



東風汽車集團股份有限公司

DONGFENG MOTOR GROUP COMPANY LIMITED*

Stock Code: 489

2019 Environmental, Social and
Governance Report

* For identification purposes only

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ABOUT THIS REPORT

This report represents the fourth environmental, social and governance (hereinafter referred to as the “ESG”) report issued by Dongfeng Motor Group Company Limited, which focuses on the disclosure of relevant information on the environmental, social and governance performance of the Group for the period from 1 January 2019 to 31 December 2019 (Reporting Period).

Guiding Principle

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

Scope and Boundary of the Report

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

Appellation Explanation

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

Set out below are other definitions:

Dongfeng Parts and Components	Dongfeng Parts and Components (Group) Co., Ltd.
Dongfeng Automobile	Dongfeng Automobile Co., Ltd.
Dongfeng Nissan	Dongfeng Nissan Passenger Vehicle Company
Zhengzhou Nissan	Zhengzhou Nissan Automobile Co., Ltd.
Research & Development Centre	Dongfeng Research & Development Centre (Branch)
Dongfeng Passenger Vehicle	Dongfeng Passenger Vehicle Company (Branch)
Dongfeng Off-road Vehicle	Dongfeng Off-road Vehicle Co., Ltd.
Dongfeng Special Commercial Vehicle	Dongfeng Special Commercial Vehicle Co., Ltd.
Dongfeng Liuzhou Motor	Dongfeng Liuzhou Motor Co., Ltd.
Dongfeng Commercial Vehicle	Dongfeng Commercial Vehicle Co., Ltd.
Dongfeng Peugeot-Citroën	Dongfeng Peugeot Citroën Automobile Co., Ltd.
Dongfeng Renault	Dongfeng Renault Automobile Co., Ltd.
Dongfeng Honda	Dongfeng Honda Automobile Co., Ltd.
Dongfeng Honda Engine	Dongfeng Honda Engine Co., Ltd.
Dongfeng Motor	Dongfeng Motor Co., Ltd.

ABOUT THIS REPORT (Continued)

Source of Information and Reliability Assurance

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

Confirmation and Approval

This report was approved by the Board on 30 March 2020 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

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

Chairman's Statement

I am very glad to present to all of you the fourth ESG report of Dongfeng Motor Group Company Limited, through which we share with you our ESG progress. 2019 is an extremely significant year for us and coincided with the 50th anniversary of the founding of our parent company Dongfeng Motor Corporation. Despite facing both internal and external risk challenges in the automobile market in Mainland China, we have always persisted with responsible operations, integrated innovation, cohesion of employees, open collaboration, green development and social contributions, in order to create values for our stakeholders.

As an enterprise bearing the responsibility of revitalizing the national automobile industry, we have always been committed to our mission and obligation of “making China a nation with a leading automobile industry and allowing our people to have a wonderful life with vehicles”; hence, we continually develop and launch high quality products and bring about convenience for road users. Also, with a view to achieving profitable sales and profits with cash flow, we continuously promote sustainable operations and persisted in increasing efficiency, preventing risks and deepening reforms.

In 2019, we combined our business and development in continuously optimizing our management in responsible operations, integrated innovation, green development and cohesion of employees, actively communicated with various stakeholders and continuously strengthened our governance, striving to sustainable development in the economic, social and environmental aspects. In terms of operational management, we divided and enhanced the performance management goals of various subsidiaries, optimized appraisals and assessments, and paid attention to market creation and high quality development, so as to increase the level of our sustainable operations; with regard to products and services, with our brand value philosophy of “quality, intelligence and happiness”, we continued our customer-oriented operational philosophy and worked hard to meet the needs of our customers through partnerships; concerning partnerships, we established and kept bolstering our competitive global supply chain system, and continued to create an open collaborative system with our own characteristics through our professional team and partnerships of mutual benefits, aiming to boost the core competitiveness of the whole value chain; as far as environmental protection is concerned, we persisted in “manufacturing vehicles in green manners and producing green and energy-saving vehicles” to construct a green development model where people, vehicles and the nature coexist; as for the development of our employees, we see talent as the source of energy for business development, creating a win-win situation where talent development and the benefits of the Group jointly improve; in regard to putting public welfare into practice, we focused on target poverty alleviation, social welfare, disaster relief and taking advantage of our strengths to facilitate the sustainable development of our operational venues and communities.

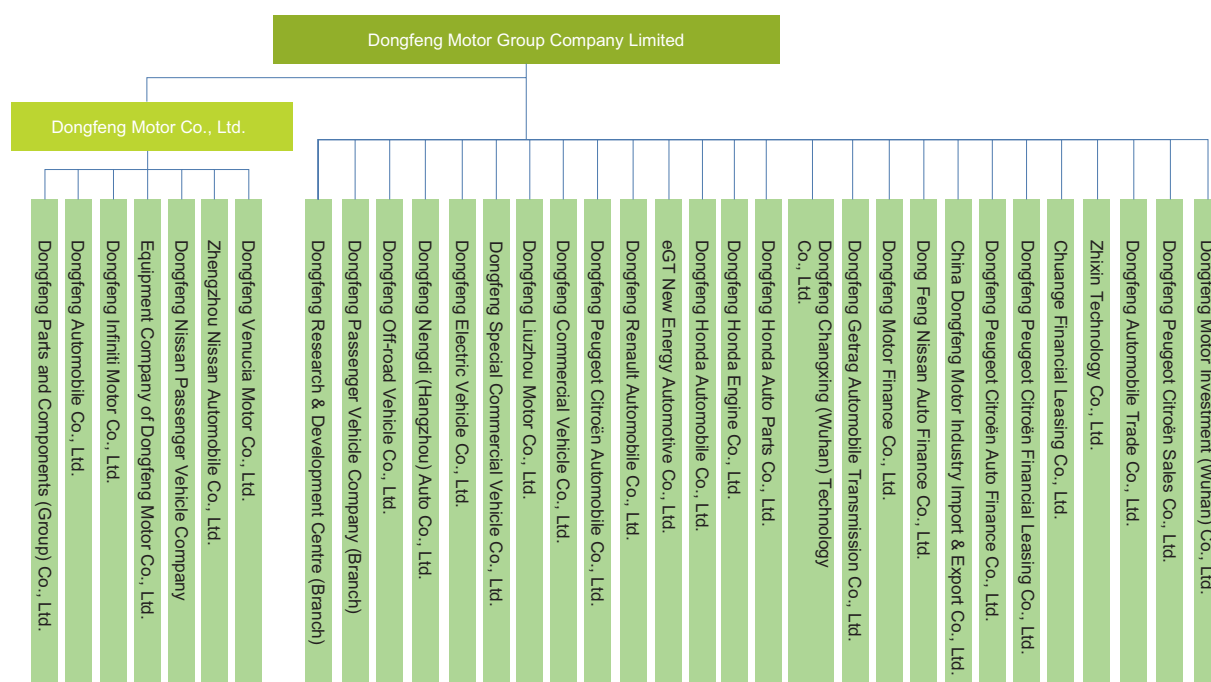
Going forward, with a view to continuously improve our operational quality, we shall speed our transformation into a company with intelligent and value-based management by continuing to promote innovation drive and attaching greater importance to informationization construction. We will continue to actively fulfill our social responsibilities, keep pushing forward with cooperation and development regarding the whole value chain, and join hands with our employees, suppliers and other parties to create values, striving to make more contributions to the development and progression of the whole society!

Zhu Yanfeng
Chairman

ABOUT US

Dongfeng Motor Group Company Limited was established in Wuhan City of Hubei Province in the People's Republic of China (PRC) in 2001 and listed on the Hong Kong Stock Exchange in 2005, with a stock code of "00489". The Group's businesses cover full-series commercial vehicles, passenger vehicles, new energy vehicles, key assembly, auto parts, vehicle equipment and automotive-related businesses. The Group's business bases are distributed in more than 20 cities in mainland China, such as Wuhan, Shiyang, Xiangyang and Guangzhou. We have always remained customer-oriented and kept accelerating the intelligent upgrades of products and services to continuously fulfill our responsibilities for the environment, society and investors.

Please see below for our organizational structure:

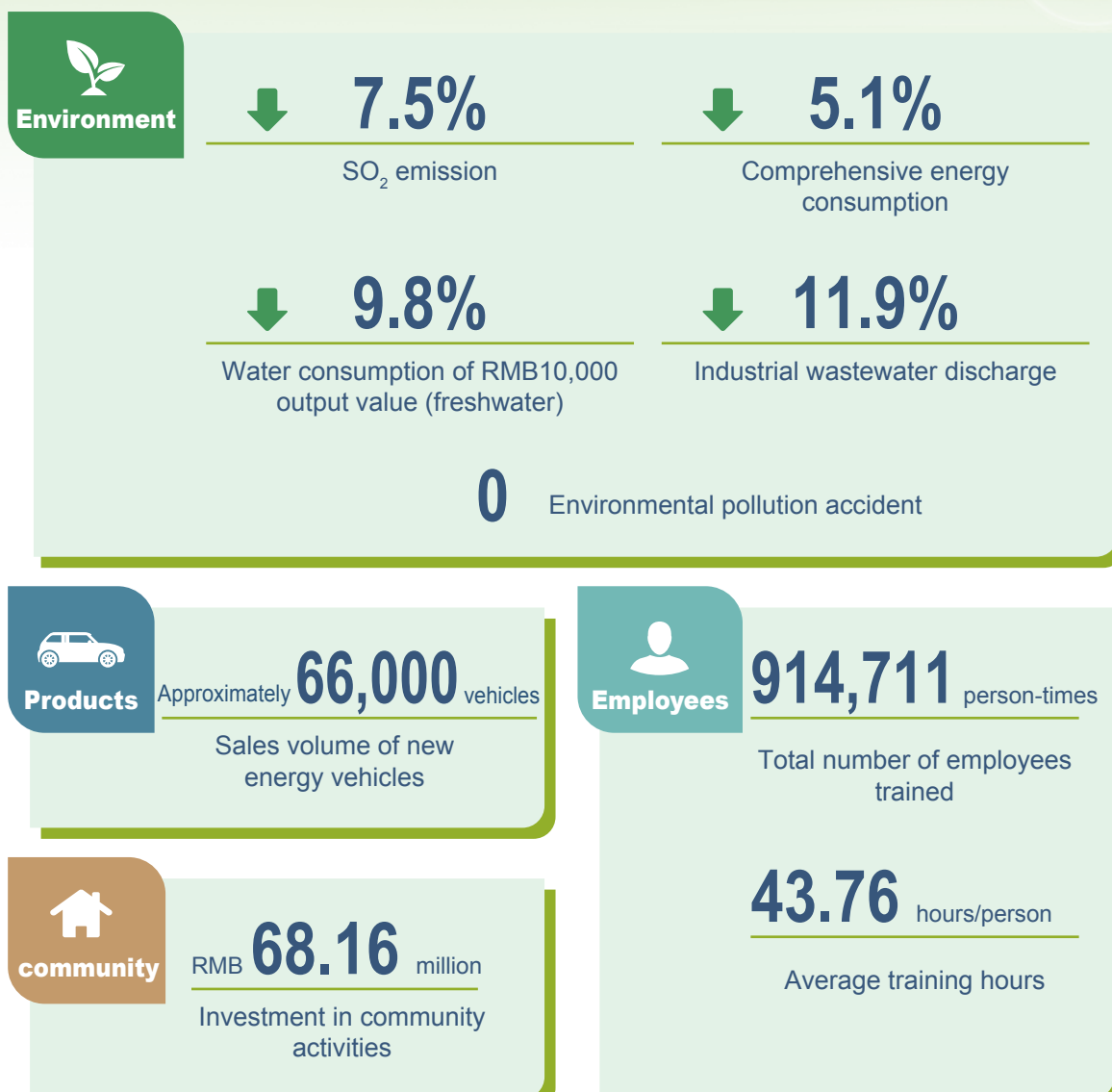


ABOUT US (Continued)

Major Economic Performance of Dongfeng Motor Group in 2019



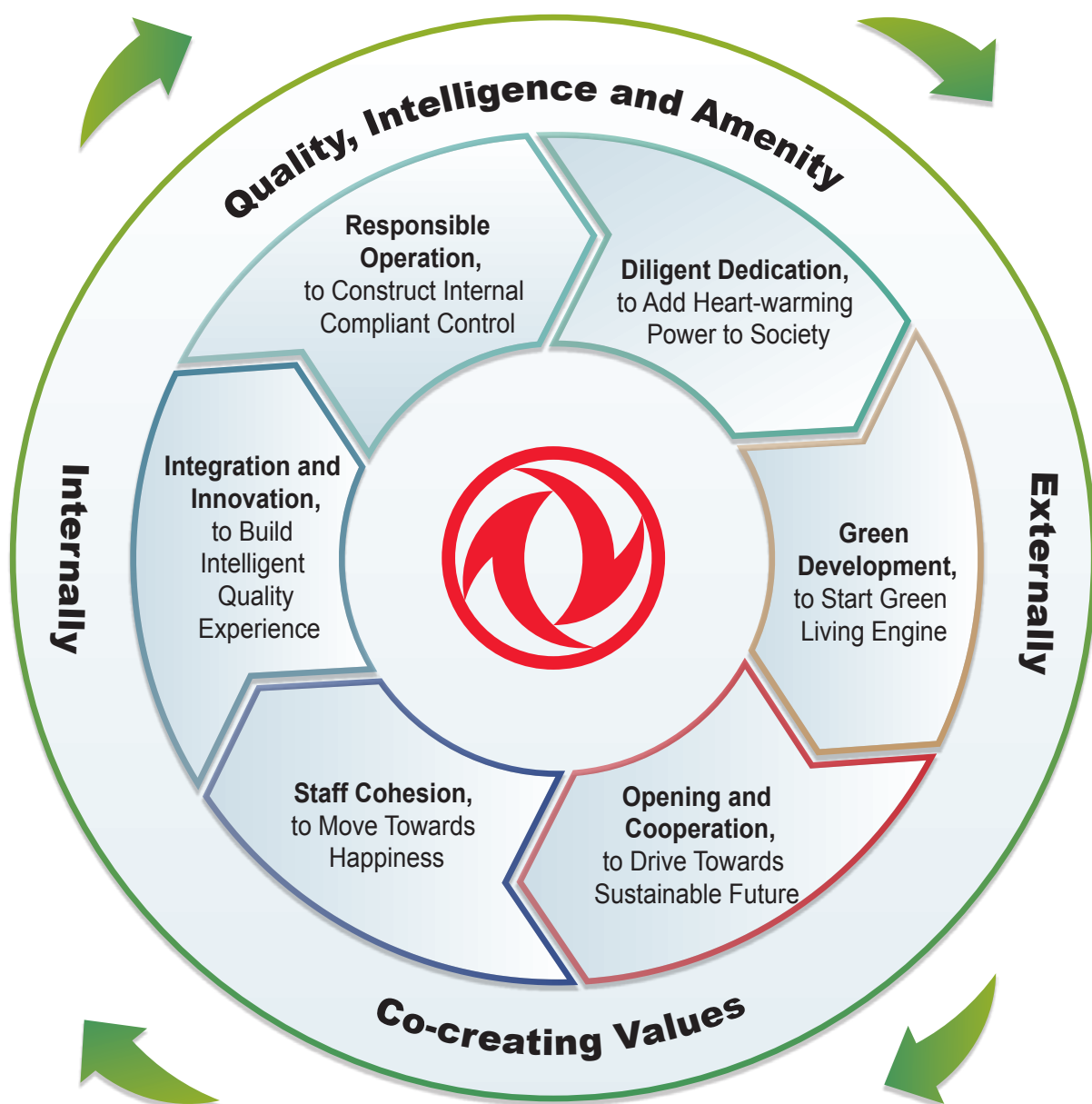
Summary of Key Performance Indicators of ESG in 2019



ESG Management

Our Concept

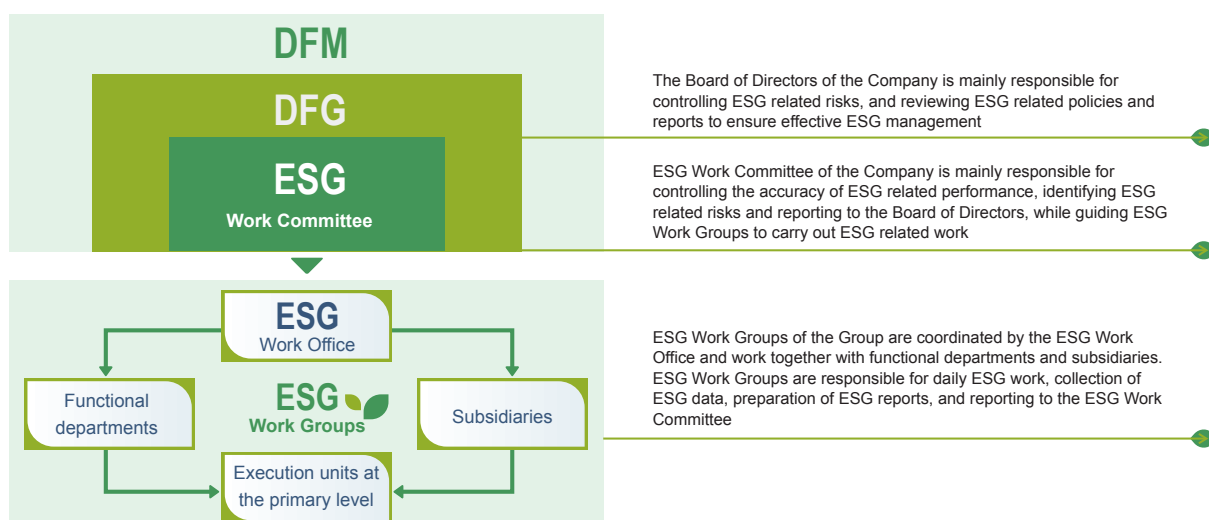
Under the guidance of ESG development philosophies, the Group has always insisted upon responsible operations, integrated innovation, cohesion of employees, open cooperation, green development and contribution to society, in order to create value for various stakeholders. With the 50th anniversary of our parent company as the starting point, the Group will fully join hands with its subsidiaries to fully coordinate for a future of sustainable development with various stakeholders.



ESG Management (Continued)

ESG Management Structure

The Group vigorously integrates ESG management into various aspects of its corporate operational management. We combine our own business and development and continuously optimize our management in such aspects as responsible operations, integrated innovation, green development and cohesion of employees, as well as actively communicating with various stakeholders to continuously strengthen our governance and make efforts to achieve sustainable ESG development. We have developed a top-down ESG management structure consisting of three levels – namely the Board of Directors, ESG work committee and ESG Work Groups – and showing clear division of responsibilities and coordination at all levels. Please see below for the details:



ESG Responsibilities Management Structure and Duties

ESG Management (Continued)

Stakeholder Engagement

The Group attaches great importance to its communication with stakeholders and has developed a normalized communication mechanism with key stakeholders including shareholders, investors, customers and consumers, employees, governmental authorities, community and media. We deeply understand the requests, opinions and suggestions of various parties and integrate our stakeholders and concerns in our operational and decision-making processes, so as to achieve the integration of ESG in our daily operations and drive mutual development. During the Reporting Period, we identified our close stakeholders which can affect our decision and operation based on our own scope of business and production and operation nature, which included the following groups:



ESG Management (Continued)

Based on the scope of business, the types of stakeholders important to the business operations of the Group, the topics that stakeholders are concerned about, and the Group's communication channels are shown in the following table. We allowed our stakeholders to participate in our major decision and other strategy adjustment processes in ways including formal or informal, online or offline, and understand their viewpoints and expectations, in order to help us make more effective management decisions.

