

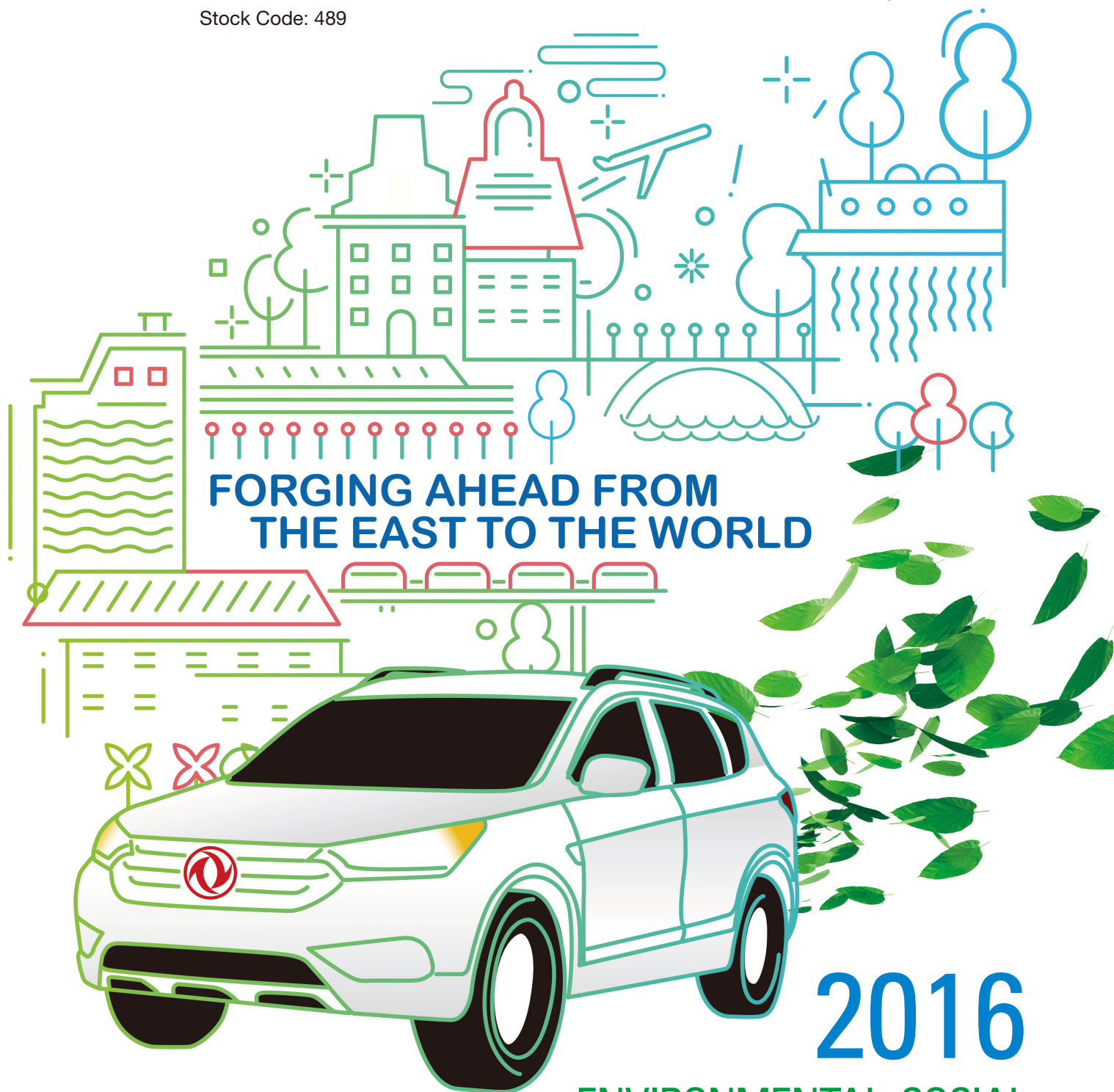


東風汽車集團股份有限公司

DONGFENG MOTOR GROUP COMPANY LIMITED\*



Stock Code: 489

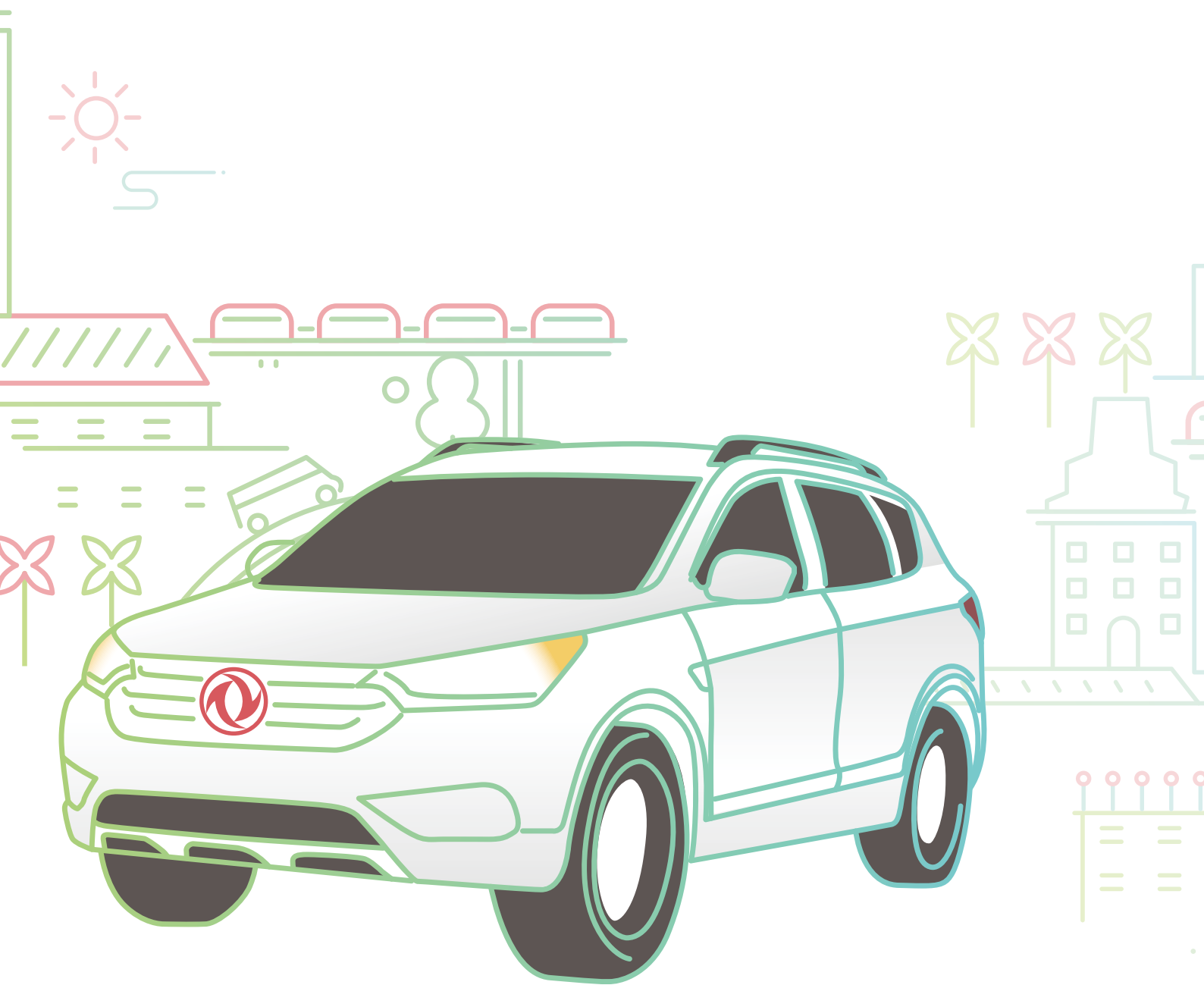


FORGING AHEAD FROM  
THE EAST TO THE WORLD

2016

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

\*For identification purposes only



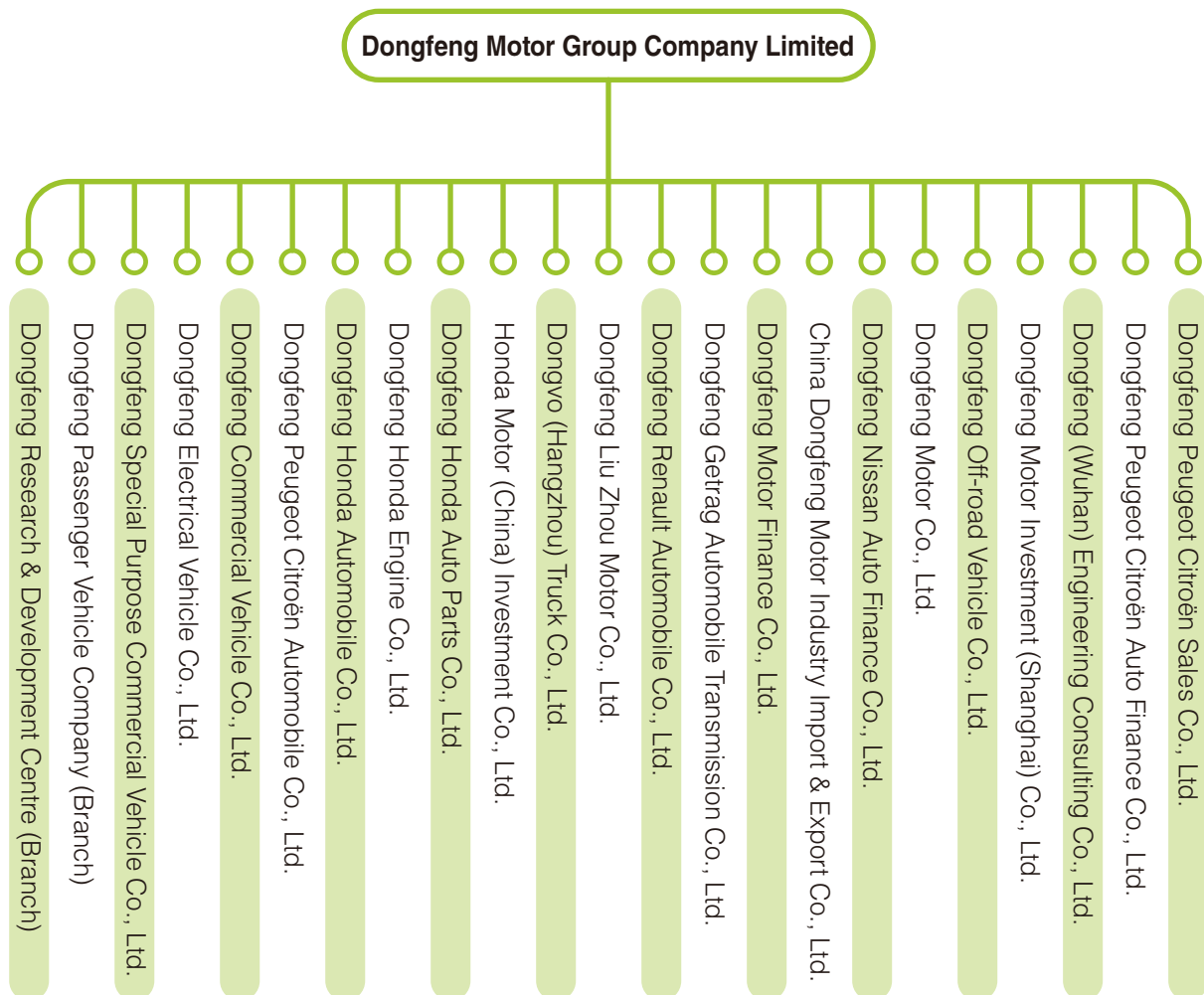
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## ABOUT US

Dongfeng Motor Group Company Limited was incorporated on 18 May 2001 and listed in Hong Kong on 7 December 2005 with an aggregate share capital of RMB8,616,120,000, which comprised domestic shares and H shares of RMB5,760,388,000 (approximately 66.86%) and RMB2,855,732,000 (approximately 33.14%) respectively.

The Company is primarily engaged in the manufacture and sale of commercial vehicles, passenger vehicles and auto engines and parts, vehicle manufacturing equipment business, finance businesses as well as other automotive related businesses. As of 31 December 2016, the Company has 21 subsidiaries, joint ventures and other companies in which the Company has direct equity interests and 2 branches. The details are shown as below:



In 2016, the Dongfeng Motor Group commanded a market share of approximately 11.3% in terms of the total sales volume of domestic commercial and passenger vehicle manufacturers in the PRC, according to the statistics published by the China Association of Automobile Manufacturers.





