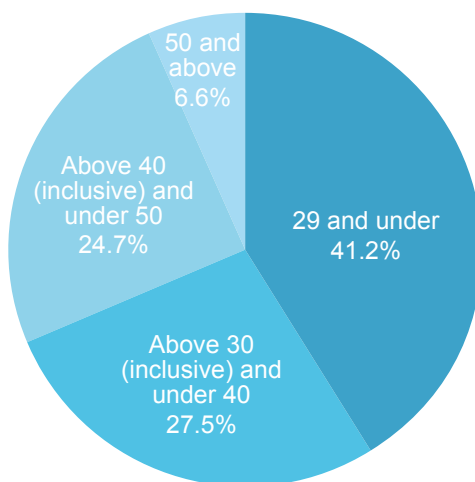


**Total Number of Employees  
by Employment Category**

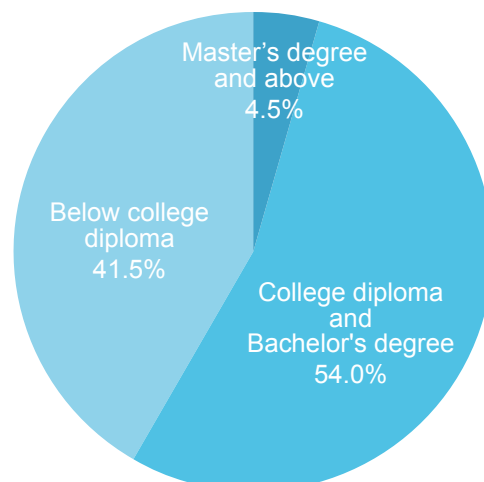


In the establishment and development of teams, we have always paid attention to the diversity and balance of employees' background, age and skills. Meanwhile, the academic qualifications of our teams are constantly improved during the recruitment process. Set out below is the distribution of employees by age and academic qualifications<sup>10</sup> :

**Distribution of Employees  
by Age Groups**



**Distribution of Employees  
by Academic Qualifications**



<sup>10</sup> Proportion of total formal employees of the Group by age and academic qualifications

## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### 5.2 Move Forward Hand In Hand

The Group attaches great importance to employees' self-value by providing them with competitive remuneration and benefits, reasonable promotion channels, rich training contents, impartial development platform and diverse communication channels to enhance employees' working skills and management capability, and continuously enhance the Company's core competitiveness.

#### Promotion of remuneration and benefits

The Group is well aware that a sound remuneration improvement system is the primary factor in attracting outstanding talents for long-term development and to live up to their potential. To this end, during the year, we deepened the reform of the remuneration system, established a remuneration incentive mechanism based on hard work to stimulate the vitality of employees, and continued to implement the salary-performance linkage to increase the total salary input and output efficiency and promote the high-quality operation and development of the Group.

##### Deepening of the reform of the income distribution system for senior executives

- The Group adopts the market-based distribution mechanism to stimulate the vitality of the senior management, implements double-benchmarking and places emphasis on the performance-remuneration matching to fully reflect the remuneration difference among different positions and forms of business and under different operating results, and strengthens incentives for outstanding business teams to motivate strivers.

##### Implementation of the incentive reform in the R&D field

- The Group optimises the management system for R&D projects, and builds a community of common destiny with the "full value chain". It encourages the research staff to establish market awareness, transform from developing new vehicle models that meet the project requirements to developing the ones that meet the market needs, and accelerate the development of popular models, so as to support the Company in achieving breakthroughs in its proprietary business.

##### Optimisation of the total salary management to improve personnel efficiency and employee income

- In 2017, the Group implemented the income distribution requirement of "performance-oriented distribution and market-oriented remuneration", and promoted the continuous optimisation of the internal income distribution management system through efficiency promotion. In 2017, the increase in total salary was linked to the increase in profits and sales revenue.





## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

In terms of benefits package, the Group complies with the relevant national and local laws and regulations to provide various social insurance, housing provident fund, statutory holidays and other social benefits for its employees. In addition, the Group also provides its employees with supplementary benefits, such as commercial insurance, to further improve the level of employee's benefit guarantee.

### Basic benefits

- ✓ Social insurance
- ✓ Housing provident fund
- ✓ Statutory holidays
- ✓ Paid annual leave

### Supplementary benefits

- ✓ Corporate annuity scheme
- ✓ Supplementary medical insurance
- ✓ Medical insurance for major diseases
- ✓ Accidental injury insurance
- ✓ Difficulty relied fund

### Dongfeng Peugeot Citroën Automobile Extra Meal for High-Yield Employees

In 2017, Dongfeng Peugeot-Citroën Automobile provided extra meal for the first-line employees who worked overtime at weekends to replenish strength, reflecting the company's attention to and care for its employees. In addition, the labor unions, branch plants and various teams of the subsidiaries of the Group have frequently carried out various forms of activities to extend regards to high-yield employees and care about the development of the Group, striving to provide additional benefits for hard working employees.