Stakeholders	Issues	Channels of communications/feedback	Communication frequency
Shareholders	Business performance ESG management Compliant operations	<ul style="list-style-type: none"> General meeting Result briefing On-site investigations Roadshows and reverse roadshows Multi-channel meetings 	<ul style="list-style-type: none"> Annually Shareholders' general meeting Extraordinary general meeting for major events or special circumstances Roadshow and reverse roadshow once a year
Investors	Business performance Compliant operations Integrity	<ul style="list-style-type: none"> Teleconference Teleconference pane Customer visit to the Company Domestic and overseas investment conference Roadshow and reverse roadshow 	<ul style="list-style-type: none"> Company visits One-to-one teleconference Organized or attended domestic investment summits Annual results briefing Roadshow and reverse roadshow at least once a year Interim results teleconference
Employees	Employee rights Employee occupational health and safety Remuneration and benefits	<ul style="list-style-type: none"> Staff training Labor union activities and Youth League Committee activities Staff representative meeting Solicitation of opinions and reasonable suggestions 	<ul style="list-style-type: none"> On-line and off-line staff training Labor union activities Youth League Committee activities at least once a year Staff representative meeting at least once a year Employee satisfaction survey once a year
Distributors	Product safety and quality Customer services Contributions to community	<ul style="list-style-type: none"> Product training Clients' complaint processing Product maintenance and repair 	<ul style="list-style-type: none"> Irregular product training Consumer satisfaction survey every year

ESG Management (Continued)

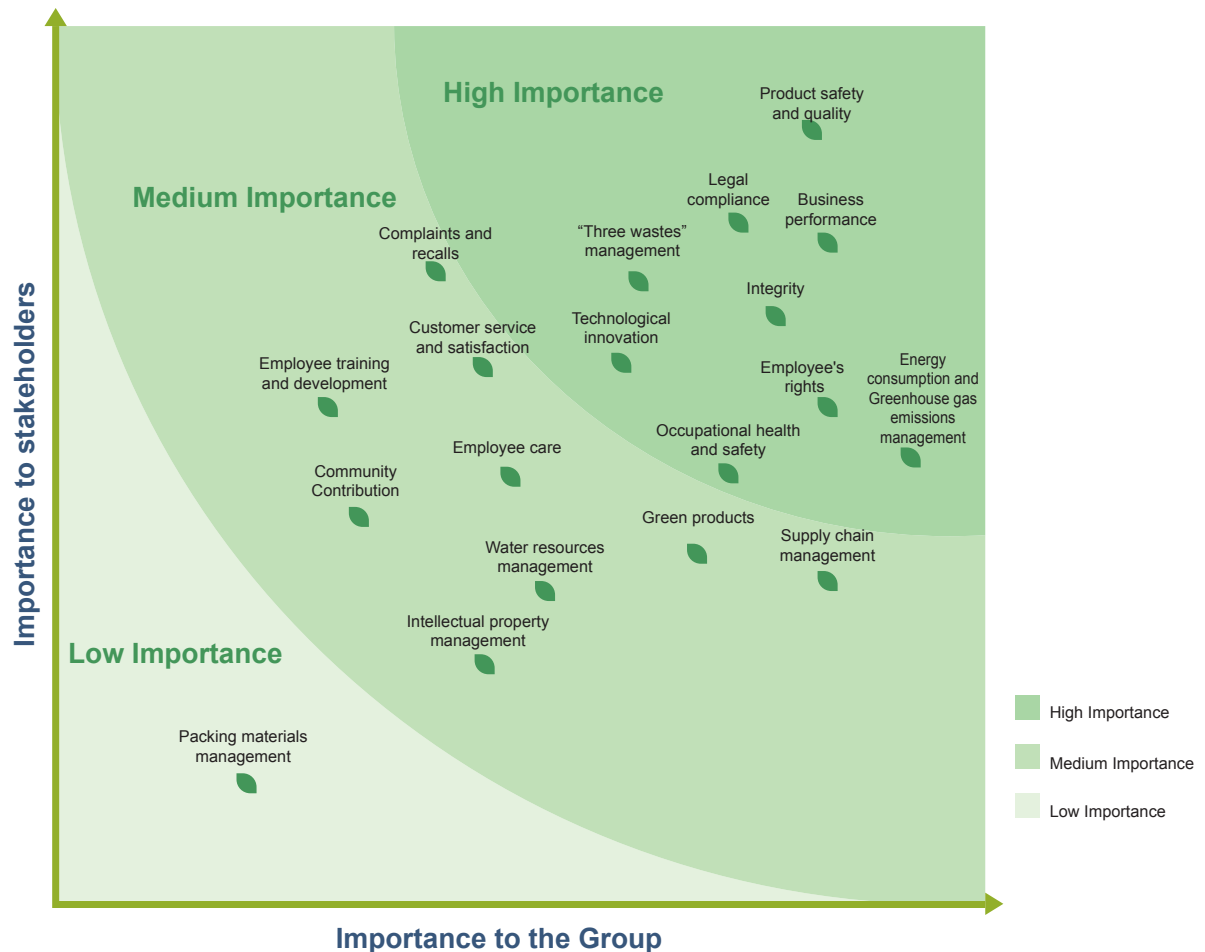
Stakeholders	Issues	Channels of communications/feedback	Communication frequency
Suppliers	Supply chain management Product safety and quality Business performance	<ul style="list-style-type: none"> On-site survey Supplier appraisal Communication on quality Telephone/written correspondence Setting-up of on-site office Supplier meeting Open procurement and tendering 	<ul style="list-style-type: none"> Annually supplier meeting Semiannually supplier appraisal Supplier access assessment Irregular on-site office
Customers/ consumers	Product safety and quality Technology and innovation Environmental products	<ul style="list-style-type: none"> On-line promotion and off-line promotion Press conference Market survey Customer satisfaction survey Clients' complaint processing 	<ul style="list-style-type: none"> To be conducted in light of actual conditions from time to time
Governmental authorities	Pollutant discharge management Compliant operations Integrity	<ul style="list-style-type: none"> On-site survey Communication and interview On-the-spot sampling Participation in analysis and formulation of policy, standard and planning 	<ul style="list-style-type: none"> To be conducted in light of actual conditions from time to time
Community	Public welfare and charity Contributions to community	<ul style="list-style-type: none"> Community public welfare activities Communications with community On-site survey 	<ul style="list-style-type: none"> To be conducted in light of actual conditions from time to time
Media	Public welfare and charity Consumer satisfaction	<ul style="list-style-type: none"> Press conference 	<ul style="list-style-type: none"> To be conducted in light of actual conditions from time to time

ESG Management (Continued)

Materiality Analysis

During the Reporting Period, we ranked various issues based on their significance in terms of the levels of impact on our strategic operations and our stakeholders through media analyses and industry benchmarking results, and identified nine ESG issues with high importance, nine with medium importance and one with low importance. Highly important ESG issues constitute an important part of the content of this report, and we will disclose relevant content in detail in this report.

Through the analysis, we found that stakeholders still consider that product safety and quality as the most crucial risk issues in production and operation. As compared with 2018, stakeholders' focus on energy consumption management and greenhouse gas emissions, employees' occupational health and safety, supply chain management environmental products, and public welfare in the community have been increased slightly. We will explicit the material issues concerned by stakeholders of the year in this report.



1. Responsible Operations, to Construct Internal Compliant Control

Our Concept

During the Reporting Period, in terms of operational management, the Group divided and enhanced the performance management goals of its subsidiaries, optimized its appraisal and evaluation methods, and paid close attention to market exploration and high quality development, so as to enhance its sustainable operations. Also, as the Group increased its scale and deepened its development, it became a prominent part of the Group's sustainable development to prevent various operational risks and bolster its internal management. We continued to enhance our internal management, risk control and system performance and formulate prevention and control measures through internal potential problems and risk analysis to provide effective protection for our sustainable development.



Objective

Implement "D139" strategy to achieve the brand development objectives of Dongfeng



Governance Improvement

Sustainable Operation

Optimize the methods for setting up of assessments and objectives as well as the evaluation orientations, and enhance the competitiveness and motivation of the employees

Risk Management

Strengthen internal management, risk control, system optimization, develop preventive and control measures through internal potential problems and risk analysis

Integrity Building

Make use of internet technology and information technology to cleanse the channels for reporting and complaints, launch centralized training to strengthen the awareness of integrity

Information Management

Comply with the PDCA closed-loop management concept, enhance the overall information security level of the Group



Major Achievements

Sustainable Operation

Optimize performance appraisal indicators and incorporate energy conservation and emission reduction into the appraisal indicators

Risk Management

Identify significant risks and develop specific risk management strategies and countermeasures

Integrity Building

Trained a total of 45,000 employees in integrity

Information Management

Fully sort out key information infrastructures, Internet systems and prominent systems, and hidden threats to prevent serious internet security issues

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

1.1 Sustainable Operations

Faced with continual challenges in the automobile market in Mainland China, increasingly significant internal and external risks and challenges, and the stern situation production operations and reform development, the Group insisted upon improving efficiency, preventing risks and deepening reforms. In 2019, the Group mobilized its employees – both junior and senior, made inferences through its concentrated problems and strengthened independent innovation to promote its sustainable development. We always maintained and pushed for high quality operations and achieved an overall profitable sales and profits with cash flow with increased sales for commercial vehicles and passenger vehicles alike.

To strengthen its sustainable operations and management, the Group divided and enhanced the performance target management of its subsidiaries by optimizing such areas as their evaluation and goal setting methods and review focuses. It also implemented the following work:

Sustainable Operations

- Optimized capacity resources and increased capacity utilization rates;
- Increased Research and Development (R&D) investment, promoted independent business development and improved both quality and efficiency;
- Strengthened the industrialization and engineering capabilities and levels of new energy vehicles, and actively developed intelligent connected vehicles and travel services;
- Promoted high-level openness and continuous and open-up development;
- Tested incentivization plans for R&D projects, implemented dividend incentives and stimulate innovation vitality;
- Focused on leaders and pushed talent import and cultivation;
- Strengthened legal and compliant construction, and promoted steady and healthy operations for the Group;
- Strengthened the work efficiency linkage mechanism, and strived to make employees feel rewarding.

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

1.2 Risk Management

With strengthening its major risk management and control as the main task as well as bolstering its risk management system as the goal, the Group strengthened its implementation related to major risks and major risk and pitfall tracking management, to gradually enhance its risk management and control capabilities.

During the Reporting Period, the Group identified two ESG-related risks, namely new energy risks and “Limits and Measurement Methods for Pollutant Emissions by Light Vehicles (China VI Standards)”. The Group clarified “Limits and Measurement Methods for Pollutant Emissions by Light Vehicles (China VI Standards)” risk management responsibilities for units and departments as well as formulated detailed risk management strategies and corresponding plans as follows:

Risk Name	Risk Type	Risk Management and Control Measures
New energy risks	Strategic management risks/ financial management risks	<ul style="list-style-type: none"> New energy development: The Group sorted out and laid out new energy commodity lines, strengthen product planning, development and launch. The Group developed its innovative marketing models, boosted its marketing capabilities, expanded the scale and impact of its new energy travel platforms, and establish new energy business models for sustainable development, risk control and risk-benefit balances Operational supervision: The Group established a work mechanism for responding to risks. It built a professional team led by new energy related management departments and comprising members from other related departments, cooperated with two of its subsidiaries in devising comprehensive operational strategy for new energy vehicles, and tracked and supervised related implementation The Group enhanced its data and supervision platforms, upgraded its existing systems, increased its platform functions, accelerated its informatization construction and switched to interface mode for reporting as soon as possible to ensure timely, accurate, real and effective data uploading The contract stipulated risks associated with state subsidies and had miscellaneous provisions stating compensation amounts, methods and deadlines where the operation period expires but the target mileage is not reached The Group promptly adopted measures for purposes such as asset protection and ones for non-business vehicles to reduce risks

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

Risk Name	Risk Type	Risk Management and Control Measures
“Limits and Measurement Methods for Pollutant Emissions by Light Vehicles (China VI Standards)”	Policy risks	<ul style="list-style-type: none"> • With having its major vehicle models meeting the China VI Standards by July 2019, the Group coordinated for specific enhancements and investment in products meeting the China VI Standards, and implement production-sales switching plans • Increased investment in pure electric vehicle models • Training for vehicle repairers in policies, laws and regulations on consistency and the disclosure of environmental information • Instructed every department to improve their emission consistency control system and conducted assessments and reviews of the systems before July 2019 • Carried out the Group’s internal consistency tests on selected China VI products irregularly

1.3 Integrity Building

The Group strictly abided by the *Criminal Law of the People’s Republic of China* (《中華人民共和國刑法》) and the *Anti-Unfair Competition Law of the People’s Republic of China* (《中華人民共和國反不正當競爭法》), formulated the *Business Ethics Convention* (《商業道德公約》) and *Anti-corruption and Compliance Handbook* (《反腐敗合規手冊》), and continuously promoted anti-bribery education to prevent corruption and ensure compliance and sustainable operations by the Group. To improve the integrity, the Group requested its subsidiaries to sign cooperation agreements, such as Mutual Agreement for Compliant and Integrity Administration (《合規廉潔共建協議書》) and Commitment Letter for Compliant and Integrity Administration (《合規廉潔共建承諾書》), with partnered suppliers and agencies, regulating such collaboration through two-way supervision. During the Reporting Period, the Group did not have any lawsuits of corruption.

Dongfeng Liuzhou Motor implemented “clean engineering” to create an integrity environment.

To promote anti-bribery education and implement “doubled duties” for every position, Dongfeng Liuzhou Motor studied anti-bribery policies and made work arrangements for the entire year through special meetings and signed 88 integrity accountability letters based on the duty features and anti-corruption risks at every leadership level. Also, the company arranged announced and unannounced visits and spot checks on public holidays and took related actions against employees violating the integrity and compliance rules.

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

Dongfeng Renault established its “anti-bribery” system

In 2019, Dongfeng Renault built an “anti-bribery” system, in an effort to achieve the overall anti-corruption work target. The company set up a compliance review committee to conduct reviews in the key areas, resulting in the discovery of 62 defects and problems. On the basis of compliance, the company established a leading group for its “anti-bribery” system and organized self-checks of 19 blind spots in management and control to be on the safe side.

The Group used internet technology and informatization methods to cleanse the reporting channels and build the petitioning website, announced information such as dedicated addresses, telephone numbers and email addresses for reporting, and strictly followed the procedural standards in response to reported issues.

During the Reporting Period, the Group organized training for an accumulated 45,000 employees to raise their anti-corruption awareness. Aside from that, the Group created anti-corruption educational video, which used cases to strengthen employees’ awareness and remind them to stay alert at all times.

Dongfeng Commercial Vehicle provided integrity awareness trainings to employees

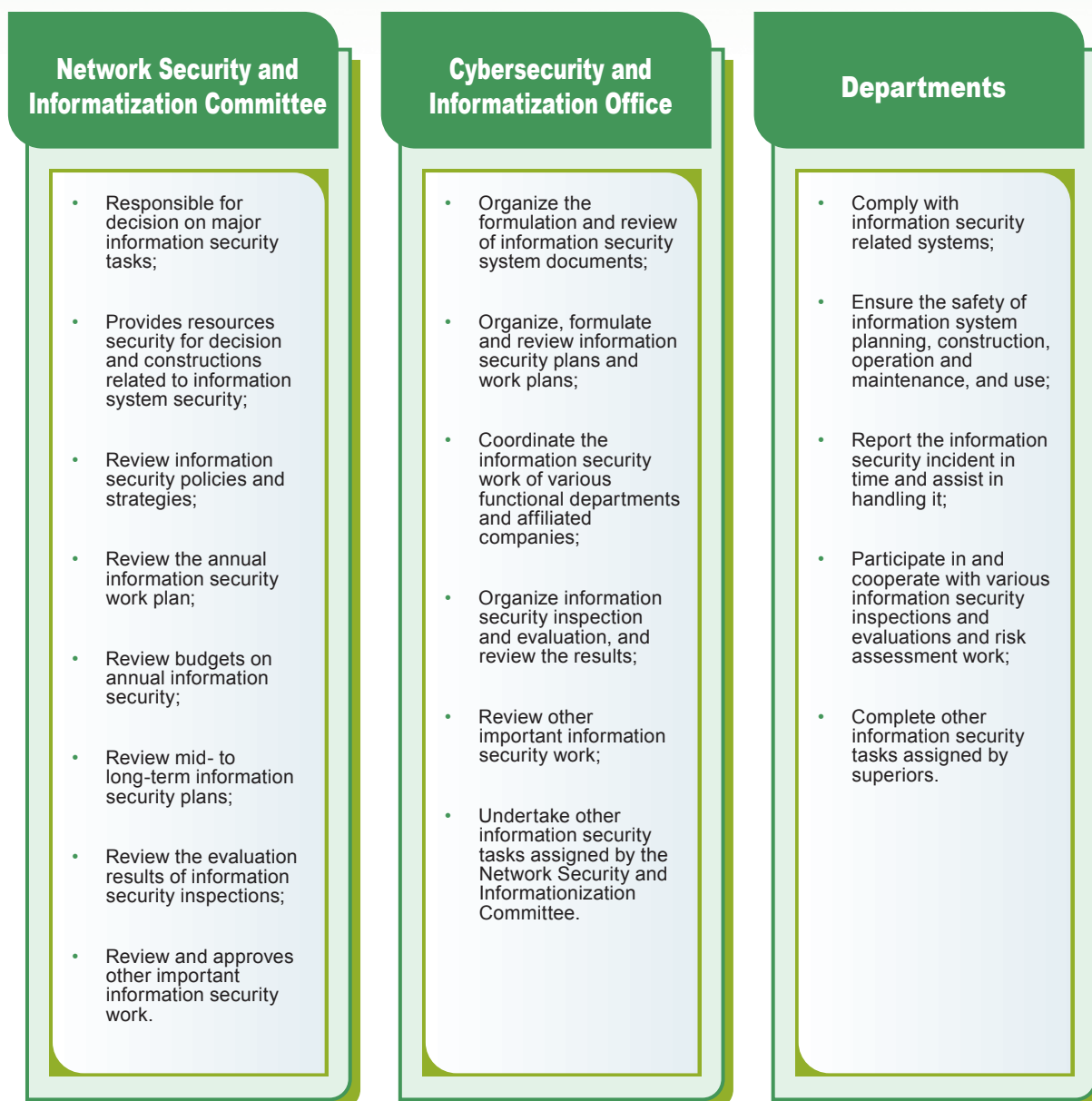
To strengthen its employees’ integrity awareness with both images and text, Dongfeng Commercial Vehicle amended the *Implementation Measures for Further Implementing the Spirit of the Eight Provisions of Central Government* (《關於進一步貫徹落實中央八項規定精神實施辦法》), compiled and published three issues of educational materials, convened two educational conferences, devised the *Clean Compliance Convention* (《廉潔合規公約》) and prepared pocket book – *88 Bans in Dongfeng Commercial Vehicle* (《東風商用車88條禁令》).

1.4 Information Management

In order to strengthen the safety operation management of its network and information system, the Group formulated internal management systems including *Information Security Management Measures* (《信息安全管理制度》), *Information Security Technology Standards* (《信息安全技術標準》), *Information Security Management Specifications* (《信息安全管理制度規範》), *Information Security Organization Specifications* (《信息安全組織規範》), *Information System Security Rating Guide* (《信息系統安全定級指南》), *Management Rules for Network and Information Security Notification Mechanism* (《網絡與信息安全通報機制管理細則》) and *Implementation Measures for Network Security Work Responsibility System* (《網絡安全工作責任制實施辦法》) in accordance with *Cybersecurity Law of the People’s Republic of China* (《中華人民共和國網絡安全法》), combining its network and actual requirements for safe reporting of information to continuously enhance the safety of its internal information.

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

On the management level, the Group established the Network Security and Informatization Committee mainly in charge of information security work and daily work related to information security through the Group's Cybersecurity and Informatization Office. Moreover, the departments, information system users and information security administrators of the Group were all required to follow its requirements on information security and implement information security work.



In respect of implementation, the Group executes the planning, doing, checking and taking action (PDCA) closed-loop management ideas and implements information security management work, so as to improve the Group's overall information security.

1. Responsible Operations, to Construct Internal Compliant Control (Continued)

P

Carry out special planning work for information security, provide planning templates for the subsidiaries, review the current status, architectural design, practical measures, progress route and other planning contents of the subsidiaries, accurately discover shortcomings in network security, and provide guidance and advice on their respective safety planning.

D

Improve the level of network and information security from the four aspects of network security supervision and tracking, network and information security notification mechanism management, information security awareness promotion activities, and security management for the information system life cycle.

C

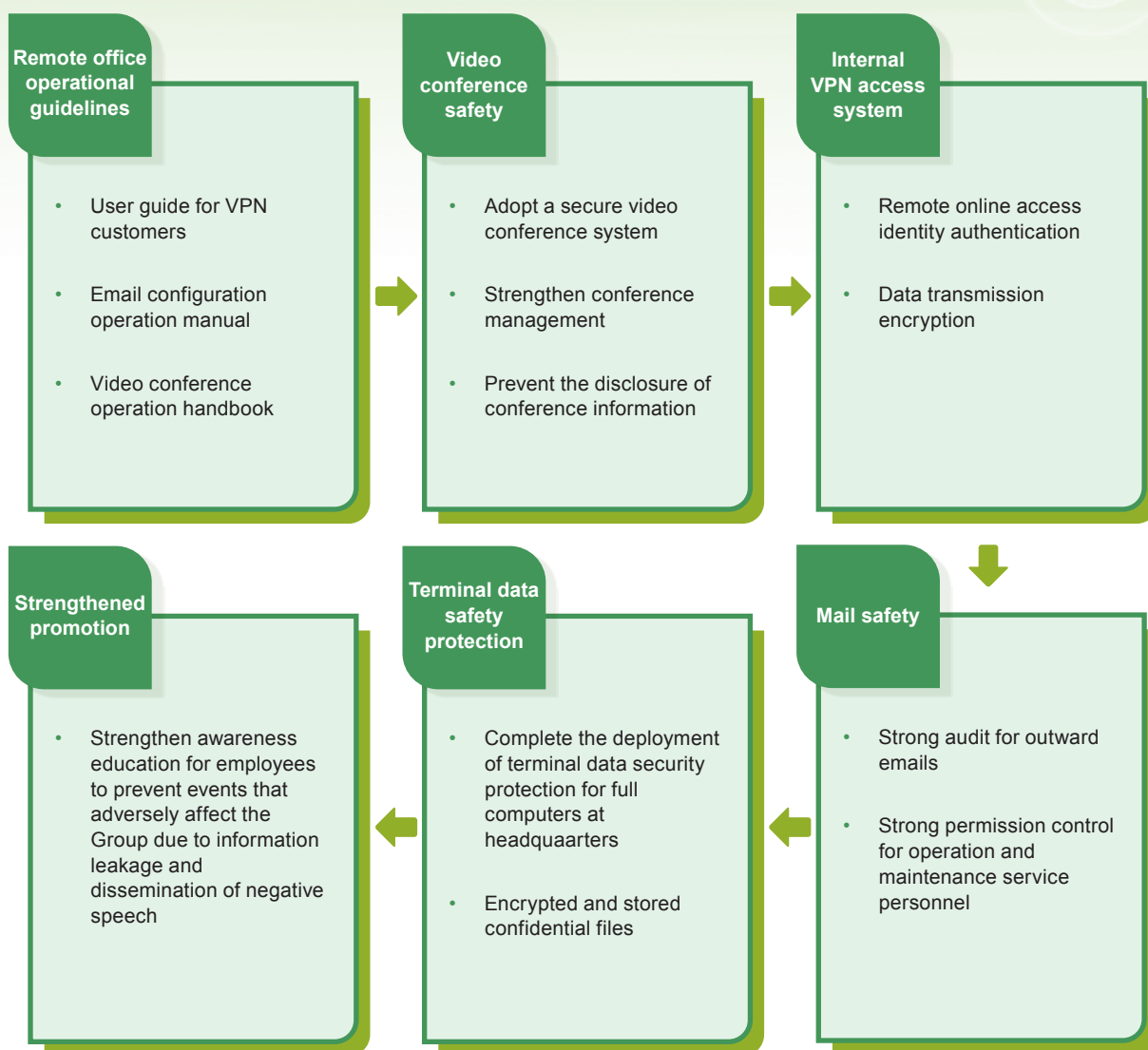
Adopt multiple inspection methods to promote the development of information security across the group, combine multiple evaluation methods such as evaluation, offensive and defensive drills, inspections, and audits, conduct compound inspections of subsidiaries with different control and decision-making systems.

A

Information security was improved from the aspects of asset mapping, code auditing, APP security detection, and terminal leakage prevention.