## EXECUTIVE STATEMENT

2016 was the first year for the PRC to implement the “13th Five-Year Plan” and a year of great importance for deepening the reform on a comprehensive basis. In this year, the strategy of making China into a world manufacturing power has been emphasized as a national strategy, and the automobile industry is experiencing the strategic transformation from extensive development of scale expansion to a development model centred on green and intelligent manufacturing. Low-carbon, IT-based and intelligent development, instead of capacity expansion, is being pursued as a new focus in the new advance of automobile industry in the PRC. The profound changes in the policies and regulations of the automobile industry as well as the new technologies, new ideas, new commercial activities and new business models have all brought far-reaching impact on the automobile industry.

In 2016, Dongfeng Motor Group Company Limited continued to exert efforts on market research, focusing on customer values, targeting marketing plans for vehicles and enhancing sales network, which marked a good start for the “13th Five-Year Plan” period. During the year, the Company witnessed an accumulated sales volume of 3,156,800 units of vehicles, representing an increase of 10.1% as compared with the corresponding period last year, with a market share of 11.3%, indicating that the production and sales volume of vehicles rose to a new high and the operation quality was further promoted. In addition, new development was marked in new energy and exports overseas vehicles and self-owned brands and joint-venture brands grew hand in hand.

While constantly propelling the development of various businesses, the Company continued to strengthen its environmental, social and governance (hereinafter referred to as the “ESG”) management and actively engaged in communication with the stakeholders, thus striving to achieve long-term sustainable development and accomplish the strategic objective of developing itself into “an outstanding enterprise providing users with all-round automobile products and services of fine quality” in all aspects as soon as practicable.

### Green Environmental Protection

We firmly believe that green development is the only way for it to achieve transformation and upgrade. We have integrated the green concept into the process of product operation, set the green development as the guiding principle, and practised the concept of “manufacturing energy-saving and environment-friendly vehicles in an energy-saving and environment-friendly way”, to speed up the green transformation and upgrade. On one hand, we have been committed to manufacturing green products and actively facilitating the development of the new energy automobile industry, and have developed a series of new energy automobile products and accumulated various core technologies and related experience. On the other hand, the Company has carried out “eco-design and life-cycle assessment for automobiles”, and is committed to providing consumers with healthy, energy-saving and environment-friendly products and commuting plans. Meanwhile, we have implemented the “green manufacturing” concept and achieved the transition from outcome-oriented management to source-oriented management, fully following the guideline of comprehensive regulation mainly by prevention. We attach great importance to the effective use and conservation of resources, and have taken effective measures to save energy, water and packaging materials, so as to earnestly fulfill our environmental responsibility in every detail.





## EXECUTIVE STATEMENT (Continued)

### Production Safety

We uphold the corporate culture of safety as our commitment to the entire society. Adhering to the core concept of product safety, we make increasing investment in safety technologies to deepen the research on active and passive safety technologies. For production safety, we set up a clear and accurate organisational structure of safety management to entrench the observance with our production safety accountability mechanism, and we improve employees' ability of emergency response and disaster prevention while constantly introducing more secure production techniques and technologies. At the same time, we highlighted the competence building for production safety, and actively carry out safety trainings of various types with an aim to improve the competence of production safety for staff at all levels.

### Caring for Employees

We cherish the hard work of employees and treat them as valuable asset of the Company. We earnestly protect our employees' labour rights and interests and provide resources and opportunities for their self-improvement in order to grow with our employees. Sound training systems and diversified career development channels reflecting the realities of each of company have strengthened the employees' loyalty, while colourful cultural activities and timely care for employees further enhanced the cohesion of the Company.

### Caring for the Community

We believe that an excellent enterprise must honour its social responsibility. Therefore, following the principles of "promoting social virtues through the love of Dongfeng, and devoting to public welfare for social harmony", we have carried out featured community projects in three aspects, i.e. public welfare, the public and community, including those to foster proper conduct for traffic safety in the entire society and promote automobile culture among teenagers. We have organised public welfare activities in communities and actively participated in disaster reliefs. At the meantime, we have adopted new practices of public welfare through the "Dongfeng Public Welfare Foundations", including the "Dongfeng Kids Nursery Campaign" that cares for the growth of the next generation.

2017 marks a year for deepening supply-side structural reform, in which challenges and opportunities coexist. The Company will continue to follow through its general social responsibility concept of "DongFeng, the nurturing east wind" while persisting in business development, so as to create greater value for its stakeholders.

Zhu Yanfeng

Chairman



This report represents the first environmental, social and governance (hereinafter referred to as the “ESG”) report issued by Dongfeng Motor Group Company Limited, which focuses on the disclosure of relevant information on the economic, social and environmental performance of the Company for the period from 1 January 2016 to 31 December 2016.

## Reporting Guidelines

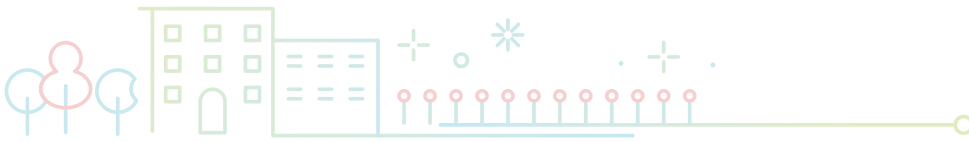
This report is made mainly with reference to the revised Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange in December 2015. The contents of this report are determined based on a set of systematic procedures. Such procedures include: identifying and prioritising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

## Scope of the Report

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

The policies and representations in this report mainly cover the Group as a whole and 21 subsidiaries, joint ventures and other companies that the Company has direct equity interests in and 2 branches. The implementation of ESG policies described and the data performance quantified in the report mainly cover Dongfeng Liuzhou Motor Co., Ltd. (the “Dongfeng Liuzhou Motor”), Dongfeng Peugeot Citroën Automobile Co., Ltd. (the “Dongfeng Peugeot Citroën”), Dongfeng Honda Automobile Co., Ltd. (the “Dongfeng Honda”), and Dongfeng Nissan Passenger Vehicle Company (the “Dongfeng Nissan”), a passenger vehicle arm of Dongfeng Motor Co., Ltd.. The content discussed in this ESG report for the year mainly deals with several automobile brands whose ESG performances are most concerned about by stakeholders as revealed by a survey among stakeholders. Our reporting scope will continue to expand and will be subject to adjustment based on opinions and expectations of stakeholders. In addition, separate explanations will be given for any mention of Dongfeng Motor Corporation, the parent of Dongfeng Motor Group Company Limited and other subsidiaries of the Company in certain parts hereof.





## ABOUT THIS REPORT (Continued)

### Reference

For the convenience of wording and reading, any reference to the “Company”, “Dongfeng Motor Group” and “we” or “us” in this report refers to Dongfeng Motor Group Company Limited.

### Source of Information and Reliability Assurance

The information in and the cases presented by the report are mainly derived from the Company’s statistical reports and relevant documents. The Company 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 16 June 2017 after confirmed by the management.

### Access to and Feedback for this Report

This report is available for inspection in both Traditional Chinese and English. The electronic version of the report can be obtained within the “Financial Statements/ESG Information” category of Dongfeng Motor Group Company Limited at the website of 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 our overall environmental, social and governmental performance.

### Contacts

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

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





# KEY PERFORMANCE INDICATORS OF 2016

## Economy

- Accumulated sales volume of vehicles amounted to approximately 3,156,800 units, representing an year-on-year increase of about 10.1%, which secured a market share of 11.3%
- Sales revenue was approximately RMB122,422 million; profit totalled RMB17,517 million or so; and profit attributable to shareholders stood around RMB13,355 million
- Tax payment reached RMB1,274 million
- Costs of research and development amounted to RMB1,061 million; and 23,037 staff were engaged in research and development

## Environment and Safety

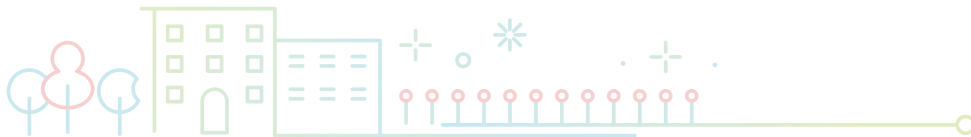
- A total of more than 370 corporate related patents in new energy were applied
- A total of 103 models were included in the List of Recommended Models for New Energy Vehicle Popularization and Application; and sales volume of new energy vehicles reached 24,000 units
- Emissions of COD and SO<sub>2</sub> recorded year-on-year decreases of 9.4% and 45.9%, respectively
- Comprehensive energy consumption per RMB10,000 output recorded a year-on-year decrease of 16.6%
- Water consumption per RMB10,000 output recorded a year-on-year decrease of 21.7%
- Accident frequency was 0.2‰

## Staff

- Total number of our staff reached 149,092
- Job satisfaction of our staff reached 73%
- 1,232 sessions of anti-corruption educational activities were carried out, recording 44,541 participants

## Community

- Volunteer hours amounted to 1,050; and our volunteers served over 510 residents from communities
- A total of about RMB200 million was invested in poverty alleviation
- RMB29.904 million was donated through 19 external donation programs organised by Dongfeng Public Welfare Foundation



# 1. ESG MANAGEMENT

## Key Performance Indicators:

- 3,279 valid questionnaires in total were retrieved and 35 stakeholders from different fields were interviewed to get a panorama of views and expectations of stakeholders.
- 7 most material and 22 moderately material ESG issues were identified for the Company, after communication with stakeholders.
- 1,232 sessions of anti-corruption educational activities were carried out, with 44,541 participants.

## 1.1. ESG Structure and Strategies

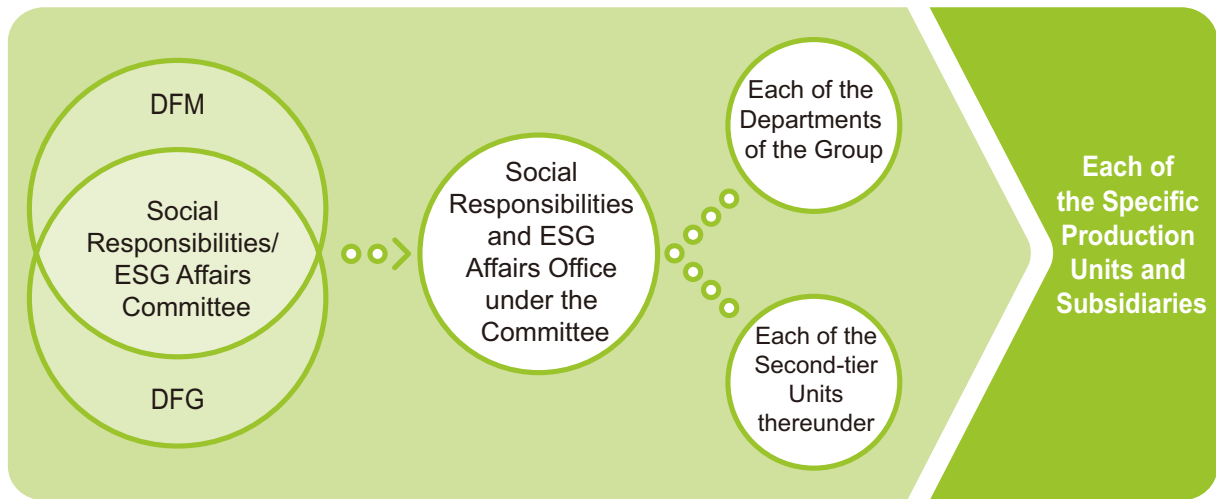
With continuous enhancement of sustainability at the core of ESG management, the Company integrates ESG into its daily production and operation in practice through strengthening responsibility governance as well as innovating responsibility implementation, and takes ESG as a significant measure to achieve the strategic objective of developing itself into “an outstanding enterprise providing users with all-round automobile products and services of fine quality”.

### Strengthening Responsibility Governance

Dongfeng Motor Corporation, the parent of the Company, announced the “Nurturing” Program specific to CSR in 2012, before announcing the “Harmony” cultural strategy in 2014. In 2015, it became the first centrally-administered SOE and Chinese automaker to release the Business Ethics Convention. It has thus established a three-in-one corporate soft power system. The system has organically integrated the general social responsibility concept of “Dong Feng, the nurturing east wind” of Dongfeng Motor Corporation into the key tasks of ESG management, including energy conservation and environmental protection, staff development, technological innovation, occupational safety and quality & efficiency, so as to create a diversified and stereoscopic ESG management model with Dongfeng’s characteristics. As an important member of Dongfeng Motor Corporation, the Company has actively implemented the above system and fully integrated the general concept of social responsibility into ordinary course of management.