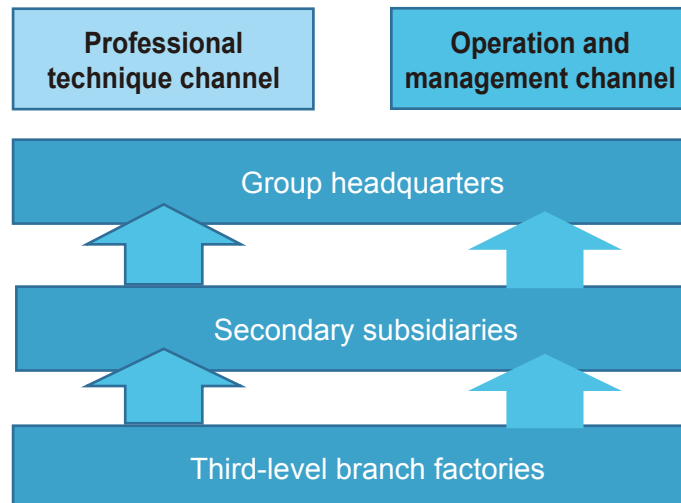


## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Career promotion channels

A reasonable career promotion channel is the core factor in motivating employees and attracting them for long-term development. We have established a reasonable and sound career development channel for our employees. Through the development of a three-tier talent pool and a talent team, we have strengthened the cultivation and motivation of core talents.

According to its business development needs, the Group has established two horizontal development channels including professional technique and administrative management, and three levels of vertical career development channels including Group headquarters, secondary subsidiaries and third-level branch factories, to provide talents of diverse development directions with various development possibilities and broad space for development.

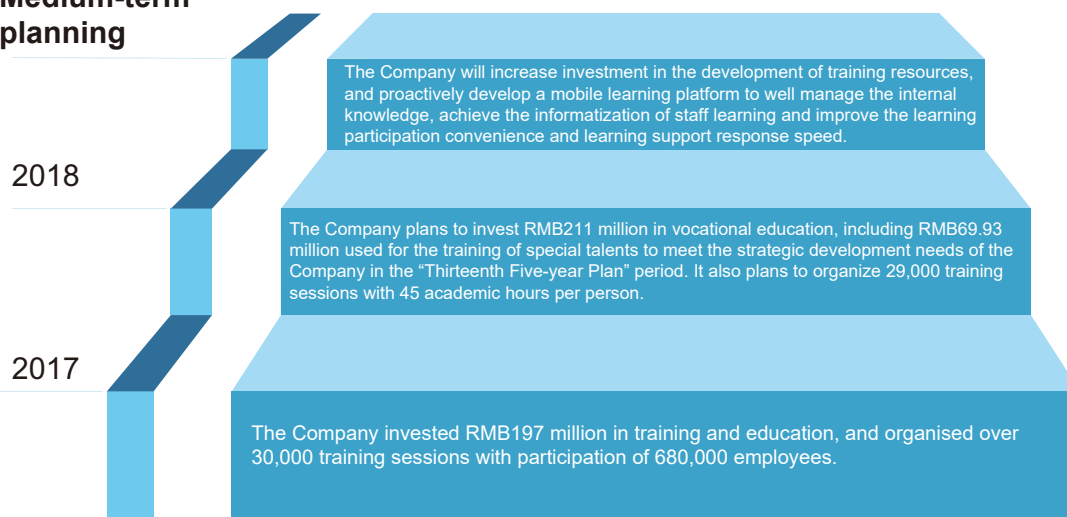


## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Optimisation of the training system

The technical competence of employees is determinant to the development speed and competitiveness of the Group. Therefore, the Group has established a series of staff training mechanisms, training management systems and training programs, which, on the one hand, is aimed to help employees improve their knowledge and skills to be more qualified for the current and future job requirements, while on the other hand, regulates the Company's allocation of training investment that allows the Company to make continuous investment in the career development of employees through education and training programs and enables a win-win situation between the Company and its employees.

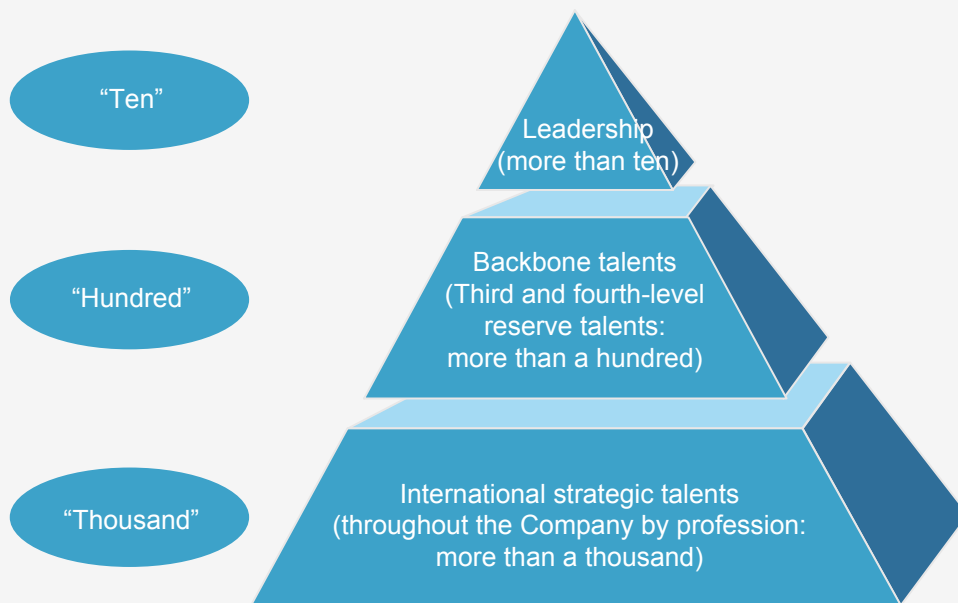
#### Medium-term planning



## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### The “Ten, Hundred, Thousand” Talent Project