With respect to data security, in accordance with relevant national provisions, the Group implemented special reporting and early warning work during significant events and periods, during which it established 24-hour emergency contact channels to implement the zero incident daily reporting system. The Group announced a notice on cybersecurity and remote office security work in response to the COVID-19 outbreak in multiple places of Wuhan City in Hubei Province in 2020 and to assist the Group's prevention and control work against COVID-19 and ensure safe and smooth operation of the Group's network and the smooth execution of production work. The notice requested the subsidiaries to fully sort out key information infrastructure, the internet system and prominent systems and carry out hidden trouble investigation and disposal to ensure the prevention of severe internet security issues. Also, the Group assessed and responded to the fundamental conditions of remote offices for employees, and ensure information security from remote offices for employees during the epidemic through technical support including operational guidelines for remote offices, the safe video conference system and internal VPN privileges.

1. Responsible Operations, to Construct Internal Compliant Control (Continued)



2. Integration and Innovation, to Build Intelligent Quality Experience

Our Concept

Adhering to the core brand value philosophy of “Quality, Intelligence and Joy”, we continue our business philosophy oriented towards customer needs, aiming to striving to meet customer needs and create greater value for them through partnerships and mutual development.



Objective

Build an excellent Dongfeng Brand by adhering to the customer-oriented principle and upholding the spirit of originality



Governance Improvement

High Quality automobile manufacturing

Promote the excellent quality management in all aspects and improve product quality by establishing the “Dongfeng Excellent Quality Evaluation System”

Innovation capacity

Optimize the distribution incentives with technology, skills and other factors, and implement incentives for product development projects

Unreserved customer services

Multi-channel communication with customers based on specific situations through channels such as on-line promotion and off-line promotion, media conferences, market research, customer satisfaction surveys and customer complaint handling



Major Achievements

High Quality automobile manufacturing

All subsidiaries are certified by the ISO 9001 Quality Management System/IATF16949

Innovation capacity

Remarkable progress in the field of “Five Megatrends” with 1,508 patent applications

Unreserved customer services

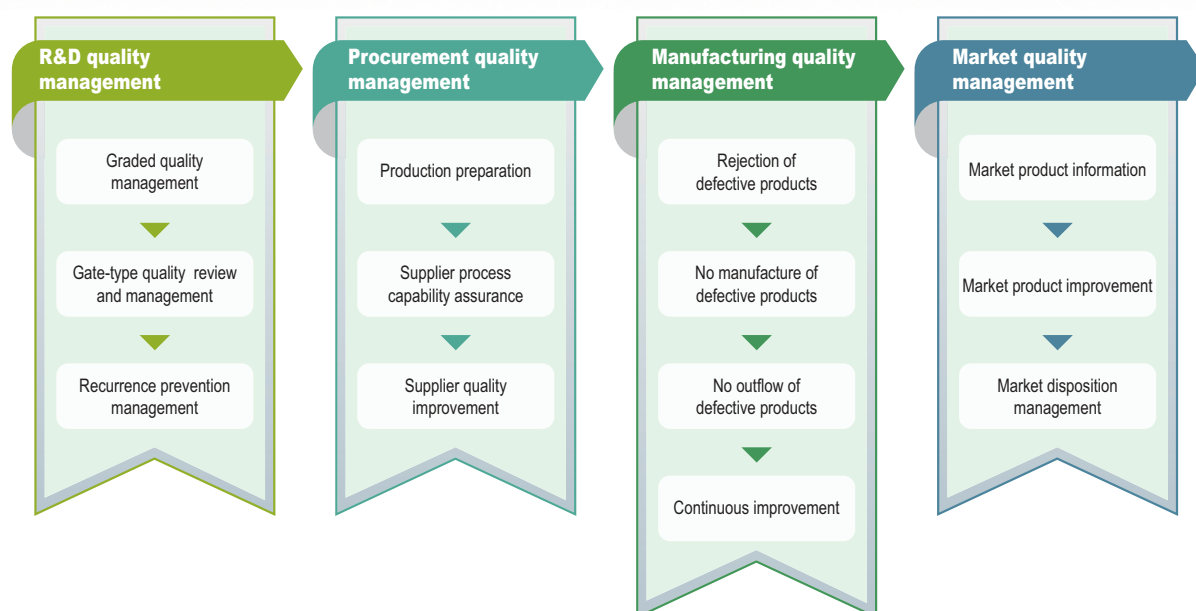
Optimized the customer complaint handling system, strengthened, tracked and rectified product and service issues raised by customers

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

2.1 High-Quality Automobile Manufacturing

Quality Management

The Group constantly reinforce its awareness of product quality enhancement, striving to provide users with quality products and services. In 2019, we amended 58 procedural documents at company level to improve comprehensive customer-centric quality management system.



During the Reporting Period, the Group optimized the internal audit methods of the quality system: besides conducting independent internal audit and management reviews in its subsidiaries, the Group also increased regular supervision and on-site quality confirmation activities by the quality management department, maximizing the subjective initiative of every subsidiary and the supervision function of the quality management department.



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

Dongfeng Passenger Vehicle conducted internal auditor training for its management system

On 8 April 2019, to develop a team of internal auditors with professionalism and the ability to effectively promote the operation of an excellent quality system, Dongfeng Passenger Vehicle started its training class for internal auditors for the quality management system. The training was divided into three stages, in the order of fundamental knowledge training, practical skills training and the accumulation of audit experiences. The first stage offered training in professional knowledge about the quality system. Trainees who passed the exam can proceed to the second stage comprising items including audit skills and simulation. A group of candidates with pass results for that stage were selected to enter the last stage. After the trainees participated in the internal audits of the quality system and third-party quality system, those with excellent results were chosen to receive certificates.

In addition to the internal audit of the quality management system, we actively gave scores through the internal “Dongfeng Excellent Quality Evaluation System”, quantify the quality management system of our subsidiaries in the aspects of process planning and implementation, and performance evaluation, and implement key project upgrades by identifying quality shortcomings through benchmarking to promote quality management and improve product quality.

Zhengzhou Nissan won the Quality Excellence Award at the 26th IMEM organized by Nissan Motor Co., Ltd.

In order to maintain and enhance the reputation of high-end leather products, from R&D, manufacturing, sales and after-sales, Zhengzhou Nissan established the concept of “focusing on customer needs and creating excellent quality” and sorted out 12 special issues for upgrades through status analysis and brainstorming. On November 6, 2019, at the 26th IMEM (International Manufacturing Executive Meeting) alliance global conference held at the Nissan headquarters in Japan, Zhengzhou Nissan was specially awarded the only award at this conference: Quality Excellence Award in recognition of its excellent performance in the ALLIANCE PRODUCTION WAY concerning integration, quality improvement and product quality over the past two years.

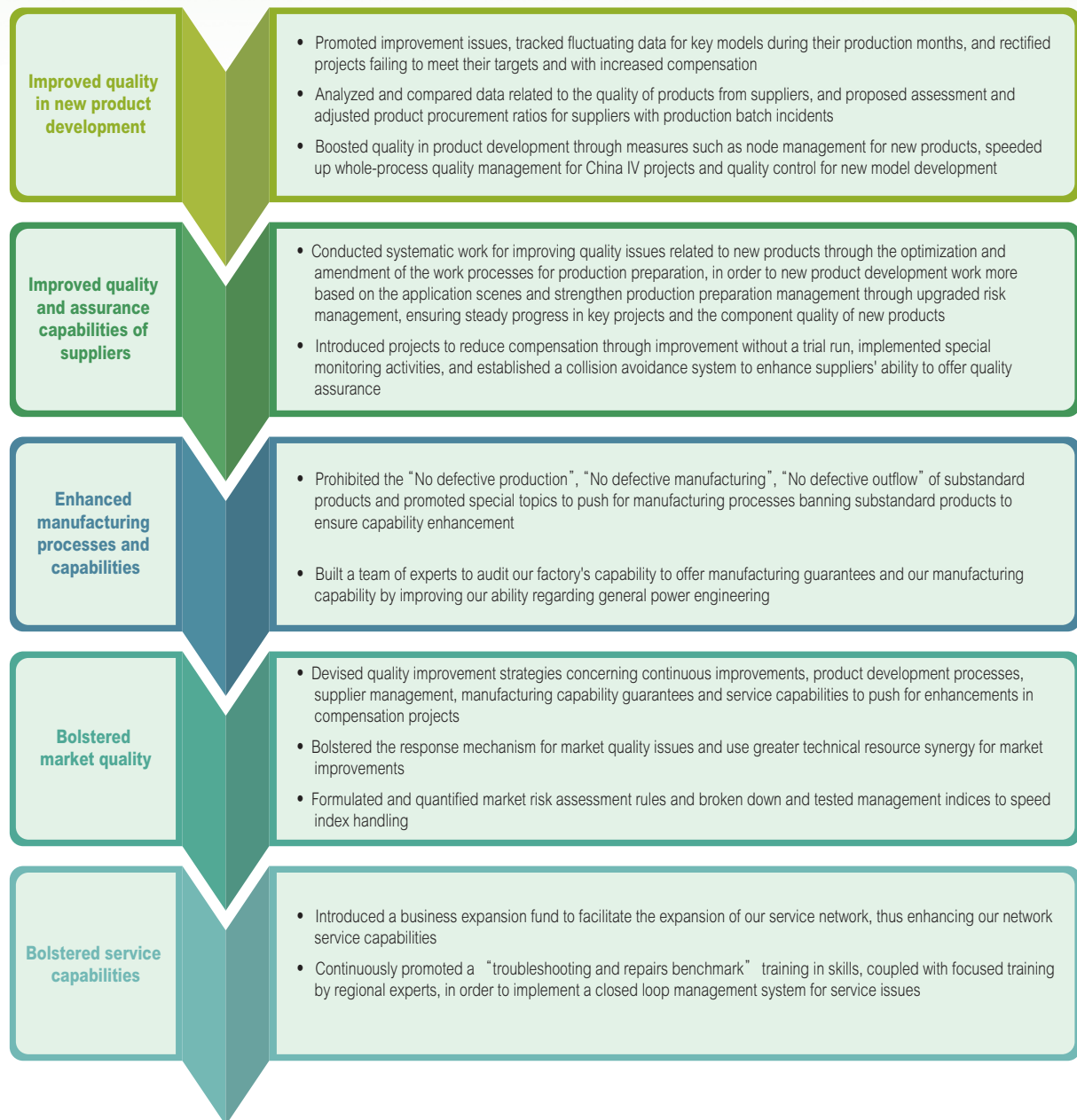


In addition to internal evaluation, we also promote quality evaluation through external qualification certification, and carry out full value chain quality management and control in R&D, procurement, manufacturing and marketing. All subsidiaries of the Group have passed ISO 9001 quality management system/IATF16949 quality management system certification, and widely used advanced management tools and technical equipment to ensure timely delivery of products, stable quality and customer satisfaction.

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

Quality Improvement

During the Reporting Period, we further optimized and improved the quality of products and services and improved customer satisfaction by improving our capabilities in new product development, supply chain quality assurance, manufacturing processes, market quality, and services.



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

Dongfeng Automobile's "163 Multiplication Plans"

In early 2019, the Dongfeng Automobile officially published its "163 Multiplication Plans", of which "1" referred to ranking first in quality in the light commercial vehicle industry, "6" referred to the six development directions surrounding its market strategies, and "3" referred to the goals of the Dongfeng Automobile to sell 300,000 vehicles, achieve as much as 16% in market share, and regain its market-leading position within five years until 2023. Following one year of practice, Dongfeng Automobile realized excellent results featuring "quality breakthrough and refreshing", "market challenges and product updates", and "tough reforms and brand renewal". By improving quality, it continuously boosted its brand efficiency, market shares and structural competitiveness. With preliminary victory achieved for the "163 Multiplication Plans", it entered the fast track of high-quality transformation and development, a new chapter for its self-brand development.

Recall of Defective Products

The Group is of the view that the proactive recall of defective products is the responsible act of a business for its customers, as well as a method to eliminate vehicular defects and safeguard the physical and financial safety of customers. The Group strictly complies with the Regulation on the *Administration of Recall of Defective Auto Products* (《缺陷汽車產品召回管理條例》) and related requirements in its management of recalls of defective vehicular products. In 2019, starting from practicality, the Group took into consideration new state requirements for automobile recall management, environmental factors, which were to be soon considered in future automobile recalls, and the new development features of new energy vehicles and intelligent connected vehicles in its amendment and publication of *Administrative Measures for Recall of Defective Auto Products* (《缺陷汽車召回管理辦法》) to further regularize its recall management of defective automobile products.

The Group attaches importance to quality and safety and immediately implements recalls once a product defect is discovered to guarantee customer safety. During the Reporting Period, the Group implemented a total of five recalls of defective automobile products involving 36,098 vehicles. In addition, the Group steadily developed the quality of its products and did not draw media attention for product quality issues.

2.2 Innovation Momentum

The Group is of the opinion that only by mastering innovation and vigorously developing technologies can it achieve future success and sustainable long-term development. In July 2019, the Group formulated and published the Guiding Opinions on Further Promoting Technological Innovation and Development, which clearly stated 10 major missions – including increasing R&D investment, executing several major technological innovation projects and participating in China's major technological projects – in areas such as new product R&D, key technology layouts, innovation capabilities, effective invention patents and innovation talent, and further focused key areas in "Five Megatrends"¹ on R&D and innovation.

¹ "Five Megatrends" means lightweight, electrification, intellectualization, network products and sharing platform.

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

Technological Innovation

The Group optimizes the incentives for participating in the distribution of technologies, skills and other elements, and expands the incentives for the implementation of commodity development projects. We concentrated on core technologies, selected four key regions out of the “Five Megatrends”, tested shareholding incentives for scientific research topics, announced dividend incentive management methods and highlighted value creation – at present, the Group has piloted the scheme in one of its subsidiaries. Aside from that, we amended the budget management methods for labor costs, offering salary support to our subsidiaries for R&D investment and talent cultivation. Also, the Group extensively organized labor innovation and impact activities to improve its innovation system and release its innovative energy. With regard to technology innovation, the Group boldly thought out of the box and established three innovative new systems, namely the “co-innovation platform”, “T+SPACE” and “smart ecosystem”. To gather collective wisdom, the Group created innovative brands, enhanced the impact of its technological innovation and created technological brand event “Technology Innovation Week”.

Research & Development Centre opened during the Technology Innovation Week for 2019

Held in the fourth consecutive year, the “Technology Innovation Week” was one of the events where the Group showcased its technological innovation capabilities. In 2019, in the “Technology Innovation Week” continuously themed “Technological innovation drives the future”, the Group concentrated on the technical research and applications of the “Five Megatrends”, showcased more than 100 new technological products, invited over 40 industry experts, published 20-odd technologies, organized 14 technological forums and set dynamic experience zones for intelligent driving, electric vehicles, fuel cell vehicles, low-wind resistance vehicles so that participants could indulge in “conversations with technology, vehicles and the future”. Through the “Technology Innovation Week”, we further demonstrated the image of Dongfeng Electronic Technology, promoted the development of Dongfeng brands, and enhanced our industrial and social influence.



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

Major results of Dongfeng Commercial Vehicle's self-developed "Five Megatrends"

Concerning electrification, Dongfeng Commercial Vehicle carried out the chassis development of pure electric sanitation vehicles. As for intellectualization, the company mainly focused on different application scenarios; currently, it has completed public self-driving testing for tractors on highways, demonstration operation of self-driving vehicle wash in closed areas, and automated driving tests in closed sites. In 2019, during the 7th CISM Military World Games in Wuhan, five of the company's smart vehicles participated in the demonstration in the smart park, fully showcasing the company's latest technological results.

Under the new competitive landscape, the development trends of lightweight, electrification, intellectualization network products, and sharing platform inevitable. The Group continued to push forward with the "Five Megatrends" processes, in an effort to convert "high quality Dongfeng" into "excellent Dongfeng"; in 2019, the Group made clear progress in the "Five Megatrends" arena.

Lightweight	<ul style="list-style-type: none"> With "Dongfeng Passenger Vehicle Lightweight Technology Application" as the main topic, the Group carried out research on the application of advanced reinforced steel in the CMP (Common Modular Platform) project and the domestic application technology of resinized PP material for the back door; The Group realized the development of aluminum alloy sheet materials and the application of stamping and forming technologies for body panels, and achieved a total weight reduction of 87 kg per vehicle. The lightweight of the AX5 model is industry-leading.
Electrification	<ul style="list-style-type: none"> In the "EV/PHEV power module technology system", the Group combined the development of HP3.2 (pure electric) and HP2 (hybrid) power modules, sorted out the key technologies of the "three electric" system, and completed the establishment of some positive development technology systems, supporting the achievement of 508 kilometers of continuous driving range for mass-produced vehicles; The functional prototype of the four-wheel drive hub motor and the extended range fuel cell functional prototype were developed, and knowledge about the key technologies such as the integration of the electric drive system of the hub motor, the overall layout of the FCV (fuel cell) vehicle and the development of the vehicle controller system were gradually enriched.

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

Intellectualization	<ul style="list-style-type: none"> • Dongfeng Passenger Vehicle's autonomous smart assisted driving system has completed the technical verification of the longitudinal anti-rear collision assisted system, and some of its autonomous core technologies have the conditions to migrate to commodity technology: • 25 smart configurations such as voice recognition and automatic back door have been developed or commercialized, which better supports the upgrade and mass production of WindLink3.0, realizes an AI voice, smart travel, smart control and other functions. The overall strength is at the leading level in the industry, and has established a complete process system capability, which will be promoted and applied to many future models. • Commercial vehicles were combined with typical customer application scenarios, with the development of four unmanned vehicles in places such as closed construction sites and ports completed. The prototype demonstration was completed in closed parks (ports): precise positioning and precise control algorithms were developed and the demonstration preparations for automatic driving in closed parks (sites, scenic spots), and automatic driving on open roads (highways) were completed; • The reliability of the algorithm was improved in the actual scene; • The requirements of customers and active safety regulations were combined, and the commercial development of auxiliary braking functions was carried out.
Network products	<ul style="list-style-type: none"> • "Next-generation Electrical and Electronic Architecture Development, EEA3.0, has completed the needs analysis and program design work, and has been built around the top-level design of technologies that support autonomous driving L3, Internet of Vehicles V2X, large data transmission and interaction. • The leapfrogging technology path of Dongfeng Autonomous Driving has been clear. The mass production applications of L4 Autonomous Driving are laid out and carried out in an orderly manner. The development of the limited area L4 Autonomous Driving "Sharing-VAN" is in order.
Sharing platform	<ul style="list-style-type: none"> • Focusing on the entire life cycle of product development, in the four areas of research and development, production, marketing, and service, we have deployed the application of 10 large data technologies such as "customer portrait analysis, repeated calculation model vehicle fault monitoring and remote diagnosis, and accurate marketing support", advancing the realization of the goal of "digital sharing" in an orderly manner.

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

Intellectual Property Protection

The Group strictly abides by the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》) and other intellectual property laws and regulations, and continuously optimizes the intellectual property rights management of the Group in terms of system construction, innovation management, and the use of information.

System Establishment

- An intellectual property information system was established, and the *Management Measures for Intellectual Property Rights* (《知識產權管理辦法》) continued to be improved and standardized.

Innovation Management

- The transformation of scientific and technological achievements was promoted through strengthened internal cooperation, and patent applications and intellectual property protection was promoted.

Use of information

- The layout of technological achievements was carried out, intellectual property work was promoted and included in the R&D process, which was improved and whose risks were reduced.

In 2019, the Group increased awards for patent achievements, implemented project R&D and invention patent layout work, and further pushed for the increase in the number of invention patent applications. In addition, the Group strengthened its intellectual property capacity building, completed nearly 500 intellectual property training sessions for six subsidiaries in 2019, and cooperated with the government's intellectual property protection center in carrying out patent mining and training material writing work, in order to further enhance the R&D and management personnel's awareness of intellectual property creation and protection.

As of December 31, 2019, the Group had a total of 9,470 patents, including 805 invention patents, 6,506 new practical models and 2,159 appearance patents. During the Reporting Period, the Group newly added 1,099 patents, including 111 invention patents, 1,508 patent applications, and 606 invention patent applications.

2.3 Dedicated Services

The Group strictly abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》) and the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》). By creating a customer-centric, agile and efficient operating mechanism, the Group cares about its customers' needs and thinks about what customers think, serving Customers with a good product life cycle well.

Customer Communication

The Group communicates with customers through channels such as online and offline promotion, media conferences, market research, customer satisfaction surveys, and customer complaint handling. Each subsidiary of the Group has continuously improved customer communication channels and optimized customer feedback processing mechanisms based on its own business characteristics and operating models, thereby continuously improving customer satisfaction and brand reputation.

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

Dongfeng Nissan's 14th After-sales Service Skills Competition

In 2019, Dongfeng Nissan will continue its “customer year” strategy and take the concept of serving customers as its corporate strategy. The core competitiveness of after-sales service stems from the reserves and cultivation of elite service talent. In addition to the training and evaluation of various professional sectors, Dongfeng Nissan has also deepened and strengthened the professional level of dealers’ after-sales service personnel in various forms, with the after-sales service skill contest belonging to the important “training ground” and “parade.” From the huge competitions to the finals, it took more than 6 months. The elites from the three positions of paint spraying technician, workshop manager, and spare parts manager fought hard to show off their various business skills and respond to on-the-spot challenges such as theoretical assessment, project publication, and scenario simulation, demonstrating their customer service capabilities and styles.