We have established a social responsibility system with clearly-defined duties and well-organised structure. From the headquarters to subsidiaries and associates, and from management to implementation, we have systematically sorted out the work processes, refined the system of management and organisation, specified leaders’ responsibilities and accountable departments as well as clearly defined duties and tasks. As a result, the professionalism of ESG management was effectively enhanced.





DFM: Dongfeng Motor Corporation; DFG: the Company

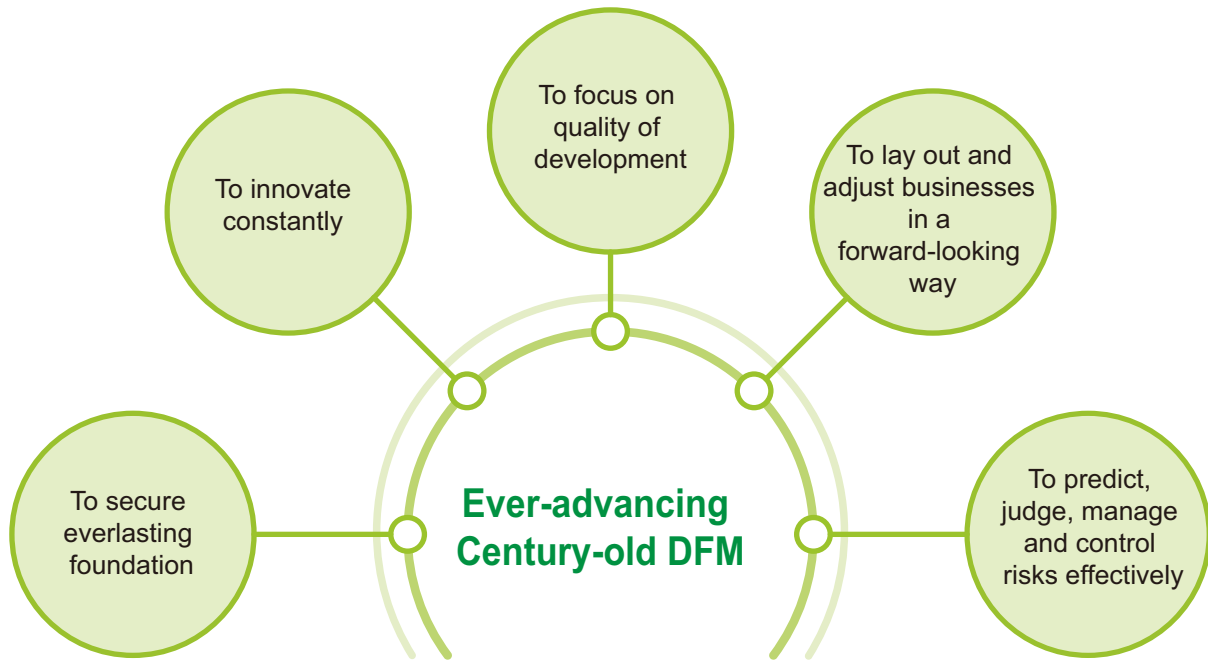
### Innovating Responsibility Practice

In the future, the ecology of automobile products and services industry will be more and more complicated with more uncertainties, which will bring a host of new challenges. For market, a slow growth lingers in the industry, posing new requirements on the sophisticated management of internal operation. For product, new energy vehicle enters a period of leapfrog development, with research and development of environmental protection technologies as the top priority. For technology, the green progress and intelligent network access demanded by traditional automobiles opened up new horizon for energy conservation and emission reduction. As one of the coping strategies, the Company integrates ESG responsibilities into its business strategy and proposes a strategic vision of “ever-advancing century-old DFM”. To achieve sustainable advance, we underline the ability to lay out businesses in a forward-looking way and the quality of development, prioritise risk management and control in the process of development, and give comprehensive consideration of the impact of development on the enterprise itself, environment and society. And to last as a century-old company, we further need to keep tapping into innovation as an inexhaustible driving force, highlight talent development and strengthen the research and development of technologies.





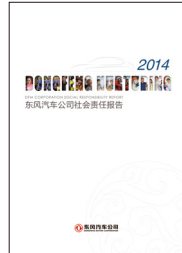
## ESG MANAGEMENT (Continued)



Since its publication of the first corporate social responsibility report in 2008, Dongfeng Motor Corporation, the parent of the Company, has been carrying out and implementing the ESG responsibility concept persistently.



2015 Social Responsibility Report of Dongfeng Motor Corporation



2014 Social Responsibility Report of Dongfeng Motor Corporation



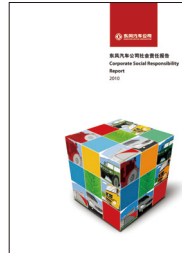
2013 Social Responsibility Report of Dongfeng Motor Corporation



2012 Social Responsibility Report of Dongfeng Motor Corporation



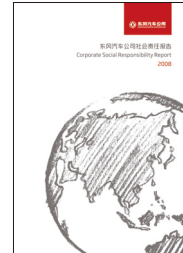
2011 Social Responsibility Report of Dongfeng Motor Corporation



2010 Social Responsibility Report of Dongfeng Motor Corporation



2009 Social Responsibility Report of Dongfeng Motor Corporation



2008 Social Responsibility Report of Dongfeng Motor Corporation

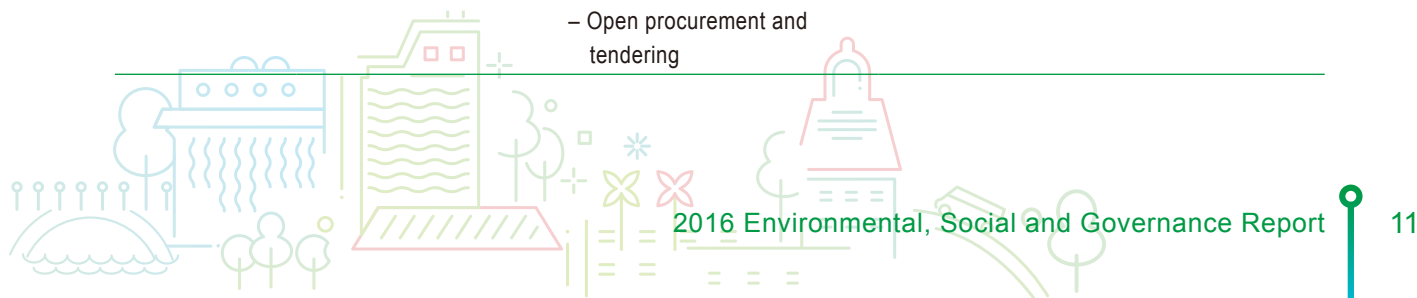
For more details of the social responsibility report of Dongfeng Motor Corporation, please refer to <http://www.dfmc.com.cn/info/DFSHZRNB.html>.



## 1.2. Stakeholder Engagement

The Company has long been striving to establish diverse channels to communicate with our stakeholders, and believes that two-way, transparent and regular communication helps maintain harmonious relationship with each party and enhance mutual trust and respect, and meanwhile lays a solid foundation for the sustainable development of the Company. We have identified major stakeholders who hold decision-making power or influence in or closely related to the Company. We have also actively communicated with stakeholders to understand the issues they are concerned about, and reviewed the results of relevant activities regularly to improve the communication channels and reflect stakeholders' views in a more encompassing way. The following table sets forth the issues concerned about by different types of stakeholders during the reporting period.

Type of stakeholders	Issues most concerned about by stakeholders	Channels of communications/feedback	Frequency/times
Shareholders/ investors	Operating results ESG management concept	<ul style="list-style-type: none"> <li>– Shareholders' general meeting</li> <li>– Investor meeting</li> <li>– Results presentation</li> <li>– Press release/announcement</li> <li>– On-site survey</li> <li>– Roadshow and reverse roadshow</li> </ul>	<ul style="list-style-type: none"> <li>– Shareholders' general meeting to be held annually</li> <li>– Extraordinary general meeting or shareholders' class meeting to be held for any special circumstances</li> <li>– Investor meeting and on-site survey to be held from time to time</li> <li>– Roadshow and reverse roadshow to be carried out at least once a year</li> </ul>
Employees	Employment and labor Remuneration and benefits	<ul style="list-style-type: none"> <li>– Staff training</li> <li>– Labor union activities</li> <li>– Youth League Committee activities</li> <li>– Staff representative meeting</li> <li>– Solicitation of opinions and reasonable suggestions</li> </ul>	<ul style="list-style-type: none"> <li>– Training for each employee to be conducted at least once a year</li> <li>– Labor union activities to be held from time to time</li> <li>– Youth League Committee activities to be carried out at least once a year</li> <li>– Staff representative meeting to be held at least once a year</li> <li>– Opinions and suggestions to be collected from time to time</li> </ul>
Distributors	Product responsibility Investment in community	<ul style="list-style-type: none"> <li>– Product training</li> <li>– Consumers' complaint handling</li> <li>– Product maintenance</li> </ul>	<ul style="list-style-type: none"> <li>– From time to time</li> </ul>
Suppliers	Supply chain management Product responsibility	<ul style="list-style-type: none"> <li>– On-site survey</li> <li>– Supplier appraisal</li> <li>– Communication on quality</li> <li>– Telephone/written correspondence</li> <li>– Setting-up of on-site office</li> <li>– Supplier meeting</li> <li>– Open procurement and tendering</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier meeting to be held annually</li> <li>– Appraisal to be carried out once every half year</li> <li>– On-site office to be set up from time to time</li> </ul>





## ESG MANAGEMENT (Continued)

Type of stakeholders	Issues most concerned about by stakeholders	Channels of communications/feedback	Frequency/times
Customers/ consumers	Product responsibility Research and development and innovation	<ul style="list-style-type: none"> <li>– On-line promotion</li> <li>– Off-line trade fair and promotion activity</li> <li>– Telephone</li> <li>– WeChat/Microblog</li> <li>– New product release</li> <li>– Market survey</li> <li>– Analysis on clients' satisfaction</li> <li>– Dialogue with and visit to clients</li> <li>– Clients' complaint handling</li> </ul>	– From time to time
Government authorities	Green production Operating results	<ul style="list-style-type: none"> <li>– On-site survey</li> <li>– Interview</li> <li>– On-the-spot sampling</li> <li>– Participation in analysis and formulation of policy, standard and planning</li> </ul>	– From time to time
Local communities	Green production Investment in community	<ul style="list-style-type: none"> <li>– On-site survey</li> <li>– Interview</li> <li>– Public welfare activities in community</li> <li>– Joint community building activities</li> </ul>	– From time to time
Media	Investment in community Operating results	<ul style="list-style-type: none"> <li>– Press release/announcement</li> <li>– Press interview</li> <li>– Press conference</li> </ul>	– From time to time





### 1.3. Materiality Analysis

During the reporting period, the Company has engaged a third party consultancy to do a special survey among its stakeholders. The third party has formulated relevant ESG questionnaire and carried out interviews with stakeholders to understand the views and expectations of stakeholders at all levels on the Company's response to and disclosure of environmental, social and governance issues, which provides a strong basis for the Company to develop a long-term ESG strategy. The consultancy has retrieved a total of 3,279 valid questionnaires and interviewed 35 stakeholders from various sectors to get a panorama of views and expectations of stakeholders on the Company's ESG performance.

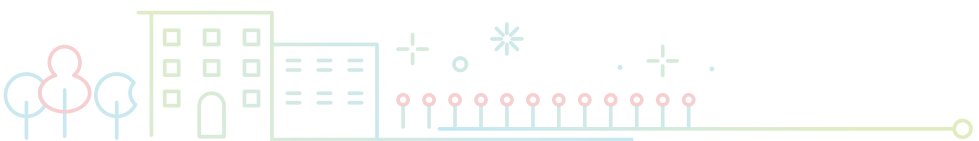
Our materiality assessment has been implemented with four main phases. As illustrated below, we started by identifying each of material issues in respect of environment, society and governance that might affect our business or stakeholders, and then we prioritised potential material issues and verified the results with management, and at last we reviewed the materiality assessment process.