The Group has formulated the Implementation Plan of the “Ten, Hundred, Thousand” Talent Project with the purpose of carrying out business and talent inventory, upon which the Group has determined the number of medium-to-high end talents to be cultivated in 67 professional categories in the next five years, identified the needs for eight types of new professional talents, determined 885 potential training targets and formulated 199 training project plans.



#### Cultivation of International talents

In 2017, the Group proactively carried out the cultivation of international reserve talents, and strengthened project development. It completed the international talent training project for parts and components and the international capacity promotion project for the current executives and preliminary preparation, and initiated the implementation of the international capacity promotion project for one hundred financial personnel.



In 2017, a total of 46 cadres were dispatched overseas to assume temporary positions concurrently.



## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Global Young Business Manager Project



In 2017, the Group dispatched 10 young talents to participate in the global young business manager project, during which, they learned from and communicated with talents from top-notch member companies in various industries around the world. They also integrated the resources of overseas business school and implemented the global young business manager project.

#### Young Talent Reserve

The young talent pool currently has a total of 375 young talents of various categories.



In 2017, the Company proactively carried out the new staff apprentice activity, covering more than 98% of new staff, and carried out the “Famous Teacher Brings Out Talented Student” activity and completed the matching of 220 pairs of level 1 talent mentors and outstanding young talents.

## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### 5.3 Harmonious Life

In order to actively fulfill its commitment to care for employees, the Group, with the labor union taking the lead, organized and held various forms of activities to show care for employees. In actively response to the reasonable demands of employees from various aspects such as caring for female employees, assisting employees with difficulties and staff culture construction, the Group earnestly solve employees' problems in life and work to make them feel the Company's care.

#### Caring for female employees

In 2017, in order to further safeguard the interests and rights of female employees, all the labor unions of the subsidiaries, led by the labor union of the Group, proactively carried out various forms of self-enhancement contests to provide a platform for female employees to achieve accomplishments at their posts. Meanwhile, the Group continued to carry out activities to show care for female employees, and strengthened to safeguard the special rights and interests of female employees.

#### Caring for female employees

Promoting the implementation of the group major disease insurance policy for all the female employees to provide a strong guarantee for the health of female employees throughout the Company, which has greatly promoted the development of a healthy Dongfeng.

Continuing the implementation of the EAP psychological care program for female employees and promote the establishment of a "loving mommy room".

Organising and carrying out the legal knowledge Q&A activity on WeChat for female employees.

We have always encouraged female employees to give full play to their capabilities by proving them with an impartial and broad platform. On the International Women's Day, seven female employees were honored with the advanced collectives or individuals.

#### Caring for Pregnant and Postnatal Female Employees

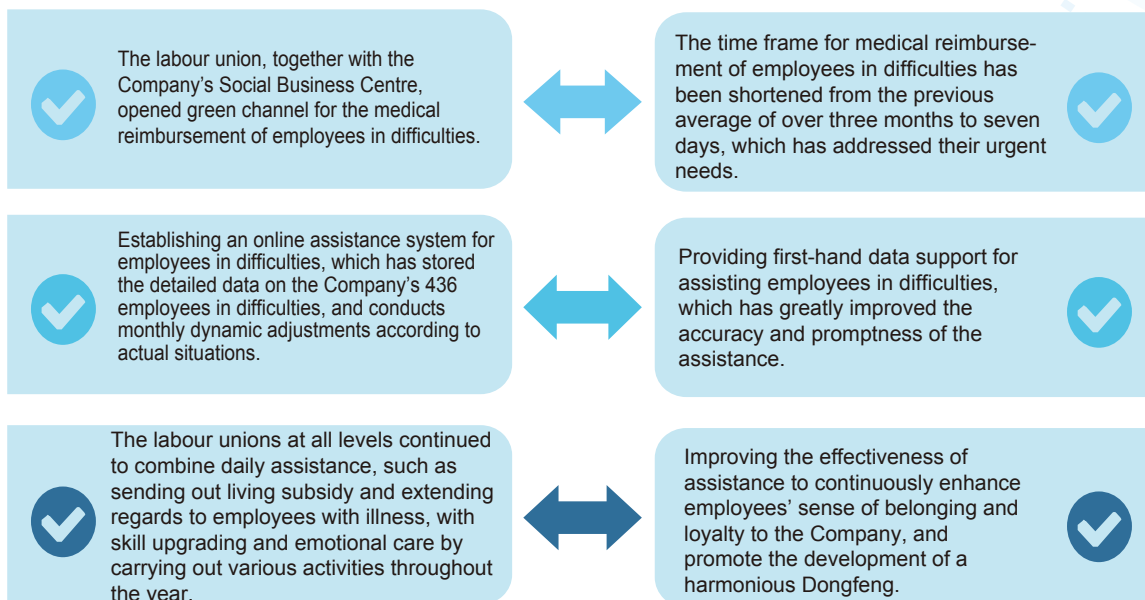
To better serve pregnant and postnatal female employees, and improve their work and rest environment, Dongfeng Honda initiated the construction of a new nursing room in the second plant in October 2017. The new nursing room will be around 90m<sup>2</sup>, with good lighting and ventilation, and equipped with various electrical appliances and storage space for the mothers-to-be, serving them in a more convenient and considerate way.



## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Assistance to and support for employees

The Group has provided practical assistance to and support for employees by enhancing the effectiveness of its work, and solving the most immediate and realistic problems of employees in difficulties.



### Establishment of the “Loving Care Project” System

Dongfeng Getrag Automobile has established a “Loving Care Project” system in combination with financial difficulties allowance and Company's regards. For those employees who experience financial difficulties caused by the misfortunes due to family emergencies, the Company will extend its regards and give out allowances before the Lunar New Year. In 2017, the staff of the Company spontaneously helped their colleagues with illness by raising an assistance fund in the amount of approximately RMB110,000, which led to in-depth reports by the provincial major media.





## 5. HARMONIOUS PROGRESS - WARM DONGFENG (Continued)

### Providing Assistance to Employees in Difficulties to Promote the Harmonious and Stable Relationship Between the Company and Its Staff

Dongfeng Off-road Vehicle earnestly implemented the Group's policy on the assistance to and support for employees in difficulties.



### Mental health care

The Group pays special attention to employees' physical and mental health by fully understanding their needs with feedback given in a timely manner and striving to create a relaxing and healthy work and living environment for them. In addition to ensuring a safe and neat environment in the office and production area, the Group also focuses on employees' mental health by carrying out various mental health training sessions and activities through the Employee Psychological Assistance (EPA) Program to guide them to maintain a healthy and positive mental status.

### Implementation of the EPA Program (1)

#### Establishment of the employee de-stress room

Taking Dongfeng Renault Automobile as an example. In 2017, with the purpose of relieving employees' pressure at work and lightening the mood to have them work and live at a healthy state of mind, a de-stress room was set up in the staff dormitory. The room is equipped with kettle, dummy, ball, boxing gloves and other facilities for employees to get the negative emotions out of them, allowing them to have a place to release pressure in an appropriate way when they are mentally exhausted and stressed.



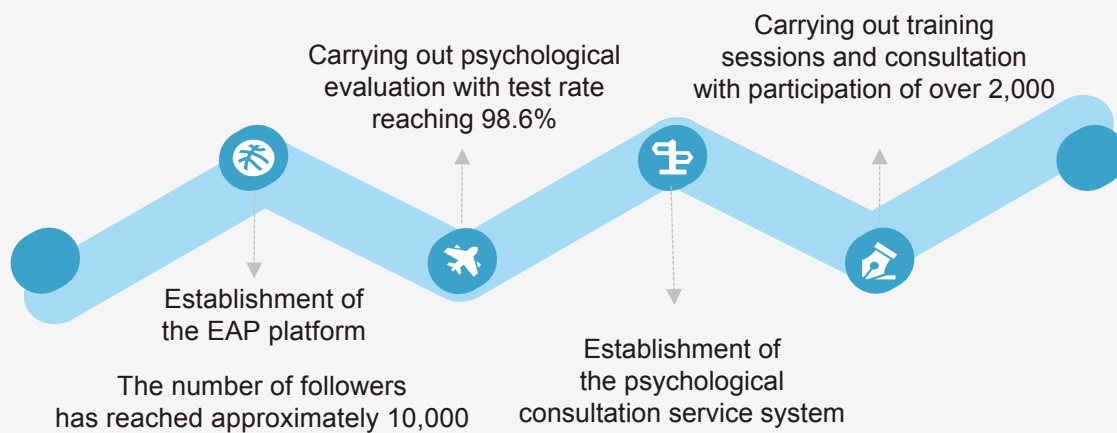


## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Implementation of the EPA Program (2)

#### Expansion of the EPA pilot unit

Taking Dongfeng Commercial Vehicle as an example. In 2016, in addition to the technical centre and vehicle body plant, the EPA pilot program has been promoted in 22 branches of the company. EPA activities, upon carrying out for the past year, have helped employees release pressure at work, enhance physical and mental health, improve interpersonal relationships, and improve work performance, which have all contributed to the balance between work and life and the improvement of the quality of life.