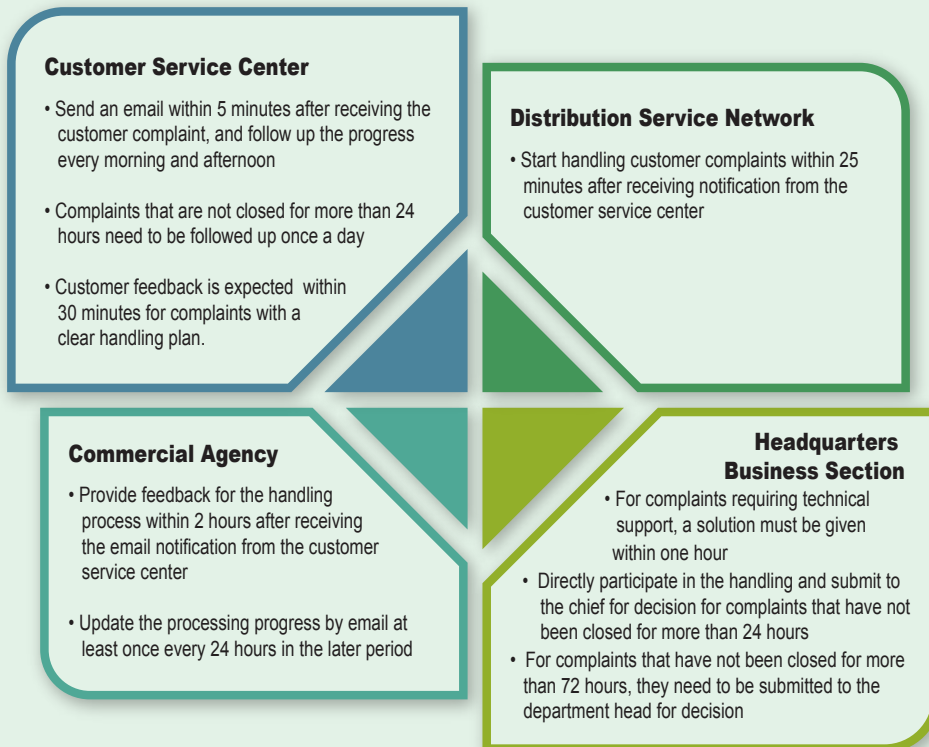
To improve customer satisfaction, the Group has created an efficient after-sales service system. Through the 4S shops, official website, forums, 400 service hotlines, 12365 platform and other channels, the Group tries to understand customer needs in depth, to provide customers with comprehensive, 24/7 high-quality services.

In order to respond to customers’ doubts and dissatisfaction with products and services in a timely manner, the Group continuously improves its customer complaint handling system and strengthens, tracks and rectifies product and service issues raised by customers.

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

Dongfeng Commercial Vehicle's customer complaint handling system

In order to standardize the complaint handling process of domestic customers and ensure the timely, effective and rapid resolution of complaints, Dongfeng Commercial Vehicle has formulated the Customer Complaint Management Measures to clarify the complaint handling process. To improve customer satisfaction, Dongfeng Commercial Vehicles categorizes customer complaint handling, and standardizes customer complaint handling procedures, dispute complaint handling procedures, and major complaint handling procedures. Also, Dongfeng Commercial Vehicle has formulated strict time-limited management requirements, clarified the rules for the centralized handling and closure of customer complaints, and requested relevant departments to perform feedback analysis on complaint data to improve customer service quality.



Dongfeng Commercial Vehicle's Customer Complaint Management Requirements

The Group's 2019 customer satisfaction survey is conducted in three dimensions: product satisfaction, marketing satisfaction, and service satisfaction, with a comprehensive satisfaction analysis of the Group's products and business services.

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

Dongfeng Commercial Vehicle's customer satisfaction monitoring and brand diagnosis investigation

In order to objectively understand and accurately grasp the brand performance of the Dongfeng commercial vehicle market, and discover potential problems that may affect the development of the brand, Dongfeng Commercial Vehicle has carried out Dongfeng brand power diagnosis projects every year since 2006. The company proposes improvement plans for problems found each year, and continues to track improvement indicators in the coming year. The content of the brand power diagnosis survey includes two parts: current status diagnosis and cause analysis. The current status diagnostic indicators mainly include: brand performance (brand funnel), brand image (involving products, services, brand personality indicators), brand premium investigation and analysis.

In the 13 years with related figures, vehicles associated with the "Brand Premium" project of Dongfeng Commercial Vehicles were always above the industry average, continuously ranking second in the "Comprehensive Index of Brand Influence". The "Brand Power Diagnosis" project has now formed a model of information input by key departments in the early stage of the investigation, joint participation during the investigation, and joint discussion after the investigation, which has continuously deepened the project, strengthened multi-department participation and cooperation and provided the upward development of the "Dongfeng Commercial Vehicle" brand with a certain level of support.

Privacy Protection

The Group respects customer privacy and values customer information security. It has strengthened employee management through the development of a strict customer information confidentiality system to prevent the disclosure of customer privacy. In the course of business development, the Group has formulated strict confidentiality measures and utilization systems for customer information and customer privacy business links, and has set different levels of viewing authority for different post approvals. The demand department must submit a written application in strict accordance with the relevant process documents, and then use it after obtaining all levels of approval, 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.

Dongfeng Motor Parts and Components' customer data protection and privacy protection

In order to enhance employees' confidentiality of customer information and prevent the loss of core customer information, Dongfeng Motor Parts and Components revised and improved the "*Customer Management Measures* (《客戶管理辦法》)". In 2019, Dongfeng Motor Parts and Components strictly follows the requirements of the management measures to ensure that important information of customers is not leaked through any channels. In order to strengthen the management of customer information, Dongfeng Motor Parts once again upgraded the customer information system, and achieved the confidentiality of information through means such as independent accounts, setting hierarchical browsing rights and network restrictions.

3. Opening and Cooperation, to Drive Towards Sustainable Future

Our Concept

In order to support the rapid development strategy and build a new industry ecology, the Group established and continuously improved its competitive global supply chain system. Through professional teams and mutually beneficial and win-win strategic collaborative partnerships, it continues to build an open cooperation system with its own characteristics to enhance the core competitiveness of the entire value chain.



Objective

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



Governance Improvement

Supplier Management

Help suppliers improve the quality of their products and services by enhancing their engineering capabilities and improving their quality

Ecological Co-building

Accelerate the urban intelligent transportation layout with changes and reforms brought forth by the "Five Megatrends" in automotive products and technologies



Major Achievements

Supplier Management

Improvements in supplier quality assurance capabilities and product consistency

Ecological Co-building

Forging of smart usage of vehicles and smart traffic cloud

3. Opening and Cooperation, to Drive Towards Sustainable Future (Continued)

3.1 Supplier Management

The Group strictly controls the quality of its products, and conducts strict evaluation and rating of suppliers through strict and standardized supplier collaboration procedures and supplier evaluation systems. The Group initially provides intent suppliers based on demand, and the evaluation team selects suppliers according to the supplier evaluation criteria. Suppliers must meet the principles of equal emphasis on quality, cost, delivery and service. In addition, the Group conducts classified management of suppliers and reviews the validity of the certificates of all suppliers.

In order to improve the quality assurance capabilities of suppliers and the consistency of products, the Group regularly provides suppliers with guidance for improvement. In 2019, the Group focuses on helping suppliers improve product and service quality in terms of supplier engineering capability improvement and supplier quality improvement.

Supplier engineering capability improvement

- Carry out supplier engineering capacity building inspection activities based on product / process characteristics, involving the whole process of raw material purchase, manufacturing, product warehousing to delivery, and comprehensive review of the application and compliance of humans, machines, materials, methods, environment, inspection, etc. A total of 1,969 problems have been identified, and 1,892 problem items improved and completed, effectively improving the quality assurance capabilities of suppliers.
- With the goal of having all processes comply with the standards and “No defective production”, “No defective manufacturing”, “No defective outflow”, we carried out evaluations for the maturity of 32 supply quality systems, whose system maturity scores increased by an average of 23%, showing improvement in the suppliers’ manufacturing and management levels.
- Carried out work to prevent the recurrence of quality problems and formulated a total of 90 typical quality problem cases to prevent recurrence of quality problems, effectively improving the quality assurance capabilities of suppliers.
- Supervise the establishment of an integrated procurement management mechanism by suppliers, and the audit extends to key features and process control of key secondary suppliers; strengthen supplier audits, actively discover process deficiencies, and urge suppliers to upgrade their production.

3. Opening and Cooperation, to Drive Towards Sustainable Future (Continued)

Supplier quality improvement

- 0-km quality problem improvement: All departments coordinated to establish a comprehensive quality problem rapid response mechanism to ensure that the quality problem is improved quickly and efficiently. In 2019, the 0-km quality improvement project had 1,962 items, 1,956 of which were closed with countermeasures, the closure rate reaching 99.7%.
- Market quality improvement: Through analysis of historical compensation, we carried out improvement work for the top 72 suppliers in compensation amounts, and proposed a total of 206 improvement issues.

In order to continuously improve product quality and build a competitive and reliable supply chain, the Group actively communicates with suppliers to promote long-term cooperation and mutual development with quality suppliers.

Dongfeng Commercial Vehicles 2020 Supplier Conference

On December 11, 2019, Dongfeng Commercial Vehicles held its annual Supplier Conference for 2020 under the theme of “Reliable, transformation and upgrading”, taking the opportunity to promote the value of the Dongfeng brand to suppliers and releasing the Dongfeng Commercial Vehicle R&D Work Report and Supplier Meeting Theme Work Report. In addition, the conference also awarded “Special Contribution Award”, “Best Supplier”, “Quality Improvement Excellence Award” and other awards to outstanding suppliers.



In order to reduce the waste of resources caused by procurement and promote local economic development, we actively improve the localization policy, and on the premise of quality and delivery, we prefer to select local high-quality suppliers for cooperation to promote local economic development.

3. Opening and Cooperation, to Drive Towards Sustainable Future (Continued)

3.2 Ecological Co-building

The Group continues to build an open, collaborative, and win-win new ecosystem for the automotive industry by continuously strengthening effective cooperation with government departments at all levels, peers, or cross-industry companies, and universities in order to seize the technological high ground and promote product satisfaction and competitiveness. Also, The Group aims to build an efficient, green, safe and convenient car-linked ecosystem of “people-car-life”, and is committed to bringing about changes in automotive products and technologies through the “Five Megatrends”, in line with the industrial changes and technology wave, speed the layout of smart transportation in the city, and rebuild the travel pattern.

Dongfeng Automobile's government technology project

In 2019, Dongfeng Automobile carried out the development of two self-driving logistics vehicles, focused on the implementation of intelligent point-to-point transportation platforms and feeder logistics application scenarios, and combined with the application of all scenarios to provide an overall solution for smart logistics cooperation for the 7th CISM Military World Games.

During the event, an autonomous driving regional logistics vehicle created with the EV350 regional logistics and based on the Dongfeng light vehicle EV350 urban logistics vehicle platform, which has a variety of highlight functions including automatic obstacle avoidance, automatic tracking, automatic reverse entry, remote start, remote vehicle scheduling, remote control of vehicles, etc., docked with the trunk logistics vehicles in the Wuhan demonstration area, achieving the “last mile” for logistics transportation by transporting and delivering goods between the warehouse and the community logistics point.



3. Opening and Cooperation, to Drive Towards Sustainable Future (Continued)

Dongfeng Commercial Vehicle's school-enterprise cooperation project

Dongfeng Commercial Vehicle has carried out a large number of cooperative innovation models in the development of new products and technologies, and has worked closely with universities and research institutes to carry out key technology research. In 2019, Dongfeng Commercial Vehicle signed a cooperation agreement with Huazhong University of Science and Technology, Hefei University of Technology, Tianjin University, Suzhou Automotive Research Institute, Tsinghua University, China Automotive Technology & Research Center, Wuhan Research Institute of New-energy Automotive Technologies and other institutions of higher learning and scientific research institutions to establish long-term and stable technical collaboration on production, learning and research.

Smart Travel

Relying on the Dongfeng travel platform, the Group will realize the commercial demonstration operation for intelligent connected vehicles, build a travel ecosystem that integrates smart cars, smart driving, smart charging, smart parking, and smart rescue, and build a leading one-stop diversified travel platform in Mainland China. In 2019, the Group officially released the “Dongfeng Go” brand, transforming from a “traditional automobile manufacturer” to an “excellent enterprise providing users with a full range of high-quality automotive products and services”. In order to make travel more convenient and enjoyable, “Dongfeng Go” also provides mobile phone shaking for car calling services for smart home terminals, which can be completed with one click payment.



Smart Transportation Cloud

The Group's smart transportation cloud is based on Xiangyang Cloud International's T3+ standard (襄陽雲國際T3+標準) infrastructure, and AI (Artificial intelligence) + EI (Enterprise Intelligence) is enabled on the cloud to continuously improve SaaS service (Software-as-a-Service, Software-as-a-service) capabilities to support the smart car valley, smart travel, and smart logistics, and drive the “smart +” transformation of the industry, people's livelihood and government affairs. The construction of a smart transportation city requires both a smart transportation system and a smart travel carrier. In 2019, the Sharing-VAN mobile travel service platform, which was among the Group's independently developed and Dongfeng Fengshen's new-generation AX7 for shared travel, Dongfeng Fengshen E70, Dongfeng self-driving logistics vehicles and other intelligent connected car products, debuted.

4. Green Development, to Start Green Living Engine

Our Concept

The Group upholds the environmental responsibility concept of “manufacturing vehicles in an energy-saving and environmental-friendly way and manufacturing energy-saving and environmental-friendly vehicles”, and is committed to building a green development model of the symbiosis and harmony of people, vehicles and nature. Based on the guidelines of “resource conservation, emission reduction, recycling and reuse”, we take the building of a green value chain as the main task, supported by structural adjustment, engineering technology and management innovation, while comprehensively expanding the green low-carbon management of the product’s entire life cycle, actively fulfilling our corporate environmental responsibility and achieving high-quality green and sustainable development, to contribute our powers to clear water and blue sky.



Objective

Create “environmental-friendly” and “resource-saving” enterprises to achieve green development of the entire value chain



Governance Improvement

Green design

Incorporate green development into the core concept of product design, adhere to the development of environmental-friendly products, and upgrade green design of products by strengthening green innovation capabilities to promote the integration of green design and green technology

Green production

Focus on the innovative application of key technologies and equipment for green manufacturing, and promote the recycling of resources by strengthening the environment, energy management and target assessment, fulfilling the green production method of energy conservation and emission reduction, and establishing green factories

Green supply chain

Strengthen the cooperation between upstream and downstream enterprises in the supply chain to form a consortium. Through the implementation of green supply chain management, lead the consortium enterprises to improve the level of resource utilization and achieve green development of the entire industry chain



Major Achievements

Green design

New energy vehicles achieved annual sales of about 66,000 vehicles, a year-on-year increase of 16.0%

Green production

Dongfeng Passenger Vehicle and Dongfeng Honda Engine were selected as “green factories” by the Ministry of Industry and Information Technology

Green supply chain

Dongfeng Renault was selected as the national “Green Supply Chain Management Demonstration Enterprise”

4. Green Development, to Start Green Living Engine (Continued)

4.1 Green Design

Green design is the first step to realize the green development of the entire value chain, and is also an important cornerstone of the Group's "manufacturing of energy-saving and environmental-friendly vehicles". We attach great importance to green product development, strive to promote technological progress and technological innovation, as well as to carry out a large amount of practice in automotive products from five aspects, namely the development of energy saving and emission reduction performance environmental-friendly performance development, noise, vibration, and harshness (NVH) performance development, China Eco-car Assessment Program (C-ECAP), and electric vehicle testing (EV-TEST).

During the Reporting Period, we continuously improved the level of lean manufacturing and actively carried out green design work throughout the entire life cycle of vehicle development by such means as reducing fuel consumption through lightweight design, selecting green raw materials to improve air quality in vehicles, and reducing exhaust emissions with new energy technologies.

Lightweight automotive products reduce fuel consumption

The Group has always attached importance to lightweight technology research work and continuously optimized product structure design to effectively reduce raw material acquisition and fuel consumption. During the Reporting Period, we took the subject of "Dongfeng Passenger Car Lightweight Technology Application" as the leading task and launched the application of light weight technology to reduce the quality of the entire vehicle and achieve a total weight reduction of 87 kg/car. Among them, the lightweight level of the AX5 model is in the leading position in the industry, and its technology effectively improves the power of the car and reduces fuel consumption to reduce exhaust pollution.

4. Green Development, to Start Green Living Engine (Continued)

Dongfeng Renault's in-car air quality control

The Group continued to promote the R&D for improving air quality in its vehicles, and launched Dongfeng Renault's "European Health SUV" series of products. This series of products is equipped with the CLEAN AIR PM2.5 air purification system with integrated PM2.5 monitoring, a PM2.5 high-efficiency air filter, ion generator and in-car air quality service (AQS); it uses a large number of high-quality environmental-friendly materials; for example, the board adopts imported low VOCs (volatile organic compounds) TPO (thermoplastic polyolefin) skin, and the cabin uses a new, low-emission, environmental-friendly sealant to minimize irritating odors and harmful substances in the vehicle and control air quality in the vehicle from the source. Moreover, we conducted high-standard control and inspection of the environmental quality in the vehicle to ensure that its air quality is far better than the industry standard.



Dongfeng Renault's "European Health SUV"

4. Green Development, to Start Green Living Engine (Continued)

In order to cope with the pressures of energy, environment and climate change, and promote the transformation and upgrading of the automobile industry, the Group regards the development of new energy vehicles as an important strategy and an important part of “green manufacturing”. During the Reporting Period, we further carried out R&D of new energy products based on four aspects: developing the model platform, grasping resources for Three Electrics, promoting fuel cell development, and innovating marketing systems.

Strategic Issues	Key Initiatives	2019 Performance
Develop vehicle model platform	<ul style="list-style-type: none">Oriented to the industrialization of new energy vehicles, the Group establishing a modularization platform for new energy vehicles, and developing power modules for new energy vehicles.The plan clearly defines the development of electric platforms, covering economic pure electric vehicles, mid-to-high-end pure electric vehicles, and high-end multi-energy models.	<ul style="list-style-type: none">Mass production of 11 models in the field of new energy passenger vehiclesA reasonable product layout was formed for new energy commercial vehicles and new products launched as planned

4. Green Development, to Start Green Living Engine (Continued)

Strategic Issues	Key Initiatives	2019 Performance
Grasp resources for Three Electrics²	<ul style="list-style-type: none"> Building a control system for core resources conducive to the development of the Group's new energy vehicles, which possessed state-of-the-art technology in the industry with competitive advantage in quality and cost to meet the Group's own development needs. In enhancing strategic cooperation with external suppliers and ensuring supply, devoting great efforts to nurturing its own development capabilities and mastering development technologies, whilst coordinating, arranging and advancing the plan for industrialization of core resources. 	<ul style="list-style-type: none"> Electric drive: The planned production capacity is 2 million sets per year, and 280,000 sets per year have been built. Dongfeng Parts and Components has established an ePower system and motor assembly production capacity in Wuhan, actively promoting sharing within the Group Battery system: High-standard production lines were built in Wuhan and Zhengzhou, respectively, with a planned production capacity of 200,000 sets per year, and a built-up production capacity of 100,000 sets per year, possessing rapid production line replication experience

² "Three Electrics" include: battery, electric control and electric drive.

4. Green Development, to Start Green Living Engine (Continued)

Strategic Issues	Key Initiatives	2019 Performance
Promote fuel cell development	<ul style="list-style-type: none"> Accelerating research and product development on fuel cell technology, fostered its ability in industrialization and testing. 	<ul style="list-style-type: none"> FCV (Hydrogen Fuel Cell Vehicle) Development: To build a fuel cell R & D, test and pilot test base with a planned production capacity of 1,000 units per year. Among them, the pilot line for the production of fuel cell stacks was built, and the development of 50kW stacks (40kW system) was completed Five developed fuel cell passenger vehicles and commercial vehicles were shown during the 7th CISM Military World Games Undertook national key new energy vehicle special projects—the full power fuel cell passenger car power system platform and vehicle development project, the two-wheel prototype installation on the two platform trucks completed
Innovate marketing system	<ul style="list-style-type: none"> Increasing its marketing capability, exploring market value, establishing a system for recycling of batteries, and exploring power supply method. 	<ul style="list-style-type: none"> Build a group-wide vehicle monitoring platform through multi-scenario and long-term travel service practice Work with a charging platform to build a Dongfeng travel platform, which offers time-sharing rental, taxis, commuter vehicles, and online vehicle rentals Invested more than 4,000 vehicles of various types and conducted demonstration operations for new energy vehicles

4. Green Development, to Start Green Living Engine (Continued)

To further reduce carbon emissions during driving, in addition to the continuous introduction of low-energy traditional engine models and hybrid electric vehicles (HEV), we are accelerating the promotion of new generation of pure electric passenger vehicles, logistics vehicles, buses and other models. During the Reporting Period, the Group manufactured approximately 66,000 new energy vehicles throughout the year, with a market share of 5.9%, and continued to outperform the market.



Dongfeng E70 (2020 model) Pure Electric Vehicle

In September 2019, the 2020 Dongfeng self-owned brand E70 pure electric car was officially unveiled. The new car is fully upgraded in appearance, interior, configuration and cruising range, which is increased from the original 401km to 508km. It takes only 20 minutes to reach from 30% to 80% in direct current fast charging, and the new vehicle is equipped with the windlink lite version of the intelligent network connection system, which greatly improves the intelligent network connection function.



8-meter Pure Electric Bus

The 8-meter pure electric city series bus adopts the front single and middle double inner swing door design to meet the convenience of passengers boarding and alighting from the vehicle; flat floorboards and lightweight design are adopted for the whole vehicle, which effectively reduces its energy consumption and improving its driving range.