#### Materiality Assessment Process

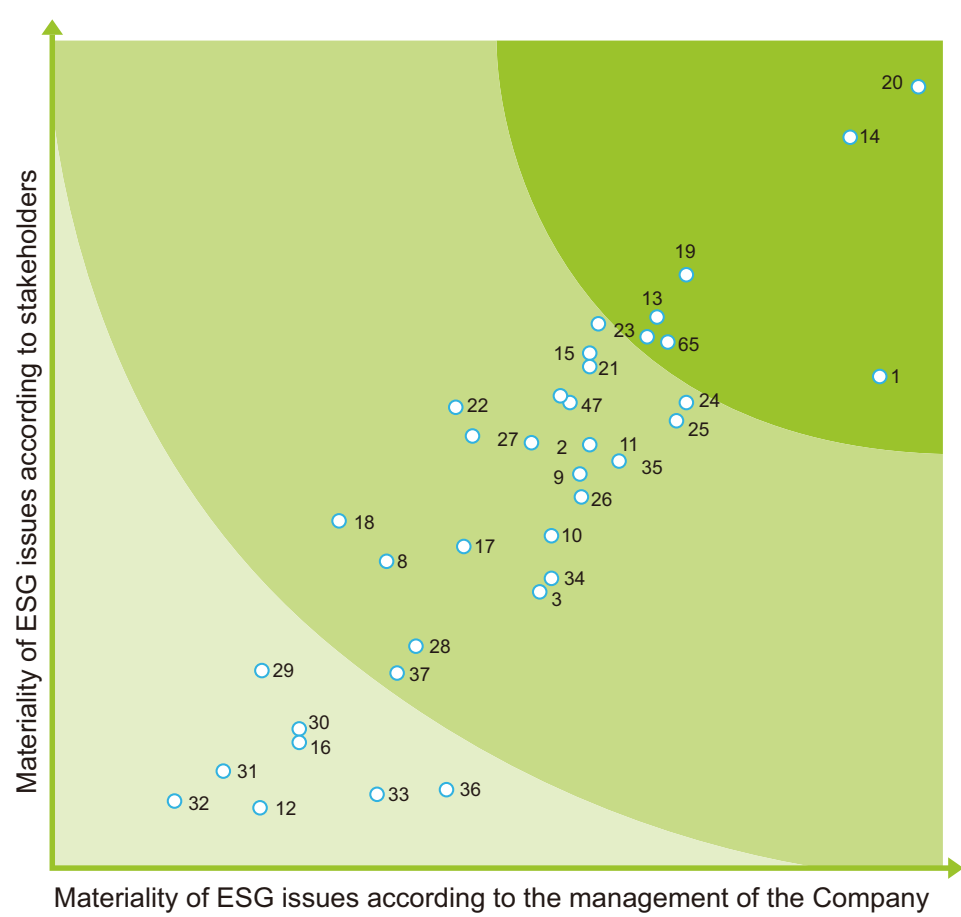
1. Identifying potential material issues	The independent consultancy identifies potential material issues that reflect the impact of the Company's business on economy, environment and society, or that affect the stakeholders' assessment of and decision-making for the Company by thorough inspections on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

Through the above assessment process, we have identified 7 most material, 22 moderately material and 8 less material ESG issues for the Company, respectively, and the most material ones constitute the key part of this report and will be disclosed by us in this report elaborately.





# ESG MANAGEMENT (Continued)





## ESG MANAGEMENT (Continued)

No.	Specific issues	No.	Specific issues
1	Business performance	19	Marketing and after-sales service
2	Corporate governance	20	Product safety
3	Low-carbon economy	21	Fuel efficiency and emission
4	Water resource management	22	Customer privacy
5	Waste water management	23	Complaints and product recalls
6	Exhaust management	24	Research and development and intellectual property
7	Solid waste management	25	Compliance with relevant regulations on products and services
8	Greenhouse gas emission management	26	Compliance with relevant regulations on marketing promotion
9	Impact on soil and groundwater	27	Corruption and anti-competition
10	Industrial noise management	28	Appraisal on environmental performance of suppliers
11	Energy consumption reduction	29	Safety training and safety competence enhancement of suppliers
12	Use of packaging materials	30	Appraisal on social performance of suppliers
13	Remuneration and benefits	31	Appraisal on complying with Labor Code of suppliers
14	Occupational safety and health	32	Appraisal on human rights performance of suppliers
15	Career development and training	33	Contribution to community
16	Diversification and equal opportunities	34	Community environment maintenance
17	Child labor and forced labor	35	Compliance with relevant social regulations
18	Staff turnover rate	36	Public welfare and charity
		37	Impact on neighbouring communities

## ESG MANAGEMENT (Continued)

### 1.4. Compliance

#### Corporate Governance

The Company pursues a high-level corporate governance to protect the interests of shareholders and other stakeholders and boost the value, management transparency and responsibility traceability of the Company. The Company has been in compliance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Corporate Governance Code of the Stock Exchange of Hong Kong and the Articles of the Association of the Company, and committed to building an efficient corporate governance structure.

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



For more details of corporate governance, please refer to the section headed "Corporate Governance" in the 2016 annual report.





## Risk Management

In 2016, the Company further strengthened the risk prevention and control, improved the risk control system, and proactively prevented compliance risks, policy risks, financial risks, foreign exchange risks and network risks in the course of business operation. As a result, a three-level prevention system took shape, consisting of overall ex ante risk assessment and monitoring by the Audit and Risk Management Committee, in-process risk control by the management and relevant functional departments, and ex post inspection and rectification supervision by the independent audit department.

Tracking the mainline of building up an internal risk management system, the Company determines annual risk prevention and audit key tasks each year and makes inspection and review on a regular basis.

## Anti-corruption

The Company has pushed forward anti-corruption in strict compliance with national laws and regulations, such as the Criminal Law of the People's Republic of China and the Provisions on Rules on Integrity of Executives of State-Owned Enterprises (《國有企業領導人員廉潔從業若干規定》), and formulated the Rules on Integrity of Executives for the Senior Management of Dongfeng Motor Corporation (《東風汽車公司高級管理人員廉潔從業若干規定》) to regulate relevant personnel's behaviour. Discipline Supervisory Department and Human Resources Department at all levels of the Company have carried out supervision and inspection on a regular basis to resolve prominent problems focally and deal with behaviour violating the provisions sternly. At the same time, the Company has encouraged staff to report on misconduct, and made full use of the mechanism of "communication, feedback, monitoring", to ensure management and control in all aspects.

The Company attaches great importance to integrity and credibility education, and persists in combining positive guidance and ex post disciplining. In 2016, all business units of the Company carried out 1,232 sessions of various educational activities with 44,541 participants. During the year, the Company also conducted two conferences on case-based warning for senior management, presenting and analysing typical cases of the Company in recent years.



## 2. INNOVATION – PRODUCT VALUE

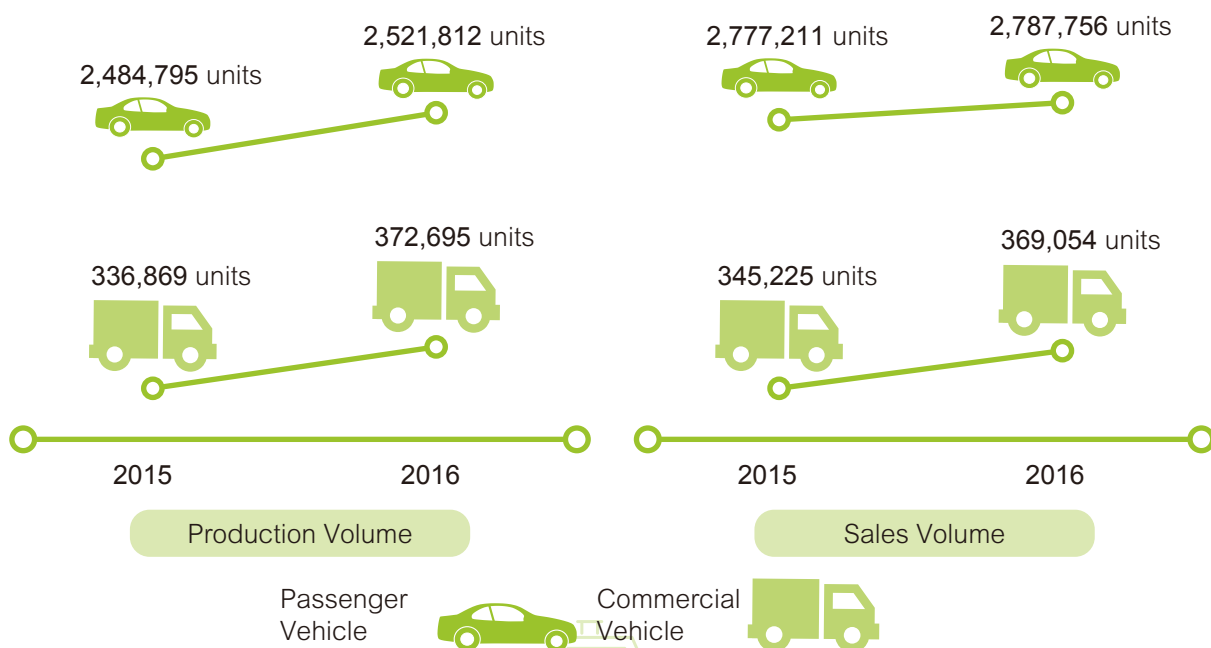
### Key Performance Indicators:

- In 2016, accumulated sales volume of vehicles amounted to approximately 3,156,800 units, representing a year-on-year increase of about 10.1%, which secured a market share of 11.3%.
- In 2016, sales revenue was approximately RMB122,422 million; profit totalled RMB17,517 million or so; and profit attributable to shareholders stood around RMB13,355 million.
- In 2016, tax payment reached RMB1,274 million.
- In 2016, costs of research and development amounted to RMB1,061 million; and the number of staff engaged for research and development reached 23,037.

### 2.1. Value Creation

#### Both Production and Sales Volumes of Vehicles Surpassed 3 Million Units

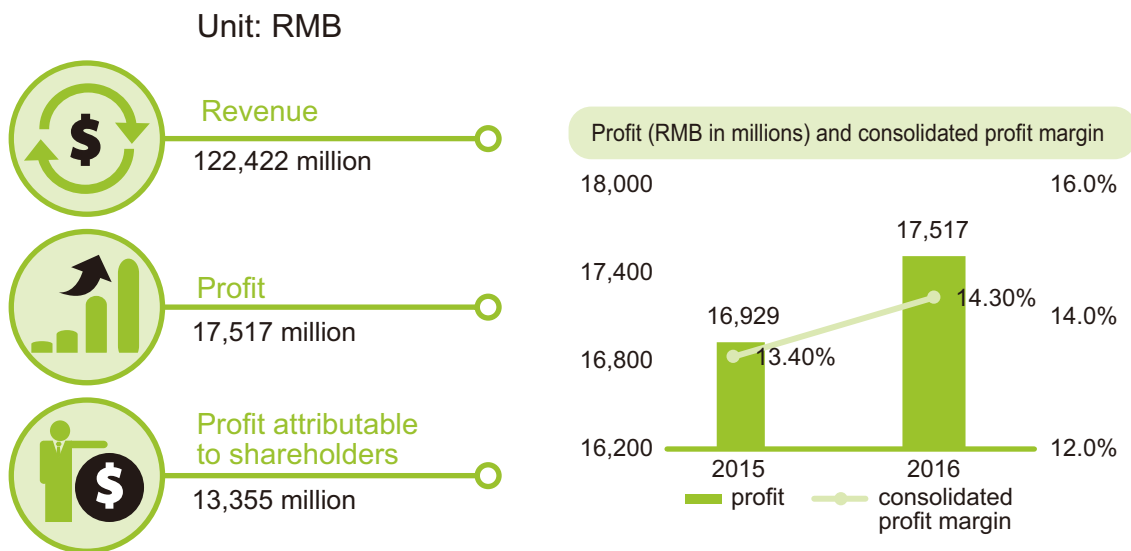
In 2016, the sales volume of vehicles of the Company exceeded 3 million units due to our efforts on market research, focusing on customer values, targeting marketing plans for vehicle and enhancing sales network, which marked a good start for the “13th Five-Year Plan” Period. In 2016, the Company witnessed a vehicle sales volume of approximately 3,156,800 units, representing an increase of approximately 10.1% as compared with the corresponding period last year, with a market share of 11.3%; among which, the sales volume of passenger vehicles was approximately 2,787,700 units, representing an increase of approximately 10.6% as compared with the corresponding period last year; and the sales volume of commercial vehicles reached approximately 369,100 units, representing an increase of approximately 6.9% as compared with the corresponding period last year.



## INNOVATION – PRODUCT VALUE (Continued)

### Higher Profitability

In 2016, the Company recorded sales revenue of approximately RMB122,422 million. The total profit in 2016 amounted to approximately RMB17,517 million, representing an increase of approximately 3.5% as compared with that in 2015. In 2016, profit attributable to shareholders stood around RMB13,355 million, representing an increase of approximately 15.6% compared with the corresponding period last year.