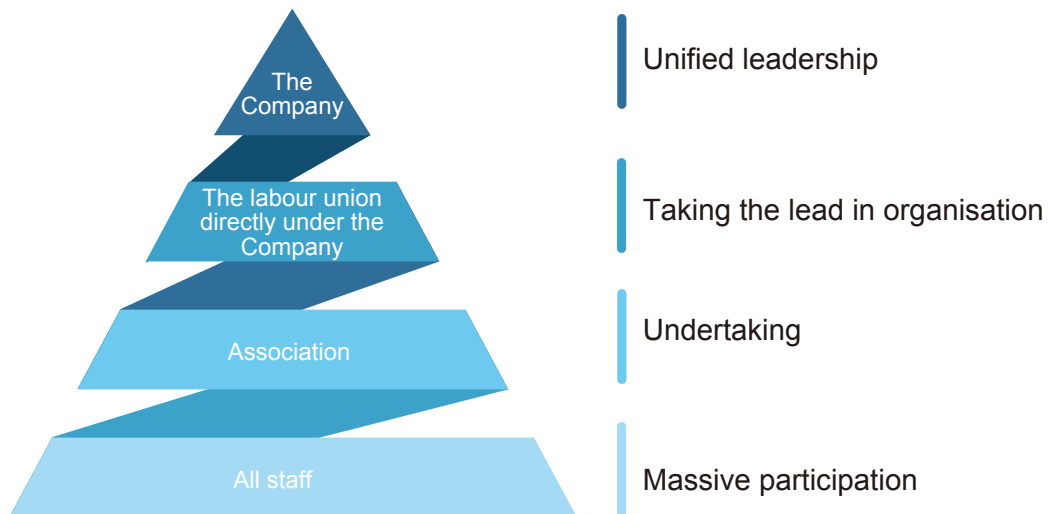


## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Culture construction

With the purpose of further strengthening the construction of staff culture, creating a strong atmosphere that brings happiness to work and life, the Group has continued to innovate the forms of staff recreational and sports activities, established and improved the staff literature and art union and sports association, which have further regulated the daily management of the Staff Culture and Sports Association.

#### The “Macro Culture” work pattern



Aiming to seek for development with joint efforts, the Group insists on carrying out a variety of staff recreational and sports activities to boost morale, show care for employees and improve their physical and mental health. In 2017, the Group carried out various activities, such as singing contest, ball game and fitness activity. With the massive participation of employees and on the basis on promoting national fitness activities, the corporate image and the spirit of employees have been fully demonstrated. Meanwhile, we have proactively built up employees' cultural base by granting a special fund for the repairing and maintenance of stadiums and other venues and purchase of equipment.

## 5. HARMONIOUS PROGRESS – WARM DONGFENG (Continued)

### Proactive Participation in and Organisation of Various Staff Activities

In 2017, Dongfeng Getrag Automobile proactively carried out various staff activities, with the mutual supplementation of traditional cultural and sports events and various special associations, covering the majority of employees with enthusiasm.

During the Reporting Period, Dongfeng Getrag Automobile held a range of high-participation activities, such as badminton contest, interesting sports meeting, mid-autumn festival party, annual dinner, and guided employees to have healthy and positive interests and hobbies by setting up such groups as badminton, basketball, swimming, photography and fishing.



### Promotion of “Happy Work, Happy Life”

With the purpose of lightening the mood and boosting morale of employees, Zhengzhou Nissan Motor Co., Ltd. (hereinafter referred to as “Zhengzhou Nissan Company”), a subsidiary of Dongfeng Motor Co., Ltd. (a subsidiary of the Group) organises its staff to go hiking themed at “Happy Work, Happy Life” on a quarterly basis to guide them to relax both physically and mentally, so as to devote themselves to various works at a better state of mind. In 2017, the company held 4 times of hiking with participation of 1,438 employees.



## 6. BENEFITTING THE COMMUNITY – PLEASANT DONGFENG

### Key Performance Indicators:

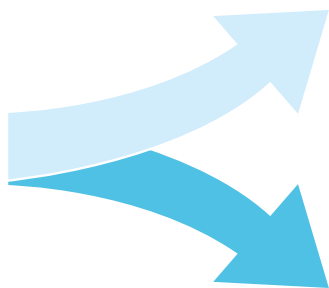
- Total capital investment in community activities was approximately RMB54 million
- Total manpower investment in community activities was 6,200 people
- From June to July, the Group carried out nearly 60 responsibility fulfillment activities of various fields themed at “Discovering the Beauty of Responsibility”
- In 2017, the Group paid income tax of RMB1,141 million in accordance with the law.

The Group has always been adhering to the core value concept of “joint efforts, cooperation, excellence, pleasantness and co-existence”, and actively giving back to the society while promoting self-development to advance the construction of a civilised automobile society. In 2017, the Group, under the guidance of the Social Responsibility Work Committee of our parent company Dongfeng Motor Corporation and according to the overall arrangement of the “Benefit Plan 2.0”, carried out social responsibility works themed at “Discovering the Beauty of Responsibility” in terms of targeted poverty alleviation, education assistance charity event, etc., and achieved satisfactory results. Meanwhile, the Group has always been adhering to paying taxes in accordance with the law and in good faith, truthfully reporting and paying various taxes in a timely manner, and actively making its due contribution to the public and society. In 2017, the Group paid income tax of RMB1,141 million in accordance with the law.

### 6.1 Responsible Dongfeng Person

The Group responded actively to the “Social Responsibility Month” activity held by our parent company Dongfeng Motor Corporation.

Through the seamless online and offline docking mode, we actively participated in the “Being a Responsible Dongfeng Member” responsibility fulfillment practical activity.



**Online:** Taking the initiative to adopt the form of “Internet + charity” and making use of the H5 platform to inspire employees in understanding their responsibilities for professional dedication, energy conservation and environmental protection, and safe production, deepening employee participation, and enhancing the responsibility awareness cultivation.