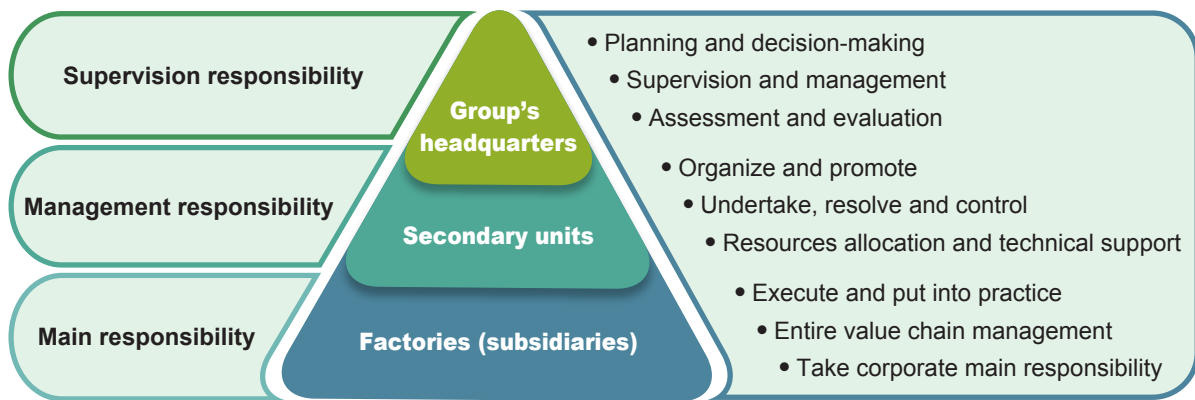
4.2 Green Production

The establishment of high-standard green factories is an important part of the Group's active development of green manufacturing. By implementing a high-standard environmental management system, we continue to strengthen source control and technological transformation, integrate green environmental protection concepts into the construction design of the factory, and are committed to creating an environmentally-friendly production development model. During the Reporting Period, taking the implementation of the "Green Dongfeng 2020 Action" program as a carrier, we continued to engage in "the Battle of Defending the Blue Sky", further deepened energy conservation, emission reduction and pollution prevention, and explored new paths for green factory construction. During the Reporting Period, Dongfeng Passenger Vehicle and Dongfeng Honda Engine made the "Green Factory" list of the Ministry of Industry and Information Technology.

4. Green Development, to Start Green Living Engine (Continued)

Environmental Management

In order to implement the national and local laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》) and *Cleaner Production Promotion Law of the People's Republic of China* (《中華人民共和國清潔生產促進法》), we have formulated a series of environmental management rules and regulations including the *Management Measures of Construction Projects for Environmental Protection* (《建設項目環境保護管理辦法》), *Management Methods for Energy Conservation and Environmental Protection* (《節能環保管理辦法》), and *Management Measures for Performance (Interim)* (《績效管理辦法(暫行)》). In the process of production management, the Group deeply implements the “5 + 1” energy-saving and environmental protection management system with Dongfeng characteristics. In order to improve energy-saving and environmental protection management mechanisms, we have implemented a three-level responsibility system for energy conservation and environmental protection, where we standardized and refined green production target responsibilities, assigned responsibilities to people, and implemented accountability.



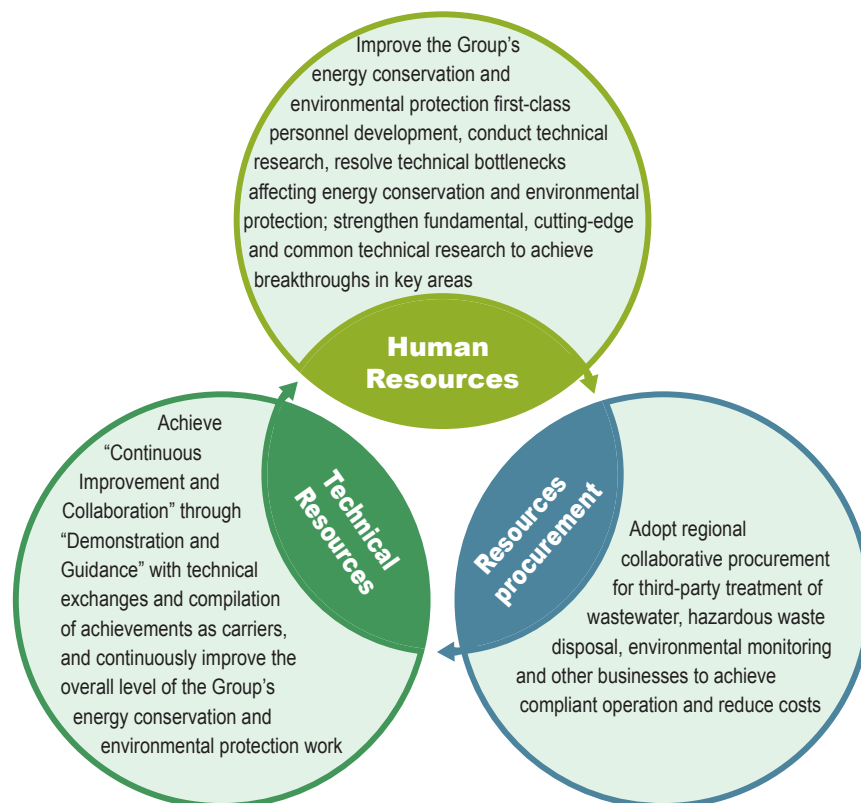
Three-level responsibility system of energy conservation and environmental protection

In order to further improve the level of environmental management, we have included the performance of energy conservation and emission reduction in the management's annual key performance indicator (KPI) assessment, and downgrade the four types of assessment results. In addition, we integrate human resources, technology, and procurement resources, implement regional collaborative management, and continue to promote environmental management, laying a solid foundation for green manufacturing.

4. Green Development, to Start Green Living Engine (Continued)

Annual KPI evaluation results of the factories (subsidiaries) are demoted one grade			
All unmet energy conservation and emission reduction indicators	Occurrence of multiple environmental pollution incidents mentioned above with significant social impact	Occurrence of incidents breaching the law with regard to energy conservation and emission reduction with adverse consequences	Materially inaccurate or falsified data in relation to energy conservation and emission reduction

Objectives Evaluation Mechanism



Collaborative Mechanism for Innovation Management

During the Reporting Period, we fully cooperated with the external supervision and auditing work of the National Audit Office focusing on the special audit of "pollution prevention", and continued to improve the environmental management system. As of December 31, 2019, a total of 69 factories (subsidiaries) of the Group had obtained ISO 14001 environmental management system certification.

4. Green Development, to Start Green Living Engine (Continued)

Additionally, we actively responded to the goals³ of the 2019 energy conservation and environmental protection business plan formulated by the parent company of the Group, and further established a strict environmental protection management network. During the Reporting Period, we optimized the energy-saving and environmental protection management information system. On the basis of improving the online direct reporting and data sharing functions involving energy-saving and emission reduction data by each of the factories, we increased our annual data collection reports and real-time collection reports on environmental pollution incidents and penalties, including the generation and comprehensive utilization of solid waste, noise generation by plants, energy-saving and environmental protection input and output, pollution permits, pollution control capability, energy management, and realized centralized dynamic monitoring and digital management of ecological environment pollution sources/risk points, key energy-consuming equipment/backward mechanical and electrical equipment in use, in order to help enterprises carry out environmental protection risk management and identify systematic energy-saving and emission reduction opportunities.

Environmental Emissions

We strictly abide by the *Law on Prevention and Control of Air Pollution of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Law on Prevention and Control of Environment Pollution from Solid Waste of the People's Republic of China* (《中華人民共和國固體廢物污染環境防治法》), the *Law on Prevention and Control of Water Pollution of the People's Republic of China* (《中華人民共和國水污染防治法》), the *Law on Prevention and Control of Pollution from Environmental Noise of the People's Republic of China* (《中華人民共和國環境噪聲污染防治法》), the *Environmental Protection Tax Law of the People's Republic of China* (《中華人民共和國環境保護稅法》) and other laws and regulations, and conduct wastewater, waste gas, and solid waste management and disposal according to the current energy conservation and environmental protection laws and regulations (including standards) of the Group, to ensure that all pollutants are discharged in compliance.

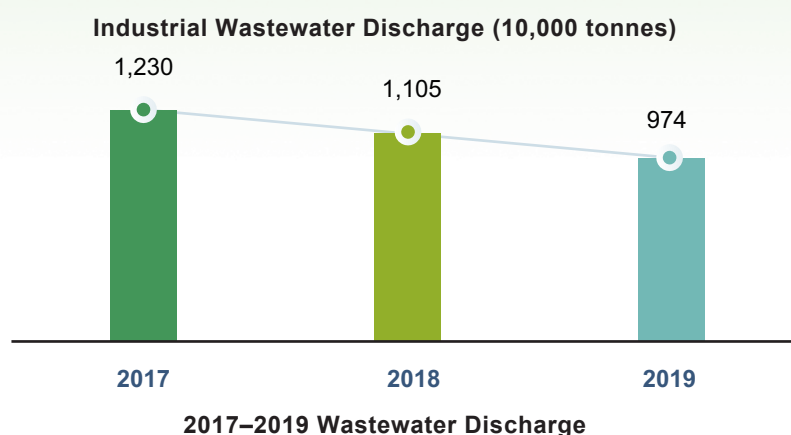
Sewage Discharge

By promoting centralized industrial sewage treatment projects, improving the capacity of sewage treatment stations, implementing rainwater and sewage diversion, clean water and sewage diversion, etc., the Group continues to reduce sewage discharge in the production process and effectively reduces the environmental impact of sewage discharge.

³ Targets for various types of environmental pollution accidents in 2019: 0; comprehensive energy consumption target of 10,000 yuan output value: 14% lower than 2015; emission reduction target for chemical oxygen demand (COD): 11% lower than 2015; emission reduction target for VOCs: 21% lower than in 2015.

4. Green Development, to Start Green Living Engine (Continued)

During the Reporting Period, the Group discharged 9.74 million tonnes of industrial wastewater, a decrease of 11.9% compared with 2018.



Dongfeng Commercial Vehicle reduced sewage discharges during engine production process

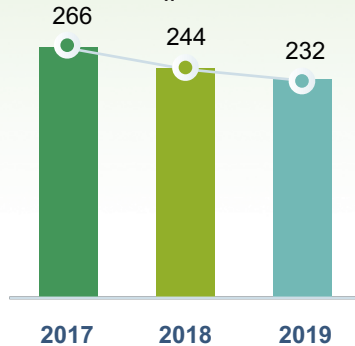
The engine production process can produce more than 3,000 tonnes of iron and abrasive debris each year, which contains a large amount of oil or liquid and can easily cause serious water pollution. Dongfeng Commercial Vehicle carried out measures such as using a briquetting machine to squeeze and recover the cutting process oil, using the new slag fishing equipment to automatically salvage the slag, using multi-functional cutting fluid to extend the life of the cutting fluid, optimizing the cleaning process and extend the replacement cycle of cleaning agent and cutting fluid, increasing the compliance rate of fluid replacement, realizing a significant drop in the factory's sewage discharge from an average of more than 3,800 tonnes per year to about 1,000 tonnes.

Air Pollutants

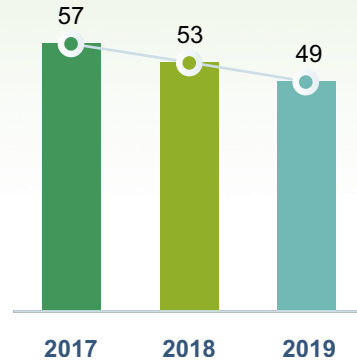
The Group actively implements the “Three-Year Action Plan for Winning the Battle of Defending the Blue Sky” and safeguards the development of an outstanding Dongfeng. Our main air pollutants come from nitrogen oxides, sulfur dioxide and VOCs produced in the production process. During the Reporting Period, the Group made every effort to promote the special rectification of industrial air emissions to achieve results. We adopted a combination of end-of-life treatment and source reduction to control VOCs. During the Reporting Period, 56 special rectifications had been completed, and the overall emission reduction of VOCs reached 37.4%. At the same time, we strictly control high-pollution and high-energy technology equipment, and have eliminated a total of 8,426 sets of outdated, high-energy-consumed mechanical and electrical equipment (products). In addition, we have responded to regional environmental requirements and strengthened emergency response to heavily pollutive weather to minimize the impact of air quality on production and operations.

4. Green Development, to Start Green Living Engine (Continued)

Nitrogen oxides (NO_x) emissions (tonnes)



Sulfur dioxide (SO₂) emissions (tonnes)



2017–2019 Emissions of Air Pollutants

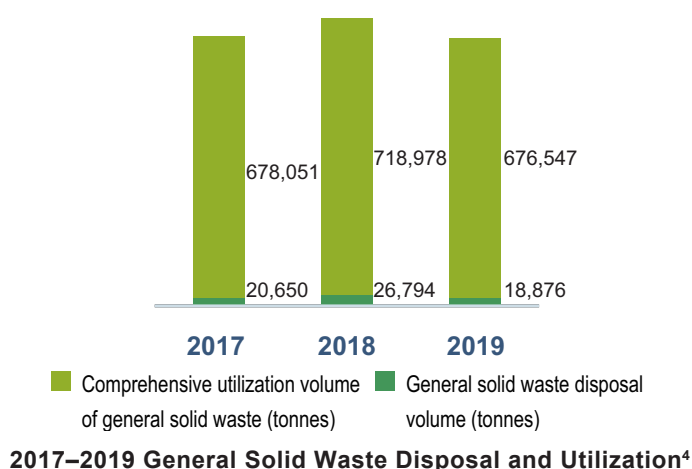
Upgrades of Dongfeng Nissan's green painting techniques

While the floating coat and color paint in the No.2 workshop of Dongfeng Nissan's HD factory has been water-based, as a solvent-based coating, the VOCs generated during the varnish spraying process are large and require treatment. Dongfeng Nissan transforms the manual spraying of varnish inner panels into automatic spraying, and circulates concentrated exhaust gas at a high rate to reduce energy consumption; in the varnish spraying area, the "circulating air + RTO (regenerative thermal oxidizer) exhaust gas incineration" method is used to stably and effectively treat organic air pollutant. At the same time, the varnish inner plate spraying robot is used instead of manual work to improve the automation rate of painting. Through these transformation and upgrading measures, the VOCs emission per unit area of the vehicular body coating has been reduced from 17g/m² to 10g/m², and 8 artificial painting positions that are harmful to the human health have been reduced to achieve green painting.

4. Green Development, to Start Green Living Engine (Continued)

Solid Waste

By clarifying the source classification of solid waste, the Group standardizes the disposal process of non-hazardous waste, improves the emergency management of hazardous chemical warehouses, strictly implements the collection, storage, transfer and disposal of hazardous waste, attaches importance to the reuse of packaging materials, actively practices green packaging, etc. to effectively control various types of waste during production and operation, and strive to reduce the generation and discharge of solid waste.



⁴ Hazardous waste comprehensive utilization refers to the amount of hazardous waste recovered and comprehensively utilized by qualified hazardous waste disposal units; hazardous waste disposal volume refers to the amount of hazardous waste disposed of by qualified hazardous waste disposal units by landfill and incineration.

⁵ The amount of comprehensively utilized general solid waste refers to the amount of non-hazardous waste recovered and comprehensively utilized by the Group or external units; the amount of general solid waste disposal refers to the amount of non-hazardous waste that is landfilled and incinerated by external units.

4. Green Development, to Start Green Living Engine (Continued)

Dongfeng Liuzhou Motor innovates the “3+N” solid waste management model

Dongfeng Liuzhou Motor carried out research on an innovative solid waste management model, and proposed a “3 + N” application mode, clarifying the operation management and disposal process of various solid wastes, clarifying the operating standards of each link, and reducing the amount of solid waste generated at source. During the Reporting Period, Dongfeng Liuzhou Motor used low-temperature heat pump technology to reduce the amount of sludge produced, the sludge moisture content was reduced from 85% to 30%, and the annual sludge reduction was 260 tonnes; the solid waste was finely sorted and recycled, and the solid waste recycling rate reached 95%. Also, we promoted the recycling of hazardous wastes to achieve a recycling rate of 100%.



Use of Packaging Materials

The Group attaches great importance to the reduction, reuse and recycling of product packaging materials. As our packaging materials mainly come from the packaging of parts and components, we use reusable appliances to protect parts and components to reduce the consumption of packaging materials and reduce their environmental impact. During the Reporting Period, Dongfeng Liuzhou Motor adopted the repeated packaging method for gearboxes, engines and other parts, saving approximately 100,000 wood packaging boxes per year; Dongfeng Nissan initiated the recycling project for electrophoretic liquid packaging barrels, changing 200-liter rubber barrels to tank truck goods, potentially reducing the generation of hazardous waste plastic buckets by 5,000 per year.

4. Green Development, to Start Green Living Engine (Continued)



Dongfeng Liuzhou Motor Uses Repeated Packaging Methods



Recycling of Dongfeng Nissan's Electrophoresis Solution Packaging Drum

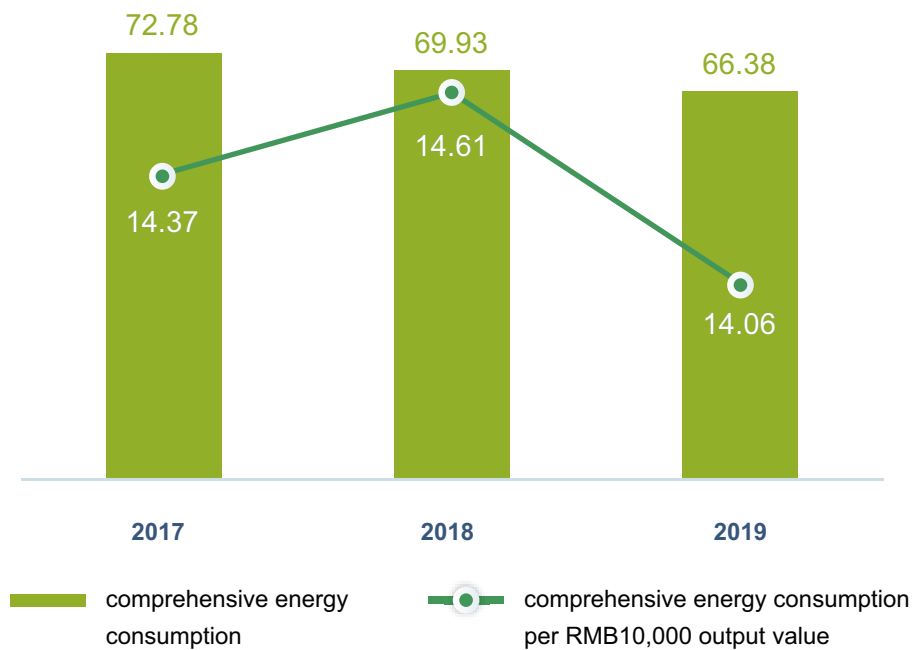
Management of Energy and Greenhouse Gas Emissions

The Group highly promotes green operation and reduces energy consumption. Based on the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》) and other energy-related laws and regulations, we have formulated *Management Methods for Energy Conservation and Environmental Protection* (《節能環保管理辦法》) to strictly control the use of various types of energy. During the Reporting Period, we continued to improve the ISO 50001 energy management system, and strengthened energy use management through the online energy collection and monitoring system, while continuing to promote equipment energy conservation and process optimization from engineering technology and structural adjustment.

4. Green Development, to Start Green Living Engine (Continued)

During the Reporting Period, the Group's comprehensive energy consumption⁶ amounted to 663,800 tonnes of standard coal, representing a decrease of 5.1% from 2018; comprehensive energy consumption of RMB10,000 output value amounted to 14.06 kg of standard coal, representing a decrease of 3.8% from 2018.

**Comprehensive Energy Consumption (10,000 tonnes of standard coal) and Intensity
(kg of standard coal/RMB 10,000)**



2017–2019 Comprehensive Energy Consumption and Energy Intensity

In order to actively respond to climate change and reduce the impact of coal combustion on the environment, during the “13th Five-Year Plan” period, the Group has pushed for its transformation of the energy structure in the field of automobile manufacturing to clean energy. At present, all industrial coal-fired boilers have been replaced. In addition, we continue to promote the application of solar photovoltaic power generation projects through our self-built or contract-based energy management methods.

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

4. Green Development, to Start Green Living Engine (Continued)

Dongfeng Passenger Vehicle achieves the precise start of painting equipment

The coating equipment needs to be heated up in advance to meet the production conditions, and the uncertainty of the heating time can easily cause energy waste or affect production. Through the process of data collection, data analysis, hypothesis, verification hypothesis, countermeasure implementation and effect verification, Dongfeng Passenger Vehicle successfully discovered the heating rule of painting equipment, so as to realize the booting by algorithm and shorten the operational time of the equipment under the premise of unchanged output and reduce energy consumption. After the improvement was completed, natural gas has been reduced by 25,313 m³ and electricity by 71,672 kWh.



Dongfeng Honda's energy-saving diagnostic activities

Dongfeng Honda integrated Honda's energy-saving expert resources and conducted energy-saving diagnosis in its key energy-consuming departments. Through methods such as on-site equipment energy consumption data measurement, statistical analysis, and energy consumption benchmarking, it found energy-saving improvement space and formulated energy-saving improvement plans accordingly. From May to August 2019, an energy-saving diagnosis for the coating and facilities management department has been implemented, 34 potential energy-saving projects have been identified, and it was expected to save 1,800 tonnes of standard coal. All energy-saving projects are currently undergoing feasibility studies. During the diagnosis process, on-site training was also organized to train energy-saving diagnostic talent, which laid the foundation for future self-conducted energy-saving diagnosis.

4. Green Development, to Start Green Living Engine (Continued)

The energy consumption of Dongfeng Honda Engine's low-pressure melting furnace improved

In order to optimize production efficiency, Dongfeng Honda Engine continues to carry out production process transformation and introduces a new type of melting furnace. In the design of the furnace body structure and control technology, the new melting furnace fully considers the advanced energy-saving technology in the industry and combines it with the process site environment to successfully develop more energy-saving, environmental-friendly and more efficient energy-saving technologies, namely waste heat recovery performs preheating of aluminum ingots and air-assisted combustion, which reduces the natural gas energy consumption of the new melting furnace by 53% compared with the old furnace, potentially reducing the consumption of natural gas by about 240,000 m³ and exhaust emissions by 2.4 million m³. This subject won the second prize of the 2019 Honda China Green Conference.



New Melting Furnace



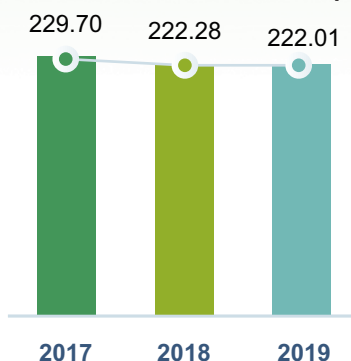
Second Prize of the 2019 Honda China Green Conference

In order to effectively reduce greenhouse gas emissions, the Group actively explores greenhouse gas emission management models and builds basic models such as greenhouse gas emission calculation, statistical review and information reporting. We have incorporated greenhouse gas emissions into the energy-saving and emission-reduction management information system, and implemented monthly monitoring and management, laying a foundation for the standardized management of greenhouse gas emissions. In addition, we explore sustainable low-carbon development by mastering the accounting methods of different industries within the Group to promote corporate transformation and upgrading.