### Benefit Generation

Automobile industry is one of the pillars of China's economy. Whole vehicle manufacturing and related supporting industries represent a powerful engine to regional development, and play an important role in promoting economic development, creating jobs, optimising and upgrading industrial structure and advancing the automobile industry.

While strengthening economic operations, the Company earnestly fulfills its political and social responsibilities and plays a leading role as a state-owned enterprise in developing economy and society of the locality harmoniously. By developing roots in the locality, we fostered an array of auto parts enterprises to form a complete industrial chain, and by radiating influence across the whole country, we helped accelerate the development of upstream and downstream enterprises of the automobile industry chain. We brought about an industry cluster effect, whereby a large number of job opportunities were created for the locality and the whole society and a great number of talents were trained for the industry. Nevertheless, we will continue to promote the construction of Dongfeng franchise stores and secondary outlets to create jobs all over the country.

We paid tax as required by law. Tax payment of the Company in 2016 amounted to RMB1,274 million, helping local economy continuously.



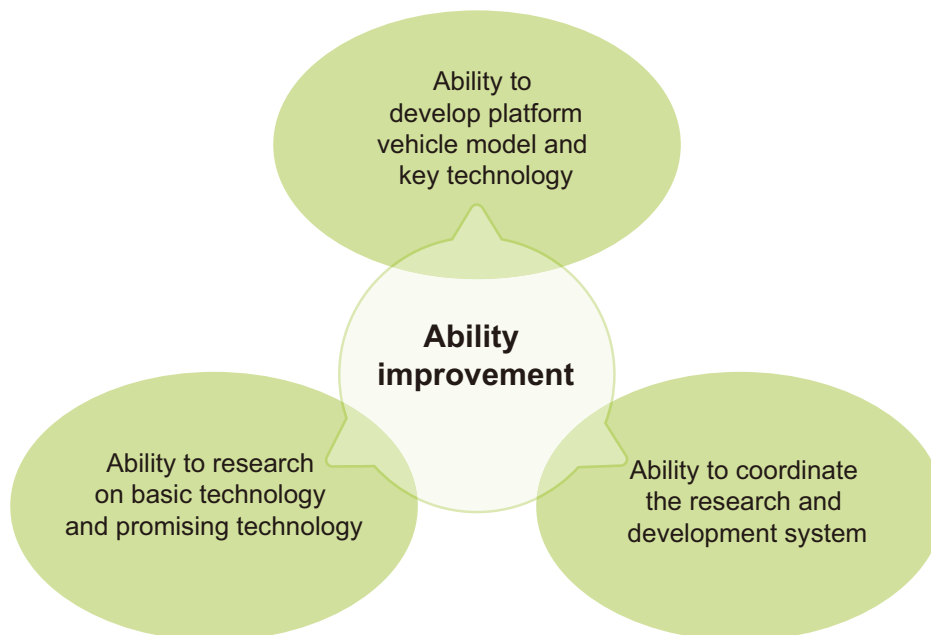
# INNOVATION – PRODUCT VALUE (Continued)

## 2.2. Innovation and Development

### Research and Development Innovation in Key Areas like Whole Vehicle, New Energy and Intelligent Network Access

In line with the “13th Five-Year Plan” on development and “Made in China 2025” advanced manufacturing power strategy of China, the Company upheld the guidelines of “innovation-driven development” and “proactive leading” and followed the guiding concepts of “independent innovation, collaborative development, systematic enhancement and future leader” for the development of science and technology, as we continued stepping up institution and mechanism innovation, technology innovation, business model and business innovation, tempering the ability of science and technology innovation for sustainable development and entrenching our own say in independent development, in a bid to form up a landscape of self-motivated independent business development. Leveraging on constant investment of funds and teams for technology research and development, the Company has devised the technology strategy of “green energy + intelligence” focusing on improving ability in three aspects. According to the strategy, we aim to attain a domestic leading position in the comprehensive ability of independent research and development, make major breakthroughs in key technology areas and achieve domestic leading position in key technologies like whole vehicle, new energy and intelligent network access by 2020; and we also strive to secure international advanced position by 2025.

#### Ability Improvement in Three Aspects



In 2016, the Company kept building up independent brands and ramping up investment in independent research and development ability to meet the need of Dongfeng Motor Corporation for higher core competitiveness and sustainability. The cost of research and development in 2016 was RMB1,061 million. In addition to capital investment, we also emphasised a stronger research and development team. As of 31 December 2016, we engaged a total of 23,037 staff in research and development.



## INNOVATION – PRODUCT VALUE (Continued)

### Industry-university-research Cooperation

We highlight the development of industry-university-research cooperation. We make innovations collaboratively with major research institutes and technical experts at home and abroad, central enterprises in the industry, enterprises and institutions on the basis of mutual cooperation, mutual complementation and joint problem-solving, and enhances technical exchanges with them to broaden horizon. The Company maintains long-term cooperation in innovation and builds up the pool of research and development talents with a number of research institutes such as Jilin University, Xi'an Jiaotong University, Shanghai Jiao Tong University and Wuhan University of Technology through academic exchanges, cooperative development and other initiatives. For instance, the automobile exhaust neutralisation catalyst, jointly developed by the Dongfeng Technical Centre for Commercial Vehicles and Huazhong University of Science and Technology after in-depth and intimate cooperation and great efforts, has performed close to the imported catalyst of overseas monopoly in terms of technical indicators and is on the track of technical breakthroughs.

### Research and Development Achievements

As of 31 December 2016, Dongfeng Motor Corporation, the parent company of the Company, had obtained 2,228 patents, including 256 invention patents, 1,517 utility model patents and 455 design patents. Among which, 14 patents were owned in the name of the Company, including 2 invention patents and 12 utility model patents. According to “Patents Management Measures of Dongfeng Motor Corporation”, we strengthened the protection of intellectual properties and optimised the rewarding mechanism relating to patent. Employees who contribute to patent application were rewarded and encouraged, so as to incentivise them to take initiative in innovation and make breakthroughs.

In 2016, the Company insisted on intensifying research and development. Mindful of the technology trends of “energy conservation, environmental protection, safety and coziness”, the Company focused on breakthroughs in four key techniques of “whole vehicle, new energy, powertrain and automobile electronics & electronic controls”, which led to numerous research and development breakthroughs.

### Research and Development Results for Passenger Vehicle and Commercial Vehicle Brands Owned by the Company in 2016

Passenger vehicle	Commercial vehicle
<ul style="list-style-type: none"><li>• We mastered the energy-saving and environment-friendly power technology and gradually extended it towards turbocharging, direct injection and DTC. We put the 1.4T engine into production and mounted it in whole vehicles.</li><li>• We built the A16+DCT power system in the AX7, AX5 and A60 Brands under Dongfeng Fengshen. In general, we successfully developed self-owned brand passenger vehicles ranging from entry level to administrative level and from normal models to SUVs. We made our passenger vehicles more intelligent, internet-connected, and advanced in science and technology. We introduced more and more new technologies in terms of platform modularisation, e-intelligence, weight reduction and electrification to enhance the market competitiveness of Dongfeng passenger vehicles through the power of science and technology.</li></ul>	<ul style="list-style-type: none"><li>• As for whole vehicle development for Dongfeng Kinland, T-LIFT and Kingrun, we insisted on enhancing the market competitiveness of all commercial platforms through commercial product development projects, in order to meet the the operation target of the Company. In 2016, by taking the National Motor Vehicle Pollutant Emission Standard V (National Emission Standard V), high traction vehicle development and improvement of commercial features as the main line, we boosted comprehensive strength through weight reduction, fuel consumption reduction, emission reduction and vehicle cost reduction.</li></ul>

## INNOVATION – PRODUCT VALUE (Continued)

### Smart Development of Dongfeng Peugeot Citroën

Dongfeng Peugeot Citroën actively engaged in the research and development of smart automobiles. Currently it focused on the research and development of advanced driver assist systems. For example, it developed such systems as Adaptive Cruise Control, Lane Keeping Assist and Expressway Active Driver Assist, which improved the driving experience of customers; and developed such systems as Front Collision Warning and Automatic Emergency Braking System, which ensured the personal and property safety of customers or pedestrians.

Awards for Our Independent Research and Development Achievements in 2016:

#### China Automotive Industry Award for Sci. & Tech. in 2016

Research, development and manufacture of the cab for new generation light vehicles	Commercial Product Institute of Dongfeng Automobile Co., Ltd.	Second prize
Innovation in industrialization of EP engines	Dongfeng Peugeot Citroën Automobile Co., Ltd.	Second prize
System to verify product in research and development by trial manufacture	Technical Centre of Dongfeng Motor Corporation	Third prize
Development and application of covering part mould for C level car	Dongfeng Mould Stamping Technology Co., Ltd	Second prize
Development and application of powder metallurgy parts with high performance and heterogeneous complex structure	Dongfeng Motor Parts and Components Group Co., Ltd. and Dongfeng Powder Metallurgy Co., Ltd.	Third prize

#### Hubei Provincial Award for Sci. & Tech. in 2016

Development and industrialisation of electric vehicles Dongfeng Fengshen E30	Technical Centre of Dongfeng Motor Corporation	First prize
Key technologies and industrialisation of Dongfeng Yufeng light bus	Commercial Product Institute of Dongfeng Automobile Co., Ltd.	Second prize
Development and application of online detection device for installation & commissioning and sideslip of Dongfeng dual-front axle steering column series	General Assembly Plant of Dongfeng Commercial Vehicle Co., Ltd.	Third prize
Research and application of thread friction coefficient control technology for automobiles	Dongfeng Commercial Vehicle Co., Ltd. and Dongfeng Motor Fasteners Co., Ltd.	Third prize
Development and application of the supply chain management information platform for collaborative manufacturing of commercial vehicles	Wuhan Dawnpro Information Technology Limited	Third prize



## INNOVATION – PRODUCT VALUE (Continued)

### 2.3. Quality Enhancement

#### Responsible Procurement

The Company sets up criteria for suppliers to access our platform and adopts measures such as price inquiry, questionnaire and internet to assess the operating conditions, technical capability, quality assurance and sustainability of suppliers, so as to evaluate their comprehensive strength and select them. In other words, suppliers are selected through rigid procedures.



#### Dongfeng Peugeot Citroën Constantly Strengthens Review on Suppliers

- In 2016, it expressly required that all new contractual suppliers shall obtain ISO14001 certification and all existing suppliers shall obtain ISO14001 certification by 2018, otherwise they would lose qualification for new projects. As of 31 December 2016, approximately 82% suppliers have obtained ISO1400 certification.
- In 2016, it initiated NSA quality review and among the 37 new suppliers reviewed, 62% failed.
- As of 31 December 2016, its suppliers totaled 1,779, including 783 suppliers from Hubei Province, 871 suppliers from other provinces and 125 suppliers from abroad.



#### Dongfeng Nissan Actively Promoted Green Procurement

- It has been facilitating the guideline of Green Procurement, requests its suppliers to pass the Dongfeng Nissan Environmental and Safety Assessment, and erects the nationwide Materials of Automotive Recycling System (MARS) with suppliers based on the Automotive Material Data System (CAMDS), which requires suppliers to comply with national regulatory requirements on recovery rate of and banned substances in automotive materials, and continues urging suppliers to obtain certification under third-party environmental management systems.
- It propelled green logistics in terms of parts logistics and vehicle logistics, in order to make logistics greener and reduce the emission of greenhouse gases.
- It required all suppliers to adopt recyclable packing design and reduce the use of disposable packing materials. Currently, all domestic parts of Dongfeng Nissan provided by its suppliers are all packed with recyclable materials, therefore less packing materials are used and costs of packaging materials to suppliers are reduced.
- As of 31 December 2016, it retained long-standing and stable cooperation with a total of 628 suppliers, including 177 suppliers from Hubei Province and 451 from other provinces.





## INNOVATION – PRODUCT VALUE (Continued)



### Dongfeng Liuzhou Motor Introduced QCDD Assessment Benchmark

- Targeting suppliers for passenger vehicles, it compiled a number of rules and procedures, such as the QCDD Assessment Benchmark Guidebook and Management Procedures to Select and Develop Customers, Management Measures for Bid Negotiation over Passenger Vehicle Parts Purchased Externally, Benchmark Guidebook for Performance Assessment on Suppliers, Management Measures for Contract Signing, Management Procedures for Procurement from Suppliers, to guarantee the compliance in introduction of new suppliers, selection of suppliers for new products, daily management of suppliers and contract signing and management of materials procurement.
- As of 31 December 2016, it retained a total of 316 suppliers, including 94 suppliers from Hubei Province and 222 from other provinces.