**Offline:** In association with Hubei Charity Federation, the Group selected 40 volunteers and 12 Dongfeng Fengshen drivers to re-visit the victims of a flood in Qichun County and Tianmen City who have benefited from the Dongfeng • Hubei Flood Relief Project in 2016, look into their current situations, and extend regards from the Group so as to strengthen the awareness and recognition of its stakeholders to the responsibility fulfillment by the Group.



## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

From June to July, the Group carried out nearly 60 responsibility fulfillment activities of various fields themed at “Discovering the Beauty of Responsibility”. With our parent company Dongfeng Motor Corporation headquarter taking the lead, we have formed an up-and-down linkage and mutual supplementary work pattern, further consolidated the responsibility fulfillment practice platform, and created outstanding responsibility fulfillment culture.



## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

### Responsible Dongfeng

In 2017, we responded actively to our parent company Dongfeng Motor Corporation headquarter and carried out a series of responsibility activities.



17 June

- The "Re-visit to Tibet" activity was held in Gonjo County, Tibet. The leading group, successive cadres and doctor representatives of the Tibet assistance project visited the enterprises, schools and other projects built by the Group in Gonjo County, and held a 15th anniversary meeting on assistance to Tibet to review the development history of Gonjo County.



14 November

- The Dongfeng Social Responsibility Research Group visited Mashan County, Guangxi Province, to conduct field research on the implementation progress of the Dongfeng targeted poverty alleviation projects and learn about the local poverty alleviation results. It also listened to the brief on the poverty alleviation industry and other particulars on poverty alleviation, and had a discussion with the leaders of Nanning Municipal Government, the head of the poverty alleviation office and the leadership team of Mashan County to exchange ideas on the next steps of poverty alleviation.





## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

### Strategic Charity Event for Social Public Welfare

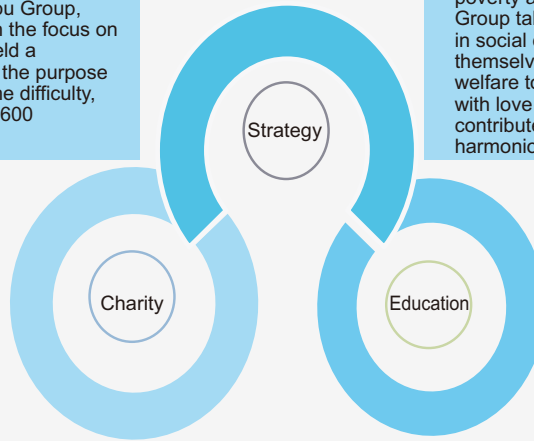
During the 2017 Spring Festival travel rush period, in cooperation with Sina Guangdong and China Railway Guangzhou Group, Dongfeng Liuzhou Motor, with the focus on people's home-return trips, held a large-scale charity event with the purpose of solving people's going-home difficulty, and sent out train tickets to 2,600 passengers free of charge.

In association with China Women's Development Foundation – Little Hope Special Fund, the Group carried out the "Little Hope, Big Heart" charity event to raise attention to the left-behind children, and made a half a year's living expenses worth of donation to 200 left-behind children.

With support focused on such key areas as charity, culture and education, as well as poverty alleviation, the leaders of the Group take the lead in actively participating in social charity events and devoting themselves in the cause of social public welfare to give back and benefit the society with love and concrete actions, and contribute to the construction of a harmonious society.

In 2017, Dongfeng Liuzhou Motor held education assistance charity events in No.1 Middle School in Liuzhou City, Dongtang Primary School, Longling Primary School and Huarong Primary School in Luorong Town, Liuzhou City, as well as Chenglong Hope Primary School and Zhaipan Primary School in Dudong Village, Sanjiang County, and made a donation in the amount of approximately RMB100,000.

The Group organized volunteers for several times to carry out activities such as cycling around the Liujiang River to pick up garbage along the river, with the purpose of promoting environmental protection concepts and calling for the public to protect Liujiang River.





## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

### 6.2 Targeted Poverty Alleviation

In 2017, with a strong sense of responsibility and sense of mission, the Group effectively promoted the step-by-step development of poverty alleviation and brought the targeted poverty alleviation to a new level by adopting the targeted poverty alleviation mode with Dongfeng characteristics, which takes the “Benefit Plan” as the guideline, focuses on the contribution in multiple fields and requires the participation of multiple parties.

In 2017, the Group actively devoted itself to the development of the projects for assisting Tibet, Xinjiang, Guangxi and the Churun project, with the purposes of improving people's livelihood, developing industries and supporting education.

Orderly development of the assistance projects through actively practice

The leaders of the Group visited the places to which the Group assists to conduct field research on the local poverty alleviation results and the implementation progress of the projects, which has effectively promoted the progress of poverty alleviation.

Effective implementation of poverty alleviation with supervision in place

The poverty alleviation team focuses on and supports the development of the local special agricultural product industry to speed up the pace of income increase for the local people.

Significant improvement in local economy with focus on industry

The Group actively advocates its subsidiaries and employees to participate in poverty alleviation, creating a positive atmosphere in which everyone cares about poverty alleviation and everyone participates in poverty alleviation.