4. Green Development, to Start Green Living Engine (Continued)

During the Reporting Period, the Group's greenhouse gas emissions⁷ were 2.2201 million tonnes of carbon dioxide equivalent, and the intensity of greenhouse gas emissions was 0.047 tonnes of carbon dioxide equivalent per RMB10,000 output value.

Total Greenhouse Gas Emissions in 2017-2019
(10,000 Tonnes of Carbon Dioxide Equivalent)



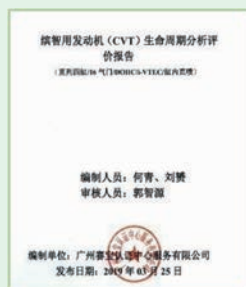
Total Greenhouse Gas Emissions in 2017-2019⁸

Dongfeng Honda Engine conducted greenhouse gas verification firstly

During the Reporting Period, Dongfeng Honda Engine actively responded to the requirements of the *Green and Low-Carbon Development Measures for Guangzhou Economic and Technological Development Zone in Huangpu District, Guangzhou City* (《廣州市黃埔區廣州開發區促進綠色低碳發展辦法》), carried out carbon inventory and carbon certification in January 2019, and completed “Greenhouse Gas Verification Statement and Analysis” and “Evaluation Report on Engine Life Cycles” in March 2019; Dongfeng Honda Engine was included in the second and fourth batches of special awards for green and low-carbon development in 2019 after being reviewed by the Huangpu District Development and Reform Bureau, and was given RMB200,000 from the special carbon development reward fund.



Greenhouse Gas Verification Statement



Life Cycle Report



Application for Green and Low-Carbon Reward

⁷ Greenhouse gases are mainly the carbon dioxide emissions of Category 1 (from the direct energy consumption of diesel, gasoline, natural gas, etc. used in the production process) and Category 2 (from purchased electricity, heat, etc.)

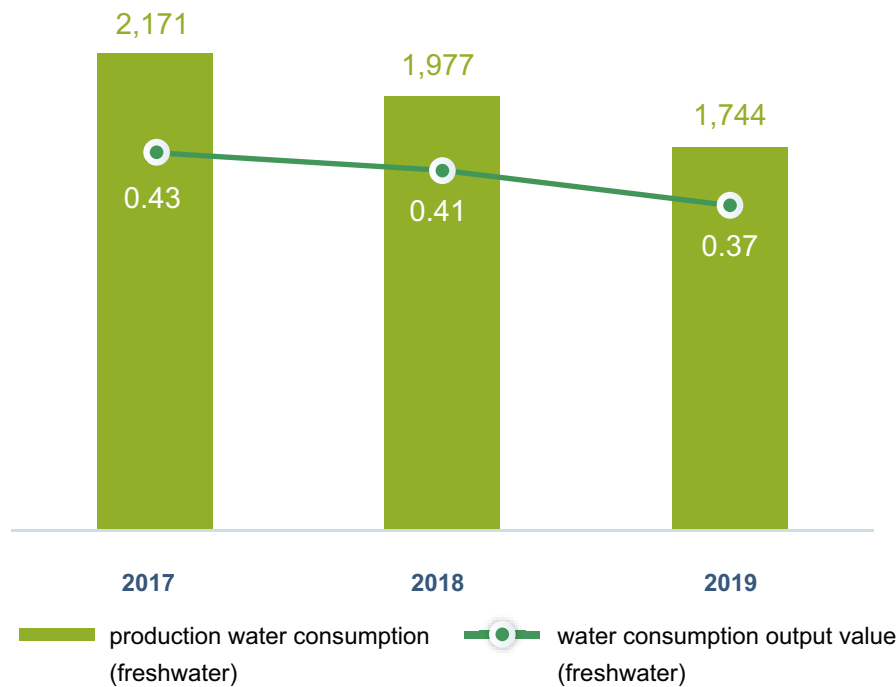
⁸ The statistical unit of greenhouse gas emissions in 2017-2018 is 10,000 tonnes of carbon dioxide. In 2019, greenhouse gas emissions include acetylene, methane and other greenhouse gas emissions, so the statistical unit is 10,000 tonnes of carbon dioxide equivalent.

4. Green Development, to Start Green Living Engine (Continued)

Water Resource Management

The Group strictly abides by the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and other relevant water resources protection laws and regulations, and actively responds to the country's calls to promote the conservation of water resources through continuous improvement of production processes to improve the efficiency of water resources use and reduce industrial water consumption; strictly control running and leaking; through increasing the reuse rate of reclaimed water the Group is committed to reducing the water consumption (freshwater) of production operations. During the Reporting Period, the Group's production water consumption was 17.44 million tonnes, decreasing 11.8% from 2018; its intensity of water consumption was 0.37 tonnes per RMB10,000 output value, decreasing 9.8% from 2018.

Total Production Water Consumption (10,000 tonnes) and Intensity (tonnes/RMB 10,000)



Total volume and intensity of production water consumption for 2017–2019

4. Green Development, to Start Green Living Engine (Continued)

Research & Development Centre	<ul style="list-style-type: none"> • Replace high-efficiency water pump • Increase the transformation part of the pure water system and restore the water production rate of pure water equipment • 2,803 tonnes of water saved throughout the year
Dongfeng Renault	<ul style="list-style-type: none"> • Rainwater and sewage diversion • Clean water and sewage diversion • Reclaimed water is used for recycling in factory toilets

4.3 Green Supply Chain

The environmental performance of the upstream and downstream of the supply chain has an important impact on the sustainable development of the enterprise. Therefore, we pay close attention to the close cooperation with upstream and downstream enterprises and are committed to promoting the green and low-carbon development of the entire value chain. By building an energy conservation and environmental protection management system covering the full value chain, we create a resource-saving, environmental-friendly procurement, marketing, recycling, logistics and other systems. As of December 31, 2019, Dongfeng Renault, which belongs to the Group, was selected as a one of the national “Green Supply Chain Management Demonstration Enterprises”.

Promote Supplier Performance

We integrate the concept of green procurement into the supplier selection mechanism, put forward requirements such as saving resources and reducing pollutant emissions, and preferentially select potential suppliers that have obtained ISO 14001 environmental management system certification. Also, we conduct periodic environmental behavior surveys and evaluations of suppliers, strengthens its environmental risk management, and actively implement corporate social responsibilities with suppliers through strict requirements of high standards.

Environmental assessment for Dongfeng Off-road Vehicle's suppliers

Dongfeng Off-road Vehicle takes “building a safe, agile and high-quality supplier platform” as their procurement vision and focuses on the environmental friendliness of suppliers. Dongfeng Off-road Vehicle regulates the suppliers' packaging logistics in the process of the suppliers' production preparation and integrates the concept of green packaging and green logistics in requiring suppliers to minimize their negative impact on the environment during operations such as transportation, storage, handling, packaging, and circulation processes. In its daily supplier audits, Dongfeng Off-road Vehicle monitors the human, machine, material, method, environment, and test of the suppliers' production process to ensure that the suppliers' processes are safely controlled and put forward green manufacturing requirements. During the Reporting Period, Dongfeng Off-road Vehicle completed a total of 131 supplier selection review meetings, selecting suppliers for a total of 6,484 new materials, continued to carry out supplier performance evaluation, identified 157 improvement points in total, with the closure rate at 98%, all in an effort to implement their green development commitments.

4. Green Development, to Start Green Living Engine (Continued)

Systematic emission reduction management of Dongfeng Honda Engine's global supply chain

During the Reporting Period, Dongfeng Honda Engine continued to implement SLIMOFFICE, a systematic management system on greenhouse gas emission reduction for the global supply chain, gather data of greenhouse gas emissions from suppliers and conduct targeted management (with a goal of reducing greenhouse gas emissions by 1% per year) to facilitate the development of a low-carbon supply chain. The Group conducted on-site environmental risk audits on suppliers through an illegality investigation into environmental protection in the supply chain of IPE (Institute of Public & Environmental Affairs), with environmental protection risk investigations. We confirmed suppliers' suggestion on further improvement and proposed improvements, tracked and managed suppliers' improvement progress, thereby achieving closed-loop management of suppliers' environmental performance. In the process of on-site audits, we collected excellent environmental protection cases and promoted them to all suppliers in the communication session of the procurement conference, whilst sharing the standardized management information of hazardous waste to ensure that hazardous waste disposal management meets the requirements of relevant laws and regulations.

Green Logistics

The Group attaches great importance to the impact of logistics links on the environment and explores the use of advanced logistics technology planning to achieve low carbonization of logistics transportation.

Dongfeng Renault promotes green logistics

Dongfeng Renault adheres to the corporate social responsibility principles practiced by the Renault-Nissan Purchasing Organization in the world, and performs corporate social responsibility with supplier partners in the commercial link of the full value supply chain. Dongfeng Renault requires all forklifts, tractors, sweepers, and domestic garbage collection vehicles in its own and supplier's factories to be fully electric, to reduce fuel use and reduce greenhouse gas emissions.



Pure Electric Garbage Collection Truck



4. Green Development, to Start Green Living Engine (Continued)

With our rich technical knowledge reserves, we are devoted to the development of new energy logistics vehicles and are committed to creating “the best partner for smart logistics”. The new energy logistics vehicle—Dongfeng Light Vehicle EV350, launched by Dongfeng Automobile, has provided green logistics services to Xiangyang, Kunming, Shenzhen, Zhengzhou, Beijing and other cities. During the Reporting Period, Dongfeng Liuzhou Motor, together with Guangxi University, Guilin University of Electronic Technology and Hunan University, jointly declared the development of pure electric logistics commercial vehicles in the Liuzhou Science and Technology Project, which helped accelerate the development of green logistics.

Green Sales

The Group is committed to motivating dealers to establish an environmental-friendly sales system by promoting green certification, in order to complete the extension of the environmental protection design, environmental procurement, and environmental manufacturing value chain. Since 2006, Dongfeng Nissan has vigorously executed the global standardized green franchise store project to promote the energy-saving and environmental protection of sales stores. The green franchise store certification requires the sales store to pass the ISO 14001 environmental management system certification, as well as to meet the related requirements in the seven aspects of internal environmental management, waste disposal, refrigerant management, sewage discharge, air emission, hazardous chemicals management and the environmental facilities management in the Instruction Manual for Green Franchise Stores Owned by Dongfeng Nissan (《東風日產綠色專營店指導手冊》). Taking Dongfeng Nissan’s environmental-friendly green factories as reference standards, we adopts the methods of manufacturer guidance, on-site counseling by certification centers, and implementation of improvement in franchised stores to carry out strict rectification and strengthen management.

5. Staff Cohesion, to Move Towards Happiness

Our Concept

The Group regards talent as the source of power for the development of the enterprise. We adhere to the mission of “Service supports company strategy; Service supports employees’ development”, continuously improving the human resources system and formulating a series of standardized and humanized human resources management systems to cultivate excellent talent with core competitiveness. The Group is committed to building an open, efficient, and harmonious team, giving employees full capabilities and vitality to achieve self-improvement, and forming a win-win situation in which talent development and the Group’s benefits progress in synergy.



Objective

Service supports company strategy; Service supports employees' development



Governance Improvement

Employee's rights

Continue to improve the compensative distribution mechanism and standardize the implementation principles for employee performance management, and safeguards employee's rights and interests

Training and development

Carry out targeted vocational training programmes through the construction of various professional talent pools, enhance the professional competence of our employees and motivate our talents

Health and safety

Strengthen the regulatory standards of hidden hazards through implementation of safety production responsibilities, promote risk management of occupational diseases, and create a safe working environment for our employees

Employee care

Conduct diversified forms of employee activities, continuously enhance and optimize support and rescue mechanism, further lower the threshold of filing standards for employees with difficulties, benefit a larger number of our employees



Major Achievements

Employee's rights

Ensure the protection and enhancement of employees' rights and interests through the amendments to the *Welfare Reform Programme for the Employees* (《職工福利改革方案》)

Training and development

Improve the construction of the four major talent pools; continuously develop young talent pools and young talent development projects, with the young talent pool covering more than 98% of our new recruits

Health and safety

Achieve the goal of five major indicators for the elimination of accidents

Employee care

Participate proactively in the 11th Staff Games of the parent company, as well as various skill competitions, cultural and sports activities organized by the subsidiaries; the labor unions at all levels have assisted 2,244 employees and offered an aggregate amount of RMB3.84 million of condolences; the number of employees in need has been reduced to 222 households, and the number of extremely needy employees has been reduced to 38 households

5. Staff Cohesion, to Move Towards Happiness (Continued)

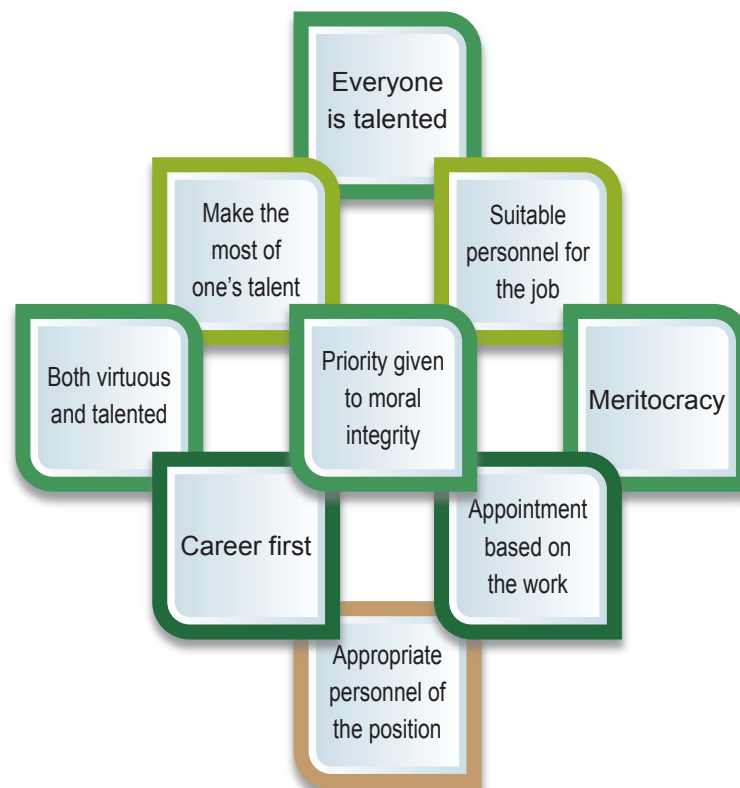
5.1. Employee Rights

Employee Profile

The Group strictly abides by the national laws and regulations such as the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Implementation Regulations of Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法實施條例》), fully protecting the legitimate rights and interests of employees in terms of recruitment, promotion, resignation, working hours, compensation and benefits. Moreover, during the recruitment process, the Group treats every job seeker equally, and there is no employment discrimination due to factors such as ethnicity, race, gender, region, employment form and other factors, resolutely ending the use of child labor and forced labor. During the Reporting Period, the Group did not employ child labor or forced labor.

In 2019, we uphold the talent philosophies that “ Everyone is talented , Suitable personnel for the job, Make the most of one's talent, Both virtuous and talented, Meritocracy, Priority given to moral integrity, Appointment based on the work, Careers first, and Appropriate personnel of the position ”, and organized affiliated companies to carry out campus recruitment activities in colleges and universities in many cities across the country.

Our Philosophy of talents



5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Peugeot-Citroën's recruitment activities in 2019

Dongfeng Peugeot-Citroën has always insisted on remaining people-oriented, respecting, understanding, cultivating and incentivizing talent, in a bid to create a good employment mechanism and environment, and realize the common growth of enterprises and their employees. During the Reporting Period, we launched a school-enterprise cooperation intern recruitment announcement and college student onboarding exchange meeting with the theme of "Shining youth, Not stopping". Through face-to-face communication, we helped interns understand the corporate culture and help new employees quickly integrate into the team and understand the corporate philosophy.



College Student Onboarding Exchange



Intern Recruitment Announcement (school-enterprise cooperation)

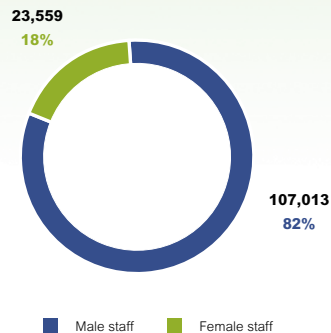
As at 31 December 2019, the total number of the Group's employees was 130,572 in total, representing a decrease of 6.4% as compared to 2018, and the proportion of male and female employee was basically consistent with that in 2018, with a total employee turnover rate of 6%. The specific employee structure is as follows⁹.

⁹

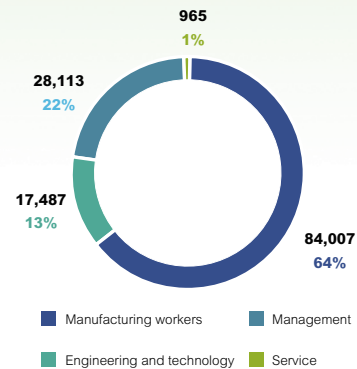
The proportion by age and education are based on the number of formal employees of the Group.

5. Staff Cohesion, to Move Towards Happiness (Continued)

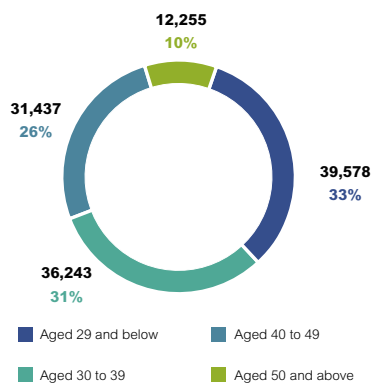
Distribution of Employees Classified by Gender



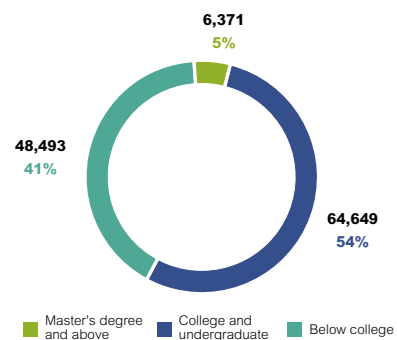
Distribution of Employees Classified by Employment Type



Distribution of Employees Classified by Age



Distribution of Employees Classified by Education Background



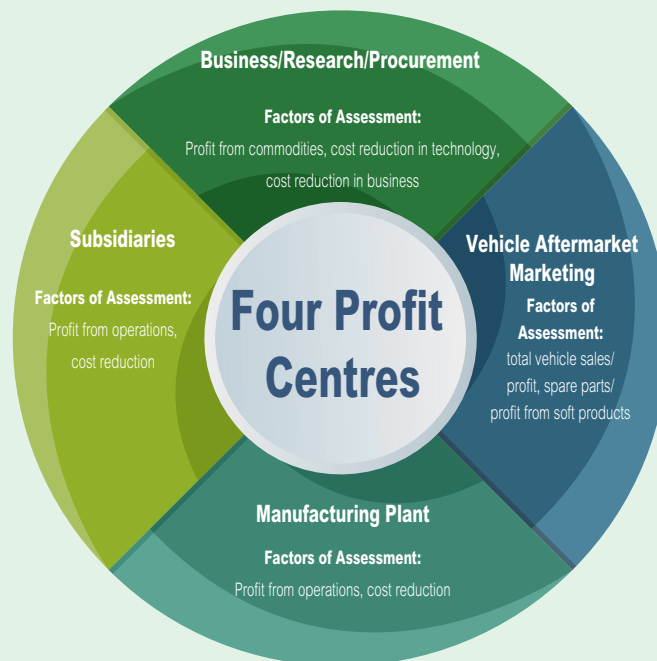
Remuneration and Performance

The Group actively considers labor, technology, management and other factors in deciding salary distribution, and constantly improves its salary distribution mechanism. During the Reporting Period, we vigorously implemented salary distribution authorization, optimized salary management and control methods, and gave subsidiaries more autonomy in distribution. Within the total salary range, we will flexibly establish an incentive system based on business development and personnel performance, carry out differentiated distribution, strengthen the association among remuneration, performance and capabilities, to make employee compensation more reasonable.

5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Commercial Vehicle deepened the reform of its salary system and strengthened employees' endogenous motivation

In 2019, Dongfeng Commercial Vehicle focused on the Group's strategic transformation in introducing market-oriented high-end talent and salary models, and carrying out pilot projects such as overseas "Five Orientations" expert project-based salary and professional managerial agreement salary. In the meantime, we will further optimize the incentive model of core business units in the value chain such as commodity technology, procurement and marketing, and will differentiate the distribution of salary according to the size of value contribution to stimulating the vitality of the workforce.



5. Staff Cohesion, to Move Towards Happiness (Continued)

Furthermore, the Group continued to implement the *Implementation Measures for Performance Management of Employees* (《員工績效管理實施辦法》) to further standardize the implementation principles for employee performance management and operating procedures. During the Reporting Period, we strengthened the strategic integration of performance management in the following three aspects to enhance the company's "source of morale" for sustainable development.

- "Management system": strengthen performance orientation, establish performance awareness of all employees, issue performance management implementation measures, and establish effective employee incentive mechanisms;
- "Management tools": Organize performance management business training for subsidiaries, provide performance management methodology and tool support, import OKR (Objectives and Key Results), and promote pilot projects in research and development, procurement, commercial enterprises, personnel, etc. of subsidiaries that carry out new businesses, and implement OKR management;
- "Management platform": Relying on the information platform, implement the group performance management informatization gradually and layer by layer to provide support for the Company's scientific and standardized performance management.

Welfare System

During the Reporting Period, in accordance with the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Trade Union Law of the People's Republic of China* (《中華人民共和國工會法》) and other relevant national and local laws and regulations, the Group has amended the Employee Welfare Reform Plan to provide employees with social insurance and a housing provident fund promptly. The Group also provides its employees with additional welfare benefits such as corporate annuity, supplementary medical insurance, medical insurance for major diseases, accidental injury insurance, etc.