### Better Quality Management

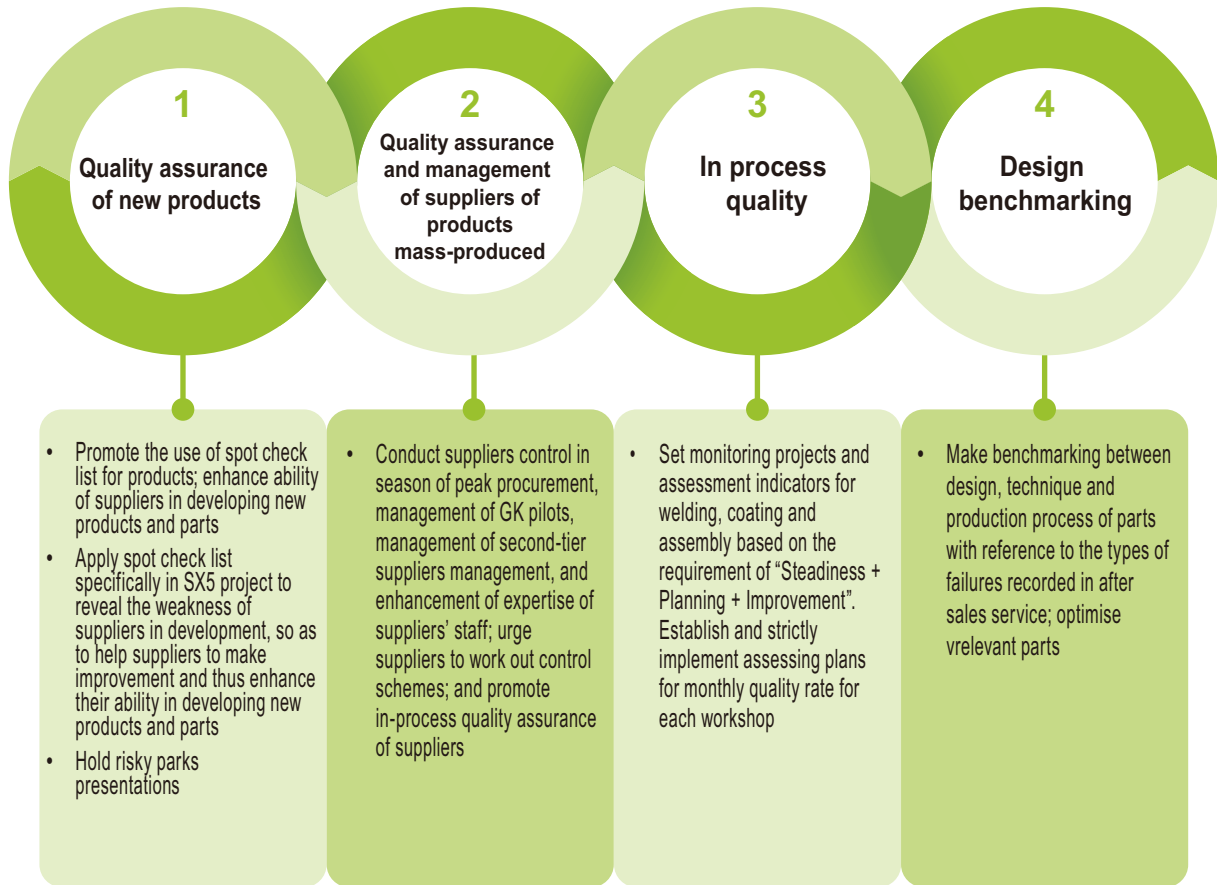
Faced with the booming automobile market, the Company strives to provide more and better selection of automobiles for consumers to meet rising demands and requirements of the public in purchasing automobile. We have obtained the TS16949 and ISO9001 quality system certifications and practise stricter quality management, and continue to extend the TS16949 quality system by refining its implementation process, procedures of document handling, KPI and business benchmarks.

The Company has developed a set of strict quality management procedures for passenger and commercial vehicles, respectively, and incorporated management of suppliers into quality control. Subsidiaries may customise their own notes to and practical rules on quality control under the quality control system of the Company based on their realities to safeguard the quality of products.



## INNOVATION – PRODUCT VALUE (Continued)

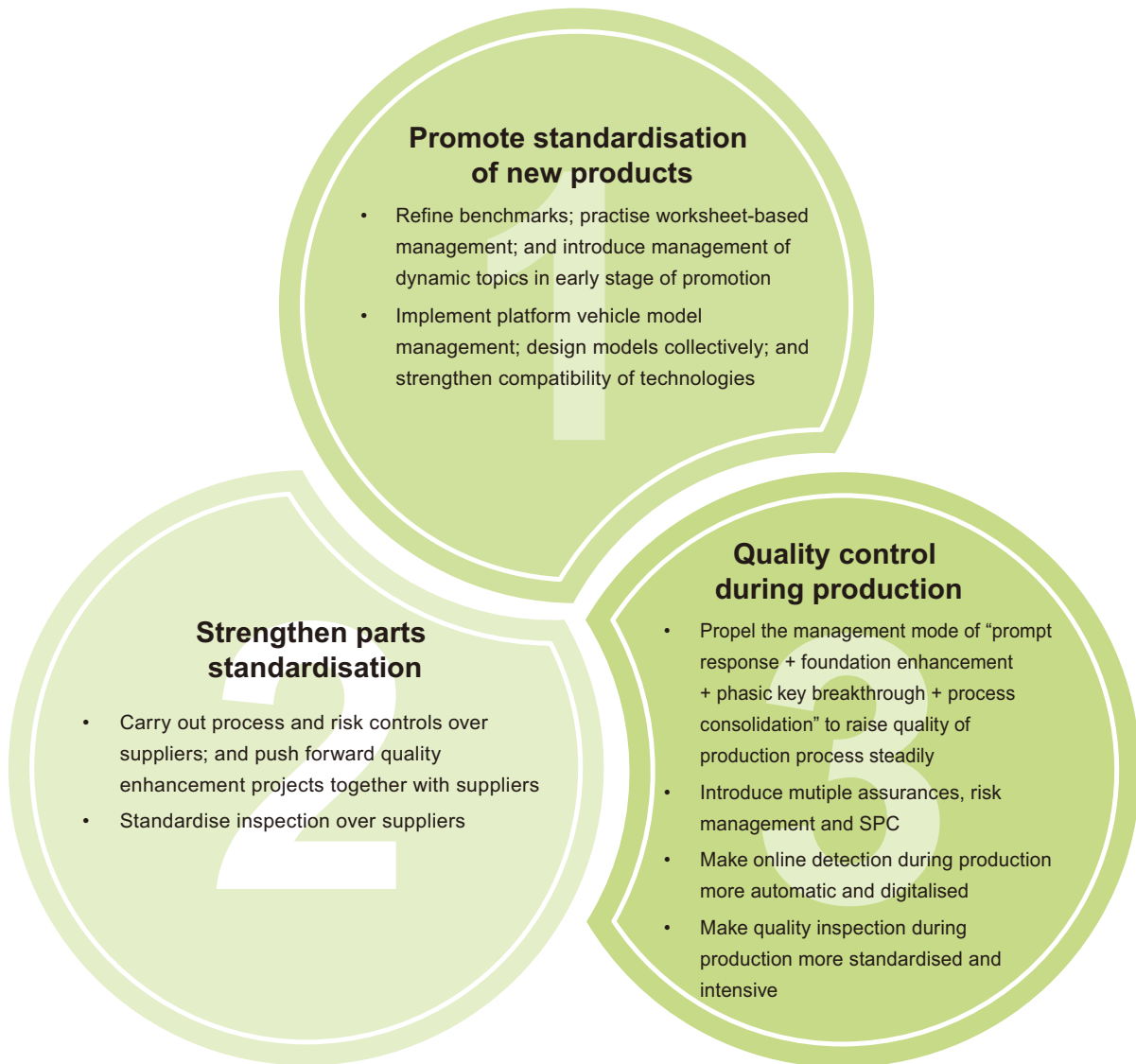
### Quality Control System for Passenger Vehicle





## INNOVATION – PRODUCT VALUE (Continued)

### Quality Control System for Commercial Vehicle



## INNOVATION – PRODUCT VALUE (Continued)

### Dongfeng Honda Strengthened Management of Quality System Operation Comprehensively

Growing market demand poses challenges to Dongfeng Honda in terms of high load production. To ensure perfect quality of products for each customer, the Company strengthened the management of quality system operation and all quality objectives were achieved at high standard.

#### Upgrade quality management system

Dongfeng Honda completed internal review and rectification for ISO9001:2015 in July 2016; and underwent review by external experts and obtained the updated certification in October 2016. It was the first to introduce the latest ISO9001 standard within Dongfeng Motor Corporation.

#### Upgrade quality management system

Dongfeng Honda made institutional adjustments since the second half of 2015. Each division took on quality assurance obligations with each whole vehicle as one obligation when doing business collaboratively, which raised the efficiency of quality assurance in manufacturing.

#### Facilitate information circulation to tackle quality problems swiftly

Dongfeng Honda launched the Tiered Regular Meeting System, consisting of meetings held quarterly, monthly, daily/weekly. Daily/weekly meetings or presentations would be convened to respond to and solve daily problems swiftly.

#### Engage all staff in quality-related activities

Dongfeng Honda waged various quality-related activities: (1) perpetual BQ (best quality) subject matter selection event simultaneous with Honda; (2) extensive quality training at different levels; (3) other quality-related activities in plural aspects, including video messages on quality from the management, and video broadcast of quality-related knowledge.

### Protection of Client's Interests

The Company cherishes the interests and privacy of our clients, listens to their voice, and proactively deals with client's complaints. In this way, we keep improving customer services, and raising customer satisfaction and quality of products in the market.



## INNOVATION – PRODUCT VALUE (Continued)



### Dongfeng Peugeot Citroën:

- It established and developed a security and confidentiality management system for customer information and promulgated the Management Standards for Customer Databases. Relevant data were managed by dedicated persons and relevant rules were strictly enforced. It also demanded third-party companies like distributors, suppliers, research companies and their employees to sign confidentiality agreements.
- It set up the Dongfeng Citroën customer service centre to meet client's needs in a prompt and satisfactory way. It formulated administrative standards including Workflow for Customer Complaints and Workflow to Handle Customer Enquiries; standardised and directed the complaint response mechanisms of itself and distributors, and established process management over customer complaints; as well as put in place the KPI evaluation system regarding complaints to ensure timely and effective response to complaints and customer enquiries.
- It commissioned third party to conduct 12 rounds of EQC customer satisfaction surveys on sales service and after sales service each year, which covered 190,000 clients and related to 2 brands and more than 800 outlets in 2016. It also commissioned third party to conduct satisfaction surveys on sales service and after sales service, once a year. Then, targeting the findings of the surveys, it came up with satisfaction objectives and action plans to enhance our service quality.



### Dongfeng Nissan:

- It staged QRQC (Quickly Response Quality Control) activities across the whole value chain to achieve effective cross-department collaboration. It also set a special post of CSO (Customer Satisfaction Officer) mainly responsible for facilitating customer satisfaction comprehensively. All strength of Dongfeng Nissan would be pooled together to deal with customer complaints immediately, quickly pin down causes and formulate counter-measures, so as to provide high-quality and reliable products to customers.
- It built south and north bases that could take initiative to communicate with customers directly, thus streamlining procedures of market information transmission and improving the efficiency of quality advancement. In this way, customer satisfaction was lifted up significantly.



## INNOVATION – PRODUCT VALUE (Continued)



### Dongfeng Honda:

- It formulated the Rules on Handling Market Information about Quality and established a scheme of cooperation with technology department in propelling prioritised projects to solve and improve quality complains from market. It also expedited technical analysis and response to suspected design issues to address the root causes technically.
- When introducing new models, it improved the quality defects found by the market from the very beginning and responded to complains from market after product launch.



## 3. GREEN – ENVIRONMENTAL GOVERNANCE

### Key Performance Indicators for 2016:

- A total of over 370 corporate patents in new energy were applied.
- A total of 88 models were included in the List of Recommended Models for New Energy Vehicle Popularisation and Application; and sales volume of new energy vehicles reached 24,000 units.
- Emissions of COD and SO<sub>2</sub> recorded year-on-year decreases of 9.4% and 45.9%, respectively.
- Comprehensive energy consumption per RMB10,000 output recorded a year-on-year decrease of 16.6%.
- Water consumption per RMB10,000 output recorded a year-on-year decrease of 21.7%.