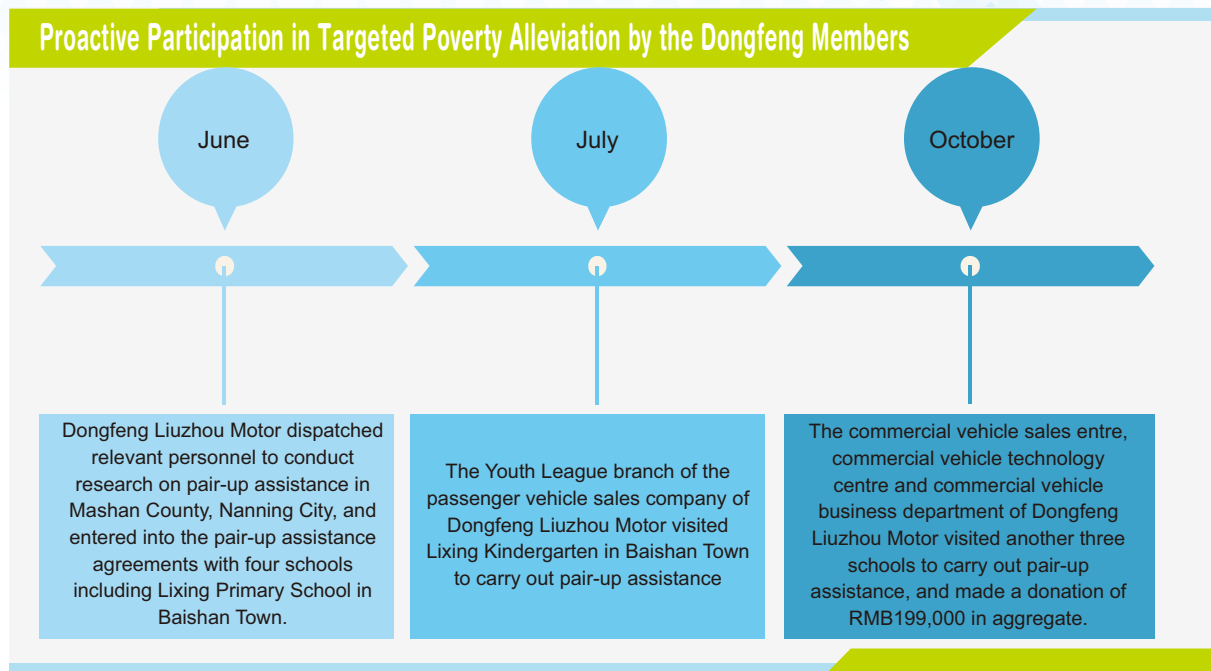
Proactive participation in poverty alleviation as a result of proper promotion

#### Proactive Participation in Targeted Poverty Alleviation by the Dongfeng Members

Mashan County was designated to our parent company Dongfeng Motor Corporation for poverty alleviation. Under the overall planning of designated poverty alleviation, Dongfeng Liuzhou Motor has dispatched one of its cadres to take a temporary post as the deputy head of Mashan County to be in charge of the poverty alleviation works with the purpose of further understanding the progress and particulars of poverty alleviation.



## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)



### 6.3 Realization of Goals by Dongfeng

In 2017, while continuing to promote the “Dongfeng Youth Assistance Action” initiated by our parent company Dongfeng Motor Corporation, we also actively carried out education assistance activities such as the “Assistance to the Dream of a Talent” activity. We continued to assist Dongfeng Hope Primary Schools in places such as Hubei and Guangxi, and held summer camp and field trip to provide students in need with access to cutting-edge technologies and automobile knowledge, so as to expand the coverage and enhance the influence of the activities.

#### “Walking Side by Side with Dreams Bearing in Mind” 2017 Annual Project

Jointly sponsored by Zhengzhou Charity Federation and Zhengzhou Nissan Automobile, the “Walking Side by Side with Dreams Bearing in Mind” 2017 annual project – “Assistance to the Dream of a Talent” education assistance activity was held at the lecture hall of Zhengzhou Nissan Automobile research and development centre. At the event, Zhengzhou Nissan Automobile donated RMB5,000 to each of 186 new college students in need.



## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

### 2017 Hope Primary School Summer Camp

50 teachers and students from Dongfeng Peugeot Citroën Automobile Hope Primary Schools in Shengjiaba Village, Enshi City and Zhaojun Town, Xingshan County, Yichang City, Hubei Province, respectively, were invited to participate in the Dongfeng Peugeot Citroën Automobile 2017 hope primary school summer camp for five days. It was the third consecutive year for Dongfeng Peugeot Citroën Automobile to invite teachers and students in hope primary schools to participate in the summer camp.



### 6.4 Benefitting the Community

The sustainable development of the Group is closely associated with the community support. We strive to integrate community investment with corporate development, and take the lead in promoting the process of building a civilised automobile society. Meanwhile, we actively carry out charity events to address the needs of the community and contribute to a harmonious community and a better home.

In 2017, the Group invested a total of approximately RMB54 million in community activities, with participation of 6,200 people.