During the Reporting Period, each of our subsidiaries continuously adjusted and optimized the employee welfare and commercial insurance project plan to comprehensively improve employee protection. Among them, in addition to paying the "five insurances" for employees in accordance with national regulations, Dongfeng Commercial Vehicle and Dongfeng Liuzhou Motor also purchased additional commercial insurance for employees:

5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Commercial Vehicle	Dongfeng Liuzhou Motor
<p>Increase the employee's critical illness and mild illness insurance and their children's critical illness commercial insurance, greatly improve the employee's medical insurance, and reduce the economic pressure on employees suffering from severe and mild illnesses.</p>	<p>Since July 2019, the company has purchased "serious illnesses and conditions and mild illnesses" insurance for employees, and the compensation of their sickness and death insurance has been increased from RMB60,000 to RMB100,000;</p> <p>Purchase additional insurance for accidental injury for operational transportation passengers for all employees, and further improve employees' life and travel protection through this adjustment.</p>

5.2 Training and Development

The growth and development of employees is the cornerstone of the Group's sustainable development. We are committed to creating an excellent development platform for employees, providing fully equal education and development opportunities, so that each of our employees can freely explore their own potential and creativity, and realize the mutual growth of both employees and their company.

Talent Team Building

During the Reporting Period, we established a first-class talent pool that focuses on core talent in professional fields, an international talent team that focuses on international talent training, highly skilled talents that can solve operational problems in key technologies and processes and a core talent team focusing on professional technology. We further improve the training mechanism and selection mechanism, focusing on strengthening the training of young cadres and talents in key business areas, implementing contractual management for the post-term system, and forming an effective mechanism for survival of the fittest.

5. Staff Cohesion, to Move Towards Happiness (Continued)



The Group has always attached importance to the cultivation and development of young talent. During the Reporting Period, with the theme of “Innovation Drives Dreams”, we carried out various forms of youth talent development projects around the development trends of the “double innovation” and “five modernizations” of automobiles to strengthen our youth talent team.

Youth Development Project

During the Reporting Period, we undertook young vocational skills competitions and internal skill competitions, organize young employees to participate extensively to improve their professional skills, and continuously strengthened the building of our young talent.

- The Group undertook the 2019 Hubei Provincial Youth Vocational Skills Competition, arranged for youth to participate in the competition extensively, and won the second, fifth and eighth places in the tool fitter section;
- The second annual “Small Jobs” Skills Competition for Dongfeng youth was conducted. Through the combination of online answering, face-to-face competitions, and offline practice for selection, it has attracted more than 8,000 young employees to participate, enhancing their ability to combine theory and practice.



Hubei Provincial Youth Vocational Skills Competition



Second annual “Small Jobs” Skills Competition

5. Staff Cohesion, to Move Towards Happiness (Continued)

Employee Training

Based on the needs of our employees and markets, we continued to enrich the content and forms of our employee training, make full use of both our internal and external training resources to enhance our employees' professional knowledge, skills and experience, and provide them with a multi-level and diversified training system.

Dongfeng Liuzhou Motor's training and promotion for its three major talent teams

During the Reporting Period, Dongfeng Liuzhou Motor promoted the construction of three talent teams of management, technology and skills to enhance the capabilities of key groups.

Management Talent

Increased legal awareness: awareness and prevention lectures on legal risks of duty crimes, covering all middle and high-level personnel;

Business Capability Improvement: Carried out integrated innovation and excellent leadership training, high-level expert capacity enhancement training, special training courses for directors and supervisors to perform their duties, and national situation and regional training for high-level professional and technical personnel;

R & D Technical Talent

Used overseas expert resources to carry out a series of capacity enhancement training for R&D technology, covering the fields of styling, lightweight, new energy, development management, etc., and arranged for capabilities in the three areas of styling, body-in-white and new energy to be enhanced;

Skilled Talent

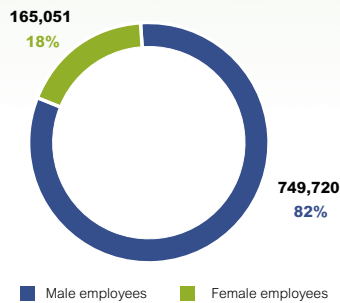
Organized employee skill competitions and complete 6 skill-work competitions for the purpose of promoting learning through competitions;

Carried out inventory of equipment personnel, and complete the training platform construction of Siemens and Mitsubishi PLC (Programmable Logic Controller).

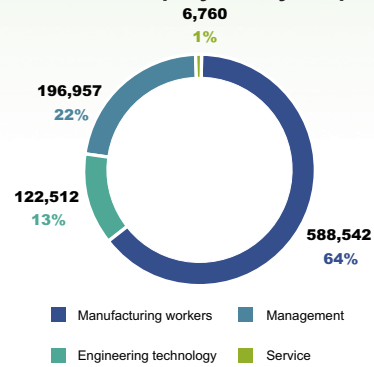
5. Staff Cohesion, to Move Towards Happiness (Continued)

During the Reporting Period, the Group trained a total of 914,771 person-times, with an average training time of 43.76 hours. The specific training structure was distributed as follows:

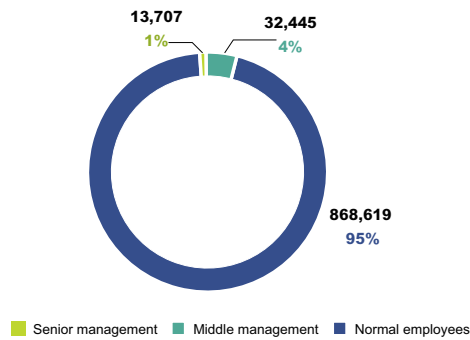
Number of Trained Employees by Gender



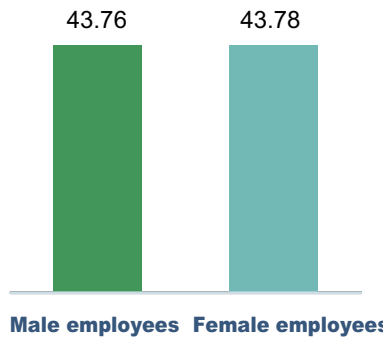
Number of Trained Employees by Employee Type



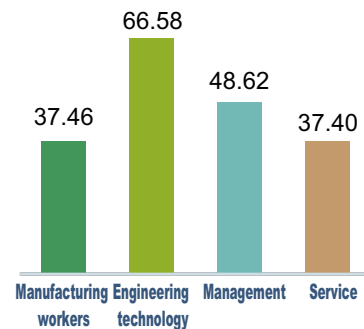
Number of Trained Employees by Employee Rank



Average Hours of Training for Trained Employees by Gender (Hours/person)

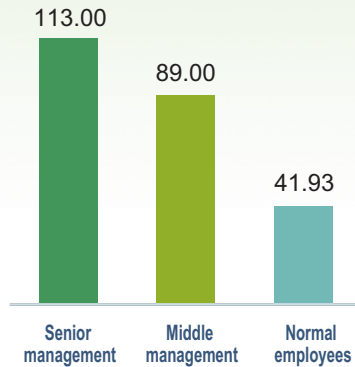


Average Hours of Training for Trained Employees by Employee Type (Hours/person)



5. Staff Cohesion, to Move Towards Happiness (Continued)

Average Hours of Training for Trained Employees by Employee Rank (Hours/person)

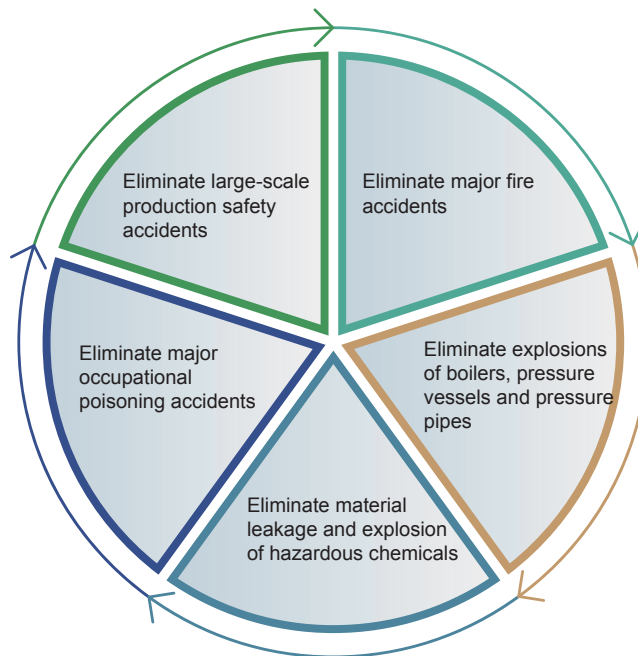


5.3 Health and Safety

The Group values the physical and mental health of employees, is committed to creating a safe working environment for employees, and continues to improve the occupational health and safety management system.

Safe Production

In 2019, the Group actively explores new ways of safe development, implements safety production responsibilities, and strives to build a safety culture of “life first, safe development” to create a safe working environment for employees. During the Reporting Period, we achieved the five major indicators for the elimination of accidents and comprehensively achieved safety production control indicators.



Five Major Indicators for the Elimination of Accidents

5. Staff Cohesion, to Move Towards Happiness (Continued)

During the Reporting Period, the Group had a total of 11 production safety incidents, a year-on-year decrease of 6 incidents, including 2 fatal incidents and an work-related injury rate per thousand employees of 0.078‰. In response to the occurred production safety incidents, we quickly carried out cause analysis, formulated and improved preventive measures, and implemented them in relevant departments. Also, we organized our subsidiaries to improve the safety responsibility system in various business areas, clarified the safety responsibilities of personnel at all levels, and strengthened safety production management in the following three aspects.

<p>Identify and control major risks Strengthen dynamic management of hidden dangers</p>	<p>The Group organized targeted hidden hazard investigation and remediation three times in succession and conducted random inspections;</p> <p>During the Reporting Period, five of our subsidiaries accepted the assessment of the safety production assessment team of the State Council's Safety Production Committee, and no major safety issues occurred.</p>
<p>Improve the level of self-management by benchmarking and strengthening the weaknesses</p>	<p>The Group conducted random inspection and evaluation of the occupational safety and health management level of 18 of its subsidiaries, which carried out self-inspection and self-improvement in accordance with the three-level evaluation mechanism and continuously improved their independent management level.</p>
<p>Strengthen the management of accidents and improve the ability of accident prevention</p>	<p>10-year statistical analysis of production safety incidents: The causes of past safety incidents were re-analyzed and the pertinence of safety production management improved;</p> <p>Strengthen the management of "false alarm events and minor injuries": A list of management of false alarm events was established and effective control of unsafe behaviors and conditions strengthened.</p>

5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Peugeot Citroën conducted inspections of hazard sources

In April 2019, Dongfeng Peugeot Citroën carried out special inspections of key fire protection parts and important hazard sources such as hazardous chemicals and oil depots in the factory areas of Wuhan, Xiangyang, and Chengdu, while conducting key inspections of special hazardous operations and other risk points. For the discovered risks and hidden dangers, all departments were required to establish a risk list, implement responsibilities item by item, rectify them within a time limit, and resolutely prevent and curb the occurrence of various safety accidents. Dongfeng Peugeot Citroën established a total of 1,623 job safety responsibility lists throughout the year, and gradually formed a safe production responsibility working mechanism with clear responsibilities, complete content, effective landing, independent management, and service development of various departments through comprehensive organization.



Dongfeng Passenger Vehicle realized the normalization of Operation Safety Observation (OSO)

During the Reporting Period, Dongfeng Passenger Vehicle started the operation safety observation work (OSO) in March. A total of 29 people participated in the operation safety observation leadership, observed 29 positions and unearthed 35 problems. In response to the problems found, Dongfeng Passenger Vehicle encouraged, instructed, and helped guide employees on how to make rectifications, which prompted employees to change from “I am required to be safe” to “I want to be safe”, effectively raising employee safety awareness. In the later period, Dongfeng Passenger Vehicle established the operation safety observation management system and formed a standardized process by continuously carrying out leadership operation safety observation activities.



5. Staff Cohesion, to Move Towards Happiness (Continued)

In 2019, the Group required its subsidiaries to plan and organize various “safe production month” activities on the safety theme of “preventing risks, removing hidden dangers, and curbing accidents”, such as site inspections by the management, knowledge contests, publicity, training and education, emergency drills, continuous improvement and other activities, all of which promoted the construction of a safety culture.

Dongfeng Off-road Vehicle guards the “responsibility field” and builds a “safety wall”

Dongfeng Off-road Vehicle has established a three-level safety production responsibility system for the company, factory and staff, each of the levels with a clear safety “responsibility field”. In June 2019, around the theme of “preventing risks, removing hidden dangers, and curbing accidents”, Dongfeng Off-road Vehicle took the following measures during the safety production month:

- Through the company’s WeChat group, 35 safety training were conducted to remind employees of safe production and organize ‘casual photo-taking’ safety activities, reporting 32 violations.
- In accordance with the requirements of the Safety Month activity, the workshops carried out KYT (Kiken Yochi Training, injury prediction and early warning activity) risk prediction training competition with the theme of excavating hazard sources and risk control.



5. Staff Cohesion, to Move Towards Happiness (Continued)

Occupational Health and Safety

The Group strictly abides by the national occupational health and safety laws and regulations such as the *Law on Prevention and Control of Occupational Diseases of the People's Republic of China* (《中華人民共和國職業病防治法》), the *Provisions on the Supervision and Administration of Occupational Health at Work Sites* (《工作場所職業衛生監督管理規定》), the *Administrative Measures for Occupational Medical Examination* (《職業健康檢查管理辦法》), and continuously improves the occupational health and safety of employees. During the Reporting Period, in order to further strengthen the occupational health management of employees, we continued to promote the hearing protection plan, requiring all of our subsidiaries to actively carry out various tasks such as noise management and personal protection enhancement, and gradually reduce the risk of occupational disease.

Dongfeng Parts and Components improved employees' production and working environment and strengthen their occupational health protection

In 2019, Dongfeng Parts and Components implemented the "people-oriented" occupational health concept, continuously improved the working environment of employees, and strengthened the occupational health protection of employees.

- Automated transformation to reduce the number of people exposed to noise: Dongfeng Parts and Components suspension spring factory automatically reduced the number of people exposed to noise by 37 people through automatically modifying the quenching line while eliminating the impact of quenching fumes on employees' health;
- Ventilation transformation reduced occupational health hazards of organic pollutants: The wheel factory of Dongfeng Parts and Components renovated the ventilation room of the paint line to reduce the impact of benzene series on occupational hazards of employees;
- Noise reduction transformation: The fastener company implemented noise reduction transformation on 15 tapping machines and sorting machines, and the post noise decreased from 113.2 dB to 81.4 dB.



5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Special Commercial Vehicle built a “firewall” for epidemic with its quick and effective deployment

In the face of the sudden outbreak epidemic in 2019, prevention and control work becomes a matter of life and death. On January 22, Dongfeng Special Commercial Vehicle issued an emergency notice on the prevention and control of Coronavirus (COVID-19) pandemic, launched emergency response to public health emergencies, and established a “daily report, zero report” system.

In a special period, in order to fully protect the safety and health of employees, reduce aggregation and isolate viruses, Dongfeng Special Commercial Vehicle adjusted the production schedule, canceled the production during the Spring Festival holiday, and arranged for specialists to fully disinfect the production workshop. While preparing for the resumption of production, the company ensured the health and safety of production employees.



5. Staff Cohesion, to Move Towards Happiness (Continued)

5.4 Employee Care

Employee Activity

To encourage employees to maintain a work-life balance and improve their work efficiency, we carry out a variety of cultural and sports activities to enrich employees' lives, actively create a comfortable, healthy and safe working environment for employees, and improve employee happiness.

The 11th Staff Games for 2019

In 2019, the 11th Staff Games, known as the “Dongfeng Family’s 50th Birthday Party” by employees, was grandly held in the Shiyan Sports Centre on September 27. A total of 23,000 employees, athletes, and actors participated. The Group encouraged employees to actively participate and complete all preparations with high quality, high standards and high efficiency.

Meanwhile, the Group took the opportunity of the Staff Games to vigorously carry out entertaining and colorful staff cultural and sports activities, creating a strong atmosphere of “happy work, happy life” and further enhancing the cohesion and centripetal force.



5. Staff Cohesion, to Move Towards Happiness (Continued)

Dongfeng Honda achieved goal performance with full participation of employees

In 2019, in response to the parent company's "seven comparisons, seven promotions" activity requirements, the Group's Dongfeng Honda carried out various in-depth labor skills competition activities under the theme of "joint efforts to lead the way and create a new era" to fully mobilize employees' enthusiasm for work. In addition to improving the professional skills of employees, it also strengthened the good communication atmosphere of employees and presents a harmonious and positive working environment.



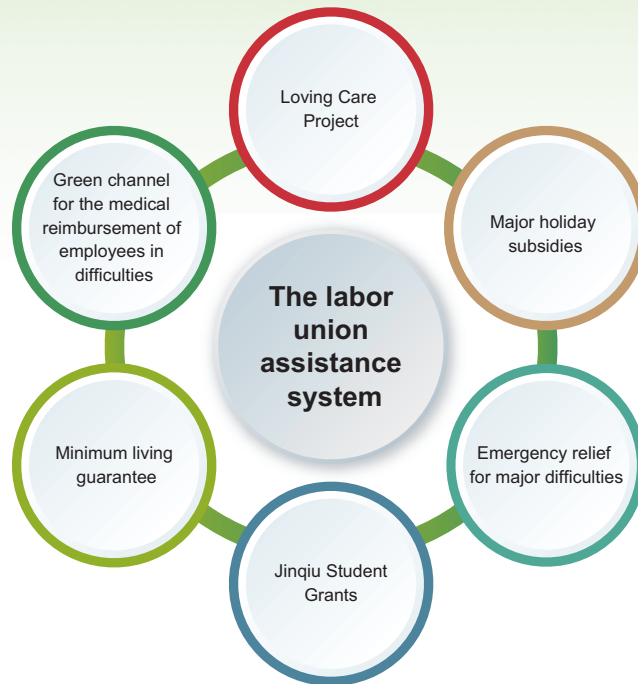
Welding II Branch Union: On-site Scenes of Labor Skill Competition and Grinding Electrode Competition

Special Care

During the Reporting Period, we continued to implement the *Measures for the Management of the "Loving Care Project" Special Funds of the Company* (《“愛心工程”專項款管理辦法》) and *Regulations on the Use of the "Loving Care Project" Special Funds of the Company* (《公司“愛心工程”專項款使用管理細則》), and continuously improved the difficulty assistance system to further lower the standard threshold for employees in need and benefit more staff. The results of our help in 2019 are as follows:

- Labor unions at all levels assisted 2,244 employees, and issued consolation funds totaling RMB3,844,900;
- The number of employees in need decreased from 262 to 222, and the number of extremely needy employees decreased from 44 to 38;
- "Loving Care Project" helped 1,739 employees throughout the year, with amounts totaling RMB4,724,300;

5. Staff Cohesion, to Move Towards Happiness (Continued)



Dongfeng Off-road Vehicle helped employees in need

In 2019, after discussion and decision by the Dongfeng Off-road Vehicle Labor Union Committee, four employees were sent condolences in the form of home condolences and on-site condolences, and an amount of condolences of RMB6,000.

Dongfeng Off-road Vehicle is very concerned about the livelihoods of employees in need. In 2019, Dongfeng Off-road Vehicle visited and comforted employees who were ill, hospitalized or married or just had a new child or a relative who had passed away, and distributed cooking oil, rice dumplings, mooncake and other welfare products worth a total of RMB1.25 million to employees on holidays.



In addition, the Group attaches great importance to caring for the physical and mental health of female employees. During the Reporting Period, we promoted full coverage of special medical insurance and gynecological examinations for female employees, and compensated a total of 104 employees for the year, with an amount of RMB1.9 million; we also sent condolences to 69 families of single-parent female employees, involving amounts totaling RMB100,000; 10 “Love Mummy” cabins and 3 provincial-level demonstration love mother and infant rooms were newly built.

6. Diligent Dedication, to Add Heart-warming Power to Society

Our Concept

The Group adheres to the full value chain charity concept of “fulfilment of responsibility” and “poverty alleviation”. In 2019, the Group revolved around its parent company under the unified deployment of the Social Responsibility “Run” Plan 2.0, and responded to its “Dongfeng Widely Offers Help to People” calls, focusing on targeted poverty alleviation, social welfare, disaster relief, energy conservation and environmental protection and other work. We actively implemented social responsibility, were committed to taking advantage of our corporate advantages, promoted the spread and practice of the Dongfeng brand value concept, and helped the sustainable development for the location and community of our business operations.



Objective

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



Governance Improvement

Compassion and Charity

In respond to the overall arrangement of the “Run” plan 2.0 of the parent company, the Group actively participated in the “Social Responsibility Month” event to promote volunteerism and exercise low-carbon life and environmental protection

Targeted Poverty Alleviation

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

Fighting the Epidemic

At the same time of making donations, we took advantage of our own principle business and assist in epidemic prevention through public welfare trips as well as production of materials for the epidemic



Major Achievements

Compassion and Charity

Each of our subsidiaries has launched more than 70 series of activities in areas such as social welfare, assistance to student in poverty and automobile civilization

Targeted Poverty Alleviation

Carry out poverty alleviation work actively in 4 provinces and 8 counties; carry out the “Sunflower Course” youth volunteering services and educational poverty alleviation projects such as “Joint Efforts in Targeted Poverty Alleviation”

Fighting the Epidemic

As of 10 April 2020, the parent company, together with its subsidiaries and our compassionate employees, contributed a total of RMB105 million as donation

6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

6.1 Compassion and Charity

During the Reporting Period, revolving around its parent company's "Run" plan 2.0 deployment, the Group actively organized and undertaken social welfare activities in the 6th "Social Responsibility Month" with the theme of "pleasing the heart and running the line". More than 70 series of activities were carried out in the fields of social welfare, poverty-stricken education, and automobile civilization, and the group-wide responsibility system was resonated at the same frequency and formed a joint force.

Traffic Safety

In 2019, shortly before the occasion of the eighth Traffic Safety's Day of China, a number of subsidiaries of the Group launched a series of publicity and education activities to help the construction of a civilized automobile society with practical actions.

Assistance to build a civilized automobile society

- Dongfeng Honda initiated a full-value-chain traffic safety training camp activity with the theme of "Enjoy Safe Traveling in Childhood". The children's safety awareness was enhanced by explaining traffic safety knowledge, simulating road emergency rescue, scenario-driven interactive teaching, etc.;
- Dongfeng Renault explained the knowledge of traffic safety through the "Open Course on Children's Traffic Safety", enhanced children's road traffic safety awareness, and cultivated a vehicle culture;
- Dongfeng Passenger Vehicle held the "Children's Travel with AI • Dongfeng Fengshen Traffic Safety Experience Camp" through vivid and interesting safety training and interactive question and answer, enhanced parents' civilized traffic awareness and enriched children's traffic safety knowledge;
- Dongfeng Research & Development Centre brought a wonderful and vivid open class around children's traffic safety issues through the "Safe Child Travel • From the Car Seat" children's traffic safety charity event;
- Dongfeng Motor: In November 2019, DFL's "Dream Building Classroom" entered the WEDZ Experimental Primary School and brought a course to understand and learn road traffic safety knowledge for more than 50 children of the school. In the classroom, the lecturers introduced the importance of safe and civilized travel and daily traffic safety knowledge by leading children in watching cartoons, studying traffic safety pictures, and reading explanations.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Sports Activities

Dongfeng Nissan Chengdu Marathon for 2019

In 2019, Dongfeng Nissan named Chengdu Marathon for the third consecutive year, the theme was “Super Change Engine Leads”, hoping that contestants will be the same as Dongfeng Nissan: having postures of super and leading power and achieving proud results in the race. The cooperation with the Chengdu Marathon reflected Dongfeng Nissan’s corporate spirit of ‘persistence and pursuit of excellence’, which coincided with the young and energetic Chengdu Marathon.



The first “Dongfeng Honda Cup” children’s football tournament kicked off

In November 2019, the first “Dongfeng Honda Cup” children’s football invitational match with the theme of “Enjoy Childhood and Happy Growth” was held in the Wuhan Football Theme Park. The match was among one of the key projects of Dongfeng Honda social responsibility campaign “Yue Activity” – Dongfeng Honda Children’s Football Training Camp. A total of 6 teams participated in the competition. The activity provided a platform for the young athletes to show off themselves and help them grow up healthily.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Public Welfare

In 2019, the Group optimized and upgraded the “Dongfeng Nurturing Action” public welfare student assistance project, using the Dongfeng Public Welfare Foundation as a carrier to focus on strengthening assistance for Dongfeng Shiyan Base Children School and care for Dongfeng Hope Primary School.

“Dongfeng Nurturing Action” 2019 – “Safety Travel” summer camp event

In 2019, sponsored by Dongfeng Public Welfare Foundation and hosted by Dongfeng Passenger Vehicle, the 2019 “Safety Travel” summer camp event invited 50 children from employees and families of affiliated companies, and Dongfeng Hope Primary School and Dongfeng High School to gather in Wuhan to start a three-day car culture tour. The tour mainly included field trips for understanding the creation of vehicles and learning traffic safety knowledge; starting a natural exploration tour, visiting the Haichang Polar Aquarium and Wuhan Museum, feeling the charm of animals and the magic of science; starting the study of humanities and history, visiting the Hubei Provincial Museum, Yellow Crane Tower, feeling the cultural heritage of Hubei, and visiting Wuhan University to feel the learning atmosphere. The “Safety Travel” summer camp in 2019 aims to create a good, caring atmosphere for the healthy growth of young people, improve the sense of gain and happiness for Dongfeng employees and their families, and continue to promote the construction of “harmonious Dongfeng”.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Dongfeng Nissan's "Sunshine Care • i-Reading Program"

In November 2019, the "Sunshine Care • i-Reading Program" jointly initiated by the China Social Welfare Foundation, Dongfeng Nissan and Nanfeng Zhou Mo was officially launched in Lintao County, Dingxi City, Gansu Province.

In addition to the construction of audio-visual reading classrooms, donations of books and reading tools, and the invitation of experts and social celebrities to enter rural primary schools, the project started from the "learning" and "teaching" levels, and transitioned from "teaching to fish" to "teaching to fishing" through the reading method guidance, campus reading course training, five-year cycle of long-term operation and effect tracking, etc., truly achieving "sunny warm childhood and bright future" by reading.

In 2019, the "Sunshine Care • i-Reading Program" charity activities were carried out in rural primary schools in Gansu, Guizhou, Guangxi, and Shaanxi, and finally ended successfully in ShanYing School in Mian County, Shaanxi Province.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Community Engagement

Dongfeng Nissan launches activities to show respect for the elderly

In December 2019, in order to promote the traditional virtues of respecting, loving and helping the elderly, Dongfeng Nissan organized volunteers to go to Guangzhou Huadu Gufeng Nursing Home to visit and console the older generation of builders and send them gifts of condolences. The condolences show also brought joy to the senior citizens. The volunteers also communicated freely with them, went to their room to help with daily chores, and the enthusiastic services were unanimously affirmed by the elderly people.



6.2 Targeted Poverty Alleviation

In 2019, in accordance with the requirements of its parent company's *Dongfeng Motor Group's Implementation Plan on Supporting the Three-year Action to Fight against Poverty* 《東風汽車集團有限公司關於全力以赴支持打贏脫貧攻堅戰三年行動的實施方案》, the Group fully implemented the "Enable Engineering", promoted the "Poverty Alleviation Package" service, and actively launched poverty alleviation work in five provinces and nine counties. During the Reporting Period, we started from the two aspects of consumer poverty alleviation and education poverty alleviation, vigorously promoted targeted poverty alleviation, launched donations and volunteer activities, and promoted the development of poor areas.

Consumer Poverty Alleviation

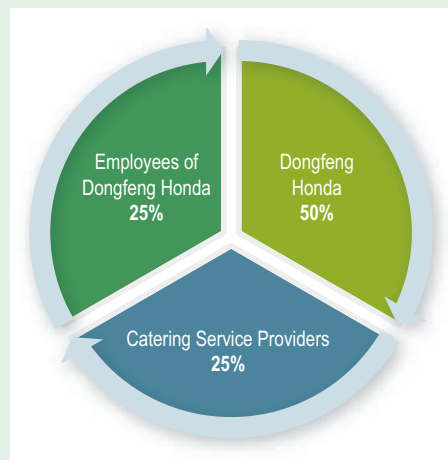
During the Reporting Period, we conducted an accurate analysis of the age structure, income structure, education structure, ethnic composition and specialty resources of people in poor areas, tailor-made the "Poverty Alleviation Package", and promoted the "Empowerment Project" to help boost the income of people in deep poverty areas, in order to lift them out of poverty.

6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Dongfeng Honda's poverty alleviation package for Keping County, Xinjiang Province

In 2019, Dongfeng Honda targeted Keping County in Xinjiang through with its "Poverty Alleviation Package" to jointly solve the sales problem of Huangxing in Keping County.

50% funds of the "Poverty Alleviation Package" was contributed by of Dongfeng Honda, 25% by four catering service providers and 25% by all employees of Dongfeng Honda. In June 2019, the Xinjiang Huangxing "Poverty Alleviation Package" jointly customized by 12,000 Dongfeng Honda employees, Dongfeng Honda and four catering service providers appeared in the working meal of Dongfeng Honda employees. Dongfeng Honda will continue to shoulder the responsibility on its shoulders, and will also dig other "golden keys" for poverty alleviation, revitalize the resources of Keping County at low costs to fight against poverty.



Dongfeng Parts and Components Consumer Poverty Alleviation

In 2019, Dongfeng Parts and Components actively fulfilled the social responsibilities as a state-owned enterprise, and encouraged the majority of its employees to participate in the "buying instead of donating" consumption poverty alleviation model, and enthusiastically helped the poor areas get rid of poverty and became rich as soon as possible. In 2019, the subsidiaries of Dongfeng Parts and Components purchased agricultural products from Keping, Xinjiang, Mashan, Guangxi, etc. for a number of times, amounting to approximately RMB2,273,000. Dongfeng Parts and Components won the honorary title of "Advanced Unit for Poverty Alleviation" issued by the Group's parent company in 2019.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Educational Poverty Alleviation

“Sunflower Classroom” youth volunteer service project

In 2019, the Group launched the “Sunflower Classroom” youth volunteer service project, which built a communication bridge between mountain children and the outside world to help them become more optimistic, confident, healthy and sunshine, and grow their dreams, effectively resolving the problem of “left-behind children”.



Dongfeng Honda carried out support activities for Dongfeng Honda Hope Primary School in Wanyuhe, Fangxian

On September 28, Dongfeng Honda representatives and volunteers drove thousands of miles to the fourth “Hope Primary School” donated by Dongfeng Honda – Dongfeng Honda Hope Primary School in Wanyuhe of Fangxian to carry out support activities and provide children with funding and loving supplies for the first semester of 2019. In the waste classification extension class, volunteers illustrated to the children the meaning and standards of waste classification. At the opening ceremony of the aid activity, representatives of Dongfeng Honda handed over the caring materials to eight aided students. Dongfeng Honda would support them till their elementary school graduation since the fall of 2019.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

6.3 Fighting the Epidemic

In response to the epidemic of COVID-19 in many areas such as Wuhan, Hubei Province in 2020, the Group donated funds and resources in terms of human resources, funds and materials, and resolutely fulfilled its social responsibilities. Since the outbreak, the Group has made donations in accordance with the Notice on External Donations during the Outbreak of COVID-19 issued by its parent company. As of April 10, 2020, the parent company of the Group, together with its subsidiaries and caring employees, donated a total of RMB105 million.

While providing financial and material assistance, the Group's and subsidiaries took advantage of their main business by providing various help for epidemic prevention and control, conscientiously performing their duties and responsibilities, and helping with this epidemic prevention battle with practical actions.

DFGO helped the community with public travel services

In January 2020, DFGO took the initiative to form its emergency fleet and contracted a total of 280 communities in Wuhan's Hanyang, Qiaokou and Jiang'an districts. The fleet size and services accounted for one quarter of the city's market. Meanwhile, a "DFGO Pioneering Staff Team" was also established to provide community residents with vegetable, drug and meal delivery services to solve the residents' real life problems.



6. Diligent Dedication, to Add Heart-warming Power to Society (Continued)

Dongfeng Liuzhou Motor produced materials to help fight the pandemic

In a severe form of epidemic prevention, ambulance resources are very scarce. In February 2020, workers of the Dongfeng Liuzhou Motor's passenger vehicle assembly workshop worked overtime to work hard for the smooth production of ambulances.

As of February 25, Dongfeng Liuzhou Motor successively received 451 ambulance orders from all over the country, among which the first batch of 20 ambulances was delivered in Shandong during the Spring Festival.



7. Appendix

7.1 Applicable Laws and Regulations

Serial No.	File Name
<i>A. List of Laws and Regulations Applicable to Energy Conservation and Environmental Protection</i>	
1	Energy Conservation Law of the PRC (《中華人民共和國節約能源法》)
2	Law of the PRC on Cleaner Production Promotion (《中華人民共和國清潔生產促進法》)
3	Environmental Protection Law of the PRC (《中華人民共和國環境保護法》)
4	Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)
5	Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》)
6	Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)
7	Law of the PRC on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》)
8	Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》)
9	Water Law of the PRC (《中華人民共和國水法》)
10	Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》)
11	The Measures for Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》)
12	The Guiding Catalogue for Eliminating Backward Production Equipment and Products in Certain Industries (2010 version) (《部分工業行業淘汰落後生產工藝裝備和產品指導目錄(2010年本)》)
13	The Measures for the Administration of Industrial Energy Conservation (《工業節能管理辦法》)
14	The Notice on Strengthening Energy Conservation Assessment and Review of Industrial Fixed Assets Investment Project (《關於加強工業固定資產投資項目節能評估和審查工作的通知》)
15	The Notice on Further Strengthening the Elimination of Obsolete Production Capacities (《關於進一步加強淘汰落後產能工作的通知》)
16	The Notice on Commencement of National Special Supervision on and Inspection of Energy Conservation in Major Industries (《關於開展國家重大工業節能專項監察的通知》)
17	The Notice on Strengthening Energy Conservation and Emission Reduction of Small and Medium-sized Enterprises (《關於做好中小企業節能減排工作的通知》)
18	The Decisions of the State Council on Strengthening Energy Conservation (《國務院關於加強節能工作的決定》)
19	The Measures for Energy Conservation Supervision (《節能監察辦法》)

7. APPENDIX (Continued)

Serial No.	File Name
20	The Administrative Measures for Electricity Conservation (《節約用電管理辦法》)
21	The Measures for Cleaner Production Review (《清潔生產審核辦法》)
22	The Administrative Measures for Environmental Protection of Construction Projects (《建設項目環境保護管理辦法》)
<i>B. List of Applicable Laws and Regulations on Occupational Health and Safety</i>	
1	Occupational Disease Prevention Law of the PRC (《中華人民共和國職業病防治法》)
2	Work Safety Law of the PRC (《中華人民共和國安全生產法》)
3	Regulations on Workplace Occupational Health Supervision and Management (《工作場所職業衛生監督管理規定》)
4	Management Measures for Occupational Health Inspection (《職業健康檢查管理辦法》)
<i>C. List of Applicable Laws and Regulations on Human Resources</i>	
1	Labor Contract Law of the PRC (《中華人民共和國勞動合同法》)
2	Trade Union Law of the PRC (《中華人民共和國工會法》)
3	PRC Labor Law (《中華人民共和國勞動法》)
4	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》)
5	The Measures for Identification of Work-related Injuries (《工傷認定辦法》)
6	The Regulations on Insurance for Work-related Injuries (《工傷保險條例》)
7	The Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》)

7. APPENDIX (Continued)

Serial No.	File Name
<i>D. List of Other Laws and Regulations</i>	
1	Criminal Law of the PRC (《中華人民共和國刑法》)
2	Advertising Law of the PRC (《中華人民共和國廣告法》)
3	Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)
4	Trademark Law of the PRC (《中華人民共和國商標法》)
5	Patent Law of the PRC (《中華人民共和國專利法》)
6	Copyright Law of the PRC (《中華人民共和國著作權法》)
7	Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》)
8	Automobile Industry Development Policy (《汽車產業發展政策》)
9	Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》)

7. APPENDIX (Continued)

7.2 ESG Performance

Environmental Performance Table

Indicator	Unit	2017	2018	2019
<i>Aspect A1: Emissions</i>				
A1.1 The types of emissions and respective emissions data				
Nitrogen oxide (NO _x) emission	Tonne	266	244	232
Sulfur dioxide (SO ₂) emission	Tonne	57	53	49
Industrial wastewater emission	10,000 tonnes	1,230	1,105	974
A1.2 Greenhouse gas emissions in total (in tonnes) and, intensity (e.g. per unit of production volume, per facility)				
Greenhouse gas emission ¹⁰	10,000 tonnes of carbon dioxide equivalent	229.70	222.28	222.01
Greenhouse gas emissions per RMB10,000 output value ¹¹	Tonnes of carbon dioxide equivalent/RMB10,000	0.045	0.046	0.047
A1.3 Total hazardous waste produced (in tonnes) and, intensity (e.g. per unit of production volume, per facility)				
Disposed hazardous waste	Tonne	39,386	42,673	41,166
Hazardous waste for comprehensive utilization	Tonne	8,097	7,338	5,247
Disposed hazardous waste per RMB10,000 output value	Kg/RMB10,000	0.78	0.89	0.87
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)				
Disposed general solid waste	Tonne	20,650	26,794	18,876
Solid waste for comprehensive utilization	Tonne	678,051	718,978	676,547
Solid waste production per RMB10,000 output value	Kg/RMB10,000	13.80	15.58	14.73

¹⁰ The statistical unit of greenhouse gas emissions in 2017-2018 was tonnes of carbon dioxide. In 2019, greenhouse gas emissions included acetylene, methane and other greenhouse gas emissions, so the statistical unit was tonnes of carbon dioxide equivalent.

¹¹ The statistical unit of greenhouse gas emissions in the production value of RMB10,000 in 2017-2018 was tonnes of carbon dioxide per RMB10,000. In 2019, greenhouse gas emissions included acetylene, methane and other greenhouse gas emissions, so the statistical unit was tonnes of carbon dioxide equivalent per RMB10,000.

7. APPENDIX (Continued)

Indicator	Unit	2017	2018	2019
<i>Aspect A2: Use of Resources</i>				
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility).				
Purchased electricity	10,000 kWh	311,637	309,847	299,950
Natural gas	10,000 standard cubic meters	14,371	13,376	12,372
Diesel oil	Tonne	21,336	19,531	20,087
Gasoline	Tonne	19,096	17,665	15,904
Heat	MkJ	/	1,209,467	914,354
Others (including coal, fuel oil, coal oil, lubricating oil, etc.)	Tonne of standard coal	46,169	46,780	46,807
Conversion of comprehensive energy consumption	Tonne standard coal	727,848	699,289	663,841
Comprehensive energy consumption per RMB10,000 output value	Kg standard coal/ RMB10,000	14.37	14.61	14.06
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)				
Production water consumption (fresh water)	10,000 tonnes	2,171	1,977	1,744
Production water consumption per RMB10,000 output value (fresh water)	Tonne/RMB10,000	0.43	0.41	0.37

7. APPENDIX (Continued)

Social Performance Table

Indicator	Unit	2017	1%	2019
<i>Aspect B1: Employment</i>				
B1.1 Total workforce by gender, employment category, age group and geographical region				
Total number of employees	Person	146,843	139,602	130,572
By employment Type				
Manufacturing	Person	97,722 ¹²	91,562	84,007
Engineering technology	Person	9,604 ¹³	16,575	17,487
Management	Person	32,098	30,200	28,113
Service	Person	6,085 ¹⁴	1,265	965
By gender				
Male employees	Person	119,787	113,886	107,013
Female employees	Person	27,056	25,716	23,559
By age groups¹⁵				
Aged 29 and under	Person	53,642	52,621	39,578
Aged 30 to 39	Person	35,789	35,154	36,243
Aged 40 to 49	Person	32,101	32,130	31,437
Aged 50 and Above	Person	8,660	6,697	12,255
By education¹⁵				
Master's degree and above	Person	5,872	5,963	6,371
College diploma and Bachelor's	Person	70,270	69,997	64,649
Below college diploma	Person	54,050	50,642	48,493

7. APPENDIX (Continued)

Indicator	Unit	2017	2018	2019
B1.2 Employee turnover rate by gender, age group and geographical region				
Total turnover rate	%	8.30	6.70	6.00
Aspect B2: Health and Safety				
B2.1 Number and rate of work-related fatalities				
Number of work-related fatalities	Person	/	0	2
B2.2 Lost days due to work injury				
Number of work-related injuries	Person	/	16	11
Lost working days due to work injury	Days	/	823	12,129
Injury rate per thousand employees	‰	0.177	0.120	0.078
Indicator	Unit	2019		
B3.1 Percentage of trained employees by gender and employee category				
Percentage of trained employees by gender				
Male employees	%	82%		
Female employees	%	18%		
Percentage of trained employees by type of employment				
Manufacturing workers	%	64%		
Engineering technology	%	13%		
Management	%	22%		
Service	%	1%		

7. APPENDIX (Continued)

Indicator	Unit	2019
Percentage of trained employees by employee rank		
Senior management	%	1%
Middle management	%	4%
General staff	%	95%
B3.2 The average number of training hours completed by each employee by gender and employee type		
Average training hours of employees by gender		
Male employees	Hour	43.76
Female employees	Hour	43.78
Average training hours for employees by employee type		
Manufacturing workers	Hour	37.46
Engineering technology	Hour	66.58
Management	Hour	48.62
Service	Hour	37.40
Average training hours for employees by employee rank		
Senior management	Hour	113.00
Middle management	Hour	89.00
General staff	Hour	41.93
Notes:		
¹²	The type of employment reported in 2017 was "manufacturing";	
¹³	The type of employment reported in 2017 was "research and development";	
¹⁴	The type of employment reported in 2017 was "sales";	
¹⁵	The employee distribution by age and education are based on the number of permanent employees of the Group.	

7. APPENDIX (Continued)

7.3 ESG Content Index

Content Index of Environmental, Social and Governance Reporting Guide

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
<i>Environmental</i>			
A1 : Emissions	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.2 Green Production
	A1.1	The types of emissions and respective emissions data.	ESG Performance
	A1.2	Greenhouse gas emissions in total and intensity.	ESG Performance
	A1.3	Total hazardous waste produced in total and intensity.	ESG Performance
	A1.4	Total non-hazardous waste produced in total and intensity.	ESG Performance
	A1.5	Description of measures to mitigate emissions and results achieved.	4.2 Green Production
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2 Green Production
A2 : Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Green Production

7. APPENDIX (Continued)

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

7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)

Section

Social

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

7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; Description of training activities	5.2 Training and Development
	B3.1	The percentage of employees trained by gender and employee category	ESG Performance
	B3.2	The average training hours completed per employee by gender and employee category	ESG Performance
B4 : Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Employee Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labor	5.1 Employee Rights
	B4.2	Description of steps taken to eliminate such practices when any violations are discovered	5.1 Employee Rights
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	4.3 Green Supply Chain
	B5.1	Number of suppliers by geographical region	Refined management will be conducted in the future
	B5.2	Description of practices relating to engaging suppliers, number of suppliers on whom the practices are being implemented, how they are implemented and monitored	3.1 Supplier Management 4.3 Green Supply

7. APPENDIX (Continued)

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

7. APPENDIX (Continued)

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators (KPIs)			Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	1.3 Integrity Building
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	1.3 Integrity Building
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	1.3 Integrity Building
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	6. Diligent Dedication, to Add Heart-warming Power to Society
	B8.1	Focus areas of contribution	6. Diligent Dedication, to Add Heart-warming Power to Society
	B8.2	Resources contributed to the focus area	6. Diligent Dedication, to Add Heart-warming Power to Society



東風汽車集團股份有限公司

DONGFENG MOTOR GROUP COMPANY LIMITED*