#### Volunteer activity

Our parent company Dongfeng Motor Corporation has established a Dongfeng Volunteer Work Guidance Committee for unified planning and organisation and mobilisation of young people to actively participate in volunteer service activities. In active response to volunteer activities, the Group carried out activities in terms of community service, charity events and hope projects throughout the year, such as “Learning from Lei Feng”, “Respecting and Loving the Elderly” and other traditional volunteer service projects, as well as novel branding service projects such as the “Sunshine Classroom” volunteer teacher project, the “Hearty Wishes” micro charitable project, the volunteer clinic, the Youth Automobile Internship Base, the Micro Charitable Project Contest and the Youth Service Alliance. The Group has put the volunteer spirit of “dedication, friendship, mutual assistance and progress” into concrete actions to contribute youth and strength to the construction of a harmonious Dongfeng.



## 6. BENEFITTING THE COMMUNITY - PLEASANT DONGFENG (Continued)

### Volunteer Service Team

The Sunflower and Little Dragon Boy volunteer service teams of Dongfeng Peugeot Citroën Automobile were established in 2014. In 2017, the volunteer service teams continued to carry out various special themed activities such as caring for the left-behind children and empty nest elderly, small appliance repairs and romantic wedding cars, serving a total of 281 people.



## 7. APPENDIX CONTENT INDEX

Content Index of Environmental, Social and Governance Reporting Guide Issued by the Stock Exchange

Indexes	Details	Quotes	Annotations
<i>A. Environmental</i>			
Aspect A1: Emissions			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.1	The types of emissions and respective emissions data.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.2	Greenhouse gas emissions in total and intensity.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.3	Total hazardous waste produced and intensity.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.4	Total non-hazardous waste produced and intensity.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A2.2	Water consumption in total and intensity.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A2.4	Description of water efficiency initiatives and results achieved.	CARE FOR THE EARTH•GREEN DONGFENG: Green Factory	
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.		The Group consumes a relatively small amount of packaging materials due to our business nature, while we do not rule out the possibility that we will implement more effective management and make the relevant disclosure

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	CARE FOR THE EARTH•GREEN DONGFENG	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CARE FOR THE EARTH•GREEN DONGFENG	
<i>B. Social</i>			
Aspect B1: Employment			
General Disclosure	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.	HARMONIOUS PROGRESS•WARM DONGFENG	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	HARMONIOUS PROGRESS•WARM DONGFENG: Harmonious Team	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		It is planned to refine our management and disclose the relevant data in the future





## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect B2: Health and Safety			
General Disclosure	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.	SAFE AND SECURE•HEALTHY DONGFENG: Safe Production	
KPI B2.1	Number and rate of work-related fatalities.	SAFE AND SECURE•HEALTHY DONGFENG: Safe Production	
KPI B2.2	Lost days due to work injury.		The Group takes the injury rate per one thousand people as a key performance indicator for occupational health and safety, the relevant data of which is set out in the section headed "SAFE AND SECURE•HEALTHY DONGFENG: Safe Production"
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	SAFE AND SECURE•HEALTHY DONGFENG: Safe Production	

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	HARMONIOUS PROGRESS•WARM DONGFENG: Move Forward Hand In Hand	
KPI B3.1	The percentage of employees trained by gender and employee category.		It is planned to refine our management and disclose the relevant data in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.		It is planned to refine our management and disclose the relevant data in the future
<b>Aspect B4: Labor Standards</b>			
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.	HARMONIOUS PROGRESS•WARM DONGFENG: Harmonious Team	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	HARMONIOUS PROGRESS•WARM DONGFENG: Harmonious Team	
KPI B4.2	Description of steps taken to eliminate such practices when any violations are discovered.	HARMONIOUS PROGRESS•WARM DONGFENG: Harmonious Team	

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	REFORM AND INNOVATION – INGENIOUS DONGFENG: Supply Chain Management	
KPI B5.1	Number of suppliers by geographical region.	REFORM AND INNOVATION – INGENIOUS DONGFENG: Supply Chain Management	
KPI 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.	REFORM AND INNOVATION – INGENIOUS DONGFENG: Supply Chain Management	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	REFORM AND INNOVATION – INGENIOUS DONGFENG : Ingenious Quality	
KPI B6.1	Percentage of total products sold or shipped subject to recalled for safety and health reasons.	SAFE AND SECURE•HEALTHY DONGFENG: Safe Products	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	REFORM AND INNOVATION – INGENIOUS DONGFENG : Excellent Service	

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	REFORM AND INNOVATION – INGENIOUS DONGFENG : Intelligent Research and Development	
KPI B6.4	Description of quality assurance process and recall procedures.	REFORM AND INNOVATION – INGENIOUS DONGFENG : Ingenious Quality	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	REFORM AND INNOVATION – INGENIOUS DONGFENG : Excellent Service	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	OPERATING IN GOOD FAITH – RESPONSIBLE DONGFENG : Compliance	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.		There were no corruption cases against the Group during the Reporting Period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OPERATING IN GOOD FAITH – RESPONSIBLE DONGFENG : Compliance	

## 7. APPENDIX CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	BENEFITTING THE COMMUNITY• PLEASANT DONGFENG	
KPI B8.1	Focus areas of contribution.	BENEFITTING THE COMMUNITY• PLEASANT DONGFENG	
KPI B8.2	Resources contributed to the focus area.	BENEFITTING THE COMMUNITY• PLEASANT DONGFENG	



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