The Company firmly believes that green development is the only way for it to achieve transformation and upgrade. We have integrated the green concept into the process of product operation. Besides, under the general requirements of “Made in China 2025” issued by the State Council in 2015, we have set the green development as the guiding principle, and practised the concept of “manufacturing energy-saving and environment-friendly vehicles in an energy-saving and environment-friendly way”, to speed up the green transformation and upgrade.

### 3.1. Green Product

We focused on the development of green power, green material and green manufacturing in accordance with our “Green Power Strategy”. Recently, we vigorously pushed forward the development of new energy vehicle industry by developing a string of new-energy products, such as hybrid vehicle, electric vehicle and fuel cell vehicle. As a result, we mastered a number of core technologies in such aspects as battery, motor, and controller and so on, leading to the application of over 370 relevant patents.

#### Capturing the Commanding Heights in New Energy Vehicle Industry

In 2016, a total of 88 models of our Company were included in the List of Recommended Models for New Energy Vehicle Popularisation and Application and the sales volume of new energy vehicles reached 24,000 units, representing an increase of over 60% as compared with the corresponding period last year and we have become a strong power in the new energy “blue ocean” in China.

We laid out overall new energy vehicle strategy in the 13th Five-Year Plan Period with an aim to achieve “market share of 18% and sales volume of 360,000 units in 2020”. We also decided to implement the “583” Plan in accordance with the 13th Five-Year Plan to seize the commanding heights in new energy vehicle industry.





## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

“583” Plan		
Target: New energy vehicles with market share of 18% and sales volume of 360,000 units by 2020	To control 5 core resources	Build up a are resource controlling system that is capable of propping up the development of new energy vehicles; become an industrial leader in technology; possess competitive edges in quality and costs; satisfy the preconditions of independent development.  While solidifying strategic cooperation with external suppliers to underpin supply, make efforts to foster ability of independent development and master critical technologies; meanwhile, promote industrialisation of core resources under overall arrangement.
	To develop 8 key technologies	Build up modularised platforms for new energy vehicles and develop modules of new energy power, with aim to industrialise new energy passenger vehicles.  As planned, develop 3 platforms and 5 power modules to meet the requirements of three technical solutions of EV/PHEV/HEV, and cover multiple critical technologies including motor and its control, battery and its management, power coupling, dedicated engines, dedicated reducer.
	To make innovation in 3 business models	Customise according to features of key areas, cities and industries: innovation in marketing system, building of ecosystem of Dongfeng for new energy vehicles and vigorous advance of cooperation with central SOEs and public-private partnership.

### Building “Full Life Cycle” Green Vehicles

The Company carried out “Eco-friendly Design and Life Cycle Evaluation on Vehicles” to optimise designing plans by studying parts’ carbon emission in full life cycle under various designing and manufacturing plans. In this way, we were able to subdue the impact on environment and health in automobile production and use, and provide consumers with healthy, energy-saving and environment-friendly products and commuting plans.

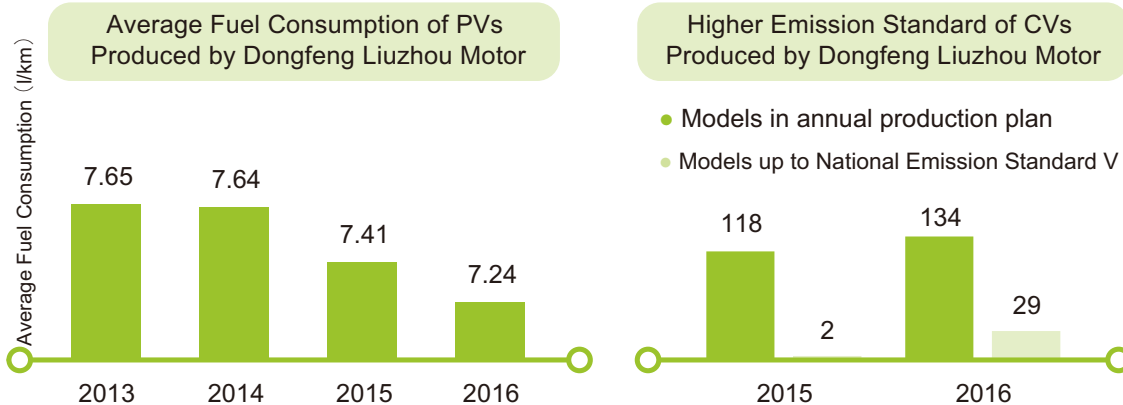
We forged green vehicles on three fronts, namely “lower fuel consumption per 100km, purer exhaust and lower running noise”.



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Green Upgrade by Dongfeng Liuzhou Motor

Dongfeng Liuzhou Motor, the subsidiary of our Company, has been devoted to green update of its automobile products in recent years. The achievements mainly comprise “less average fuel consumption of PVs year by year” and “higher emission standard of CVs”.

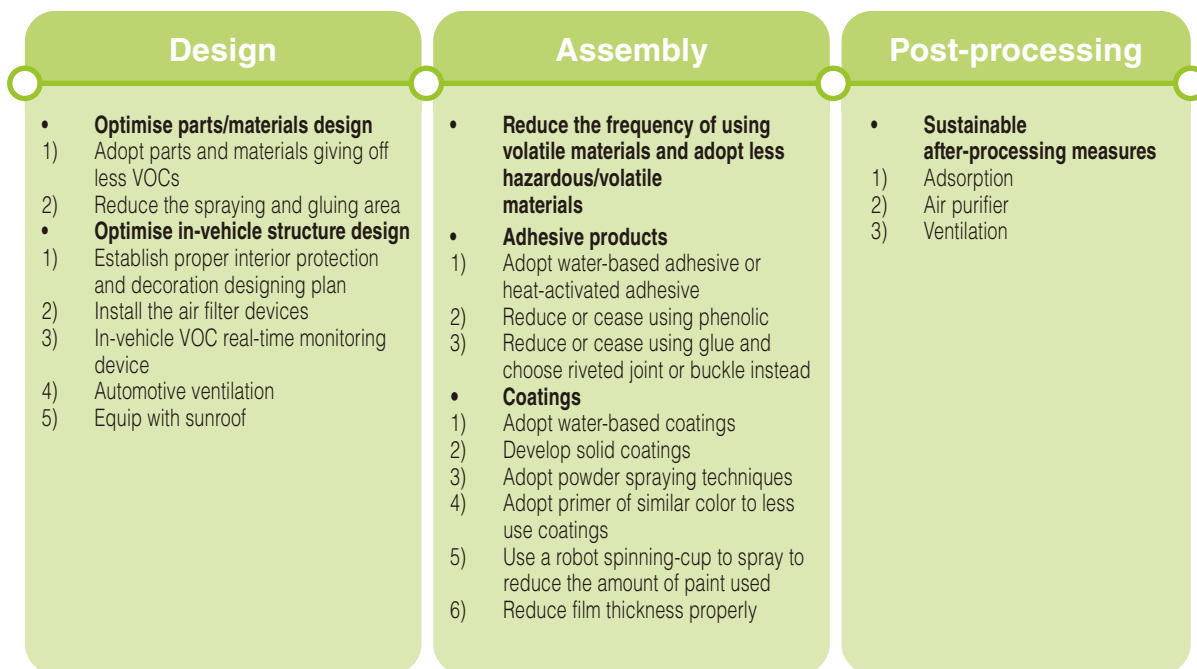


The percentage of Models up to National Emission Standard V rose remarkably in 2016. Further in 2017, Dongfeng Liuzhou Motor plans to only produce models up to National Emission Standard V, and will install a task force to research on models up to National Emission Standard VI.



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

We controlled and improved air quality inside vehicles at the three phases of “design – assembly – post-processing” to constantly reduce the adverse impacts of VOCs (Volatile organic compounds) on consumers’ health.




### Green Design by Dongfeng Nissan

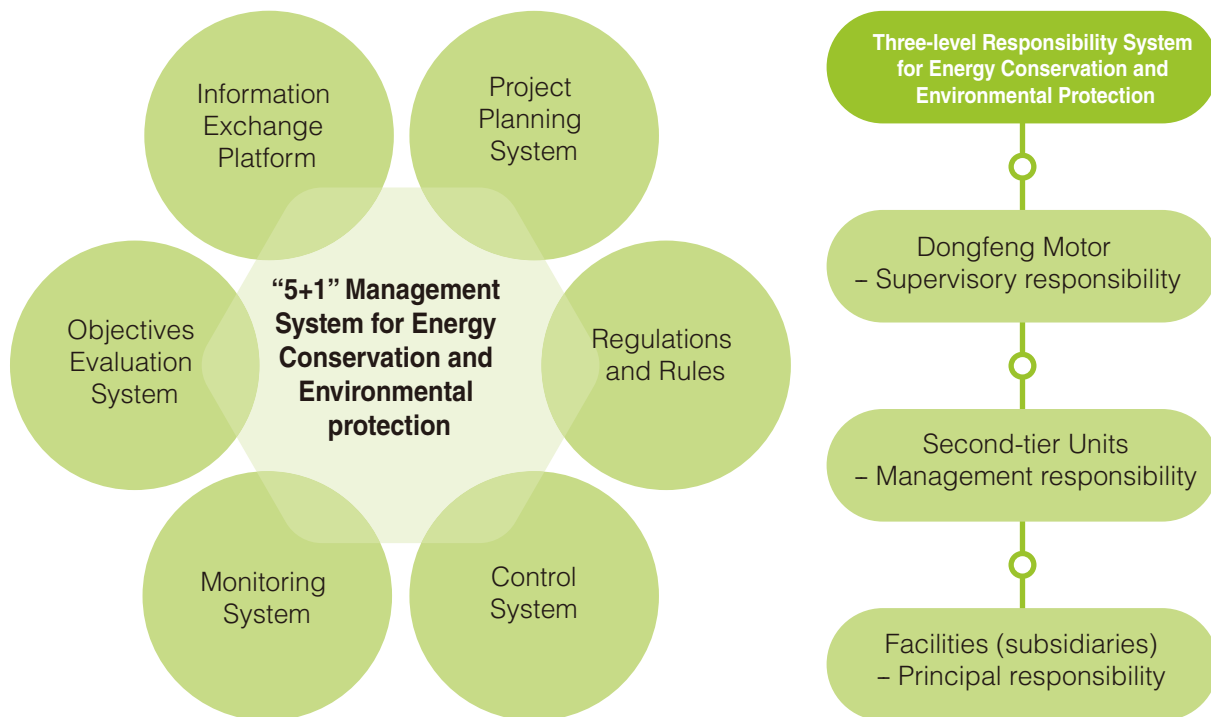
- Dongfeng Nissan, the subsidiary of our Company, exercises strict control over VOCs by using eco-friendly material free of VOCs, optimizing parts manufacturing techniques and improving methods of packaging and storage in raw material preparation, processing and molding, so as to raise the air quality in vehicles persistently.
- At the same time, Dongfeng Nissan, in its endeavour to pioneer electric vehicle in China, is accelerating the R&D of high performance battery, enlarging the use of domestic battery module and battery packs and slashing the production costs of battery, to make its electric vehicles more competitive. It also invests immense human resources and assets to conduct in-depth research and build up technical reserve in battery recycling and power battery cascade utilisation.

## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### 3.2. Green Management

#### Advancement of Green Management System

The Company has set up the “5+1” management system and “three-level responsibility system” for energy conservation and environmental protection, which lays a solid foundation for a sustainable mechanism for energy conservation and emission reduction of our Company, and supports energy conservation and environmental protection management effectively with better results.

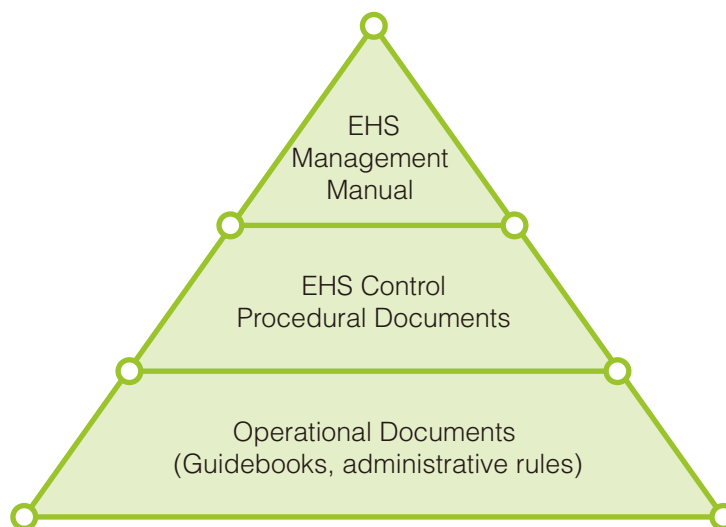


All business units under the Company have established the ISO14000 management system, in which, the Environmental Emergency Response Plan of the Company is closely connected with the response plans of local government and each unit. Moreover, all business units have drilled according to the Hazardous Waste Emergency Response Plan.

## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Sound Environmental, Health and Security System (EHS) of Dongfeng Nissan

Dongfeng Nissan, a subsidiary of our Company, has formed a sound “three-level” EHS documentation system under the guidelines of “safety and health, friendliness to environmental, green brand”. The system features 24 company-level procedural documents, 25 types of record forms and 288 facility-level rulebooks. Its environmental regime covers waste water, waste gas, noise, solid waste, environmental equipment and operation management, satisfying the requirements of Environmental Management System Standard (GB/T24001-2004). Its EHS management and risks are under control.



### Promotion of Good Practices

The Company held the fourth good practices promotion event. The good practices included managerial practices of energy conservation and environmental protection in management, structure and engineering with respect to product R&D, green manufacturing, green supply chain, resource recycling and re-fabrication of automobile products. All these practices met the five requirements of being innovative, scientific, pragmatic, beneficial and exemplary. A total of more than 200 practices were collected, among which 45 were recommended and rated as company-level good practices and 20 were announced and promoted throughout the Company.



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Planning on Green Upgrade

In 2016, Dongfeng Motor Corporation, the parent of our Company, issued the 13th Five-Year Plan of Dongfeng Motor Corporation on Energy Conservation and Environmental Protection. In the plan, the parent rolled out a set of independent green development strategy and urged the building of a sustainable green development mechanism, so as to achieve energy conservation and emission reduction goals and put green production into real practice. The plan proposed an overall layout with “fostering of a green value chain as a mainline, structural adjustment, engineering technology and managerial innovation as pillars, source control as focus, objective control and regulation implementation as handles, and business plans as guarantee”.

Compulsive objectives	To cut energy consumption for every RMB10,000 of output by 10%, COD emission by 6%, and SO <sub>2</sub> emission by 3% To prevent any accident of environmental pollution
Green development objectives	Fuel Consumption of Passenger Vehicles ≤5L/100km To reduce carbon dioxide emissions per unit of industrial value added by 22% To reduce water consumption per unit of industrial value added by 23% To ratchet the comprehensive utilization rate of industrial solid wastes up to 80%
Administrative objectives	To foster a green value chain, covering model building, objective setting, implementation plan (path), safeguard measures and etc. To realise three transformations: from exogenous and passive management into endogenous and active management, from unitary systematic management into integrated coordination and management and from extensive management into a resource-saving and environment-friendly management

*Note:* all figures for 2016 are derived on the base numbers in 2015

## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Green Value Chain

In recent years, the Company required suppliers to perform the duties of energy conservation and emission reduction together with it through fostering a green supply chain. Motivated by the move, many suppliers obtained ISO14001 environmental management system certification.

#### Dongfeng Nissan and Suppliers Join Hands to Make the Value Chain Greener

To promote green value chain and improve revenue of suppliers, Dongfeng Nissan staged the THANKS joint campaign with suppliers on building long-standing, reliable and win-win partnership with them.



Through joint campaign with suppliers, THANKS procured energy conservation and emission reduction, spread green values and lowered costs. Meanwhile, the trusty relationship was cemented between us and our suppliers.



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### 3.3. Green Production

The Company has implemented the concept of “green manufacturing” of its parent, and achieved the transition from outcome-oriented management to source-oriented management, fully following the guideline of comprehensive regulation mainly by prevention.

#### Constant Reduction of Emissions

The Company and its subsidiaries developed well-equipped systems to dispose of waste gas, waste water and other emissions, and hired special environmental technicians to oversee the operation of relevant infrastructure and equipment at all facilities.

The Company is committed to emission reduction in following aspects:

- (1) Implement emission reduction programs: we study, propose and implement emission reduction programs, including “coal-to-gas” reform in multiple production bases, so as to reduce SO<sub>2</sub> and COD emission per vehicle and increase waste water utilization rate;
- (2) Adopt higher standards on the quality of water discharged: part of waste water could meet the demanding standard on the Quality of Municipal Miscellaneous Water, which could help reduce emission of pollutants and recycle water.

Results of emission reduction achieved in 2016 compared to 2015

SO <sub>2</sub>	45.9%
COD	9.4%

*Note:* The table covers 21 subsidiaries, joint ventures and other companies that the Company has direct equity interests in and 2 branches





## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Restriction on Effect of VOCs

Being one of the causes of smog, VOCs represent a hot topic and a focus of air pollution prevention and control in China, and thus the Company reduced emission of VOCs during production.

The measures taken by us to reduce VOCs emissions were as follows:

#### Source Replacement

- Use water-based and low volatile coatings rather than oil coatings

#### Clean Technique

- Decrease the air pressure and the use of solvent

#### Reuse

- Recycle solvent after precipitation
- Reuse cleaning solvent to wash oil pipes

#### End-of-pipe Treatment

- Adopt catalyzed combustion and other techniques to burn up VOCs and reduce their impact on environment

## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

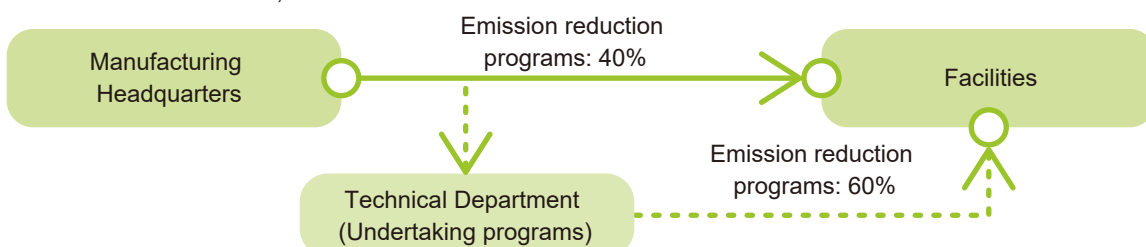
### Reduction of Greenhouse Gases (GHG) Emissions

The Company has been fully aware of the environmental impacts brought about by climate change and has always made efforts to reduce GHG emissions.

#### Joint Efforts from Internal and External of Dongfeng Nissan to Reduce GHG Emissions

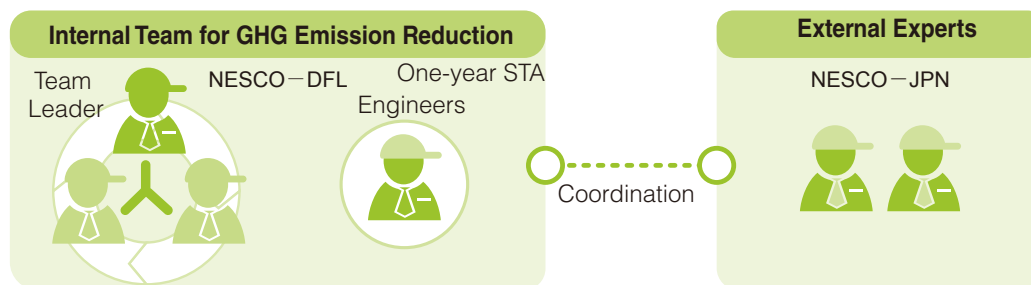
##### 1. Internal initiative in reducing GHG emissions:

Dongfeng Nissan, a subsidiary of our Company, has yielded effective results in GHG emission reduction. The emission reduction programs were ordered from the technical headquarters of Dongfeng Nissan directly or undertaken by technical department to reduce carbon dioxide (CO<sub>2</sub>) emissions in each facility, or to reduce carbon dioxide (CO<sub>2</sub>) emissions per vehicle. 100 million was invested in the 2011–2015 period during which the carbon dioxide was reduced by 75,000 tons. 2016 witnessed the approval of 8 investment projects in energy conservation and a reduction of 25,068 tons carbon dioxides.



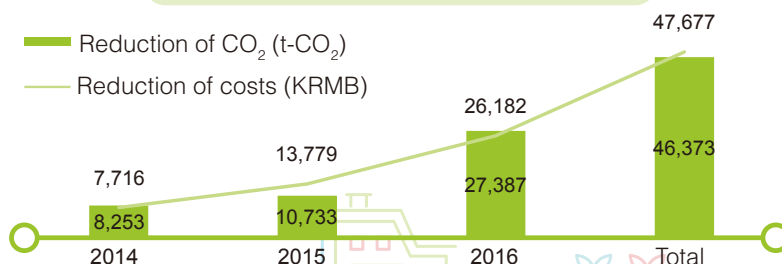
##### 2. Diagnosis by external experts:

By inviting external experts to assess and diagnose the way of analysing and measuring energy consumption of processes and equipment, Dongfeng Nissan reduced carbon dioxide emissions by 46,373 tons in past five years, which generated economic benefits of RMB47,677,000.



Diagnosis on Energy Conservation

#### Programs Established through Diagnosis and Their Economic Benefits



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

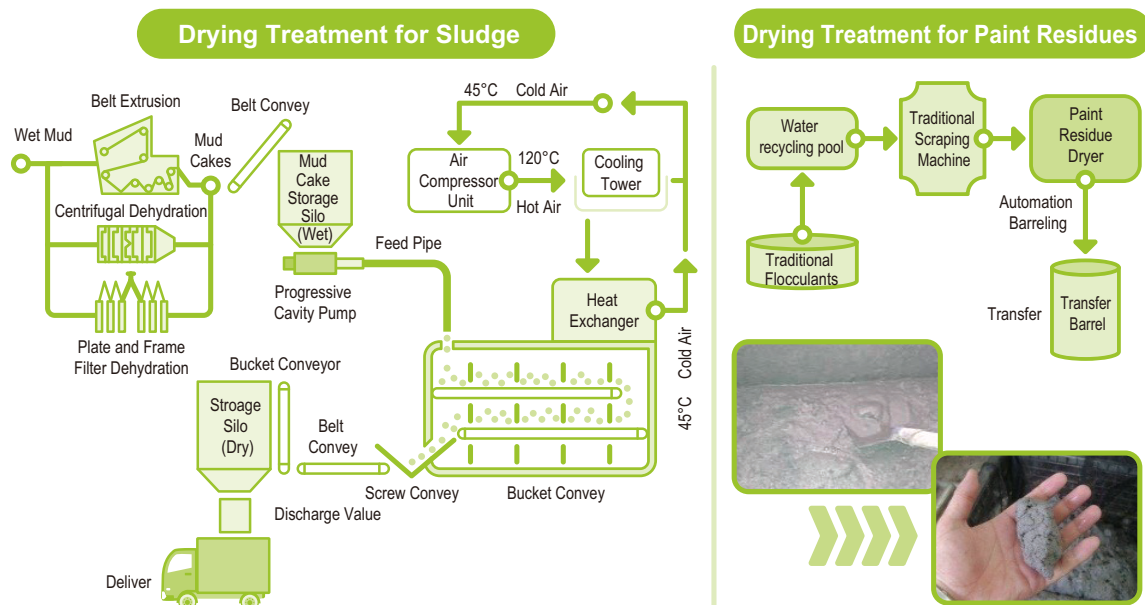
### Recycling and Reuse of Wastes

On the basis of proper storage, transfer and disposal of wastes, the Company implemented 3R guidelines for solid wastes, namely “Reduce, Reuse and Recycle” when hiring others for waste treatment. Besides, it also optimise methods of treatment by preferring recycling and reuse and cutting the need of landfill operation, so as to boost recycling and reuse of wastes.

The Company persisted in promoting circular economy, and the results achieved in 2016 included:

- Sludge was reused in brick-making, coal ash from coal-fired power plants was utilized as construction material and raw material of cement and metal wastes were recycled, to achieve greater rate of solid waste recycling across the board;
- RMB92,000,000 was invested to dispose of our hazardous wastes in 100% safe way.

### Dongfeng Nissan Introduced Drying Treatment for Sludge and Paint Residues to Reduce Hazardous Wastes



The quantity of hazardous wastes generated in 2016 is set out in the following table:

	Dongfeng Peugeot Citroën	Dongfeng Honda	Dongfeng Nissan	Dongfeng Liuzhou Motor	Total
Quantity of hazardous wastes (tons)	5,763	11,760	6,124	1,435	25,081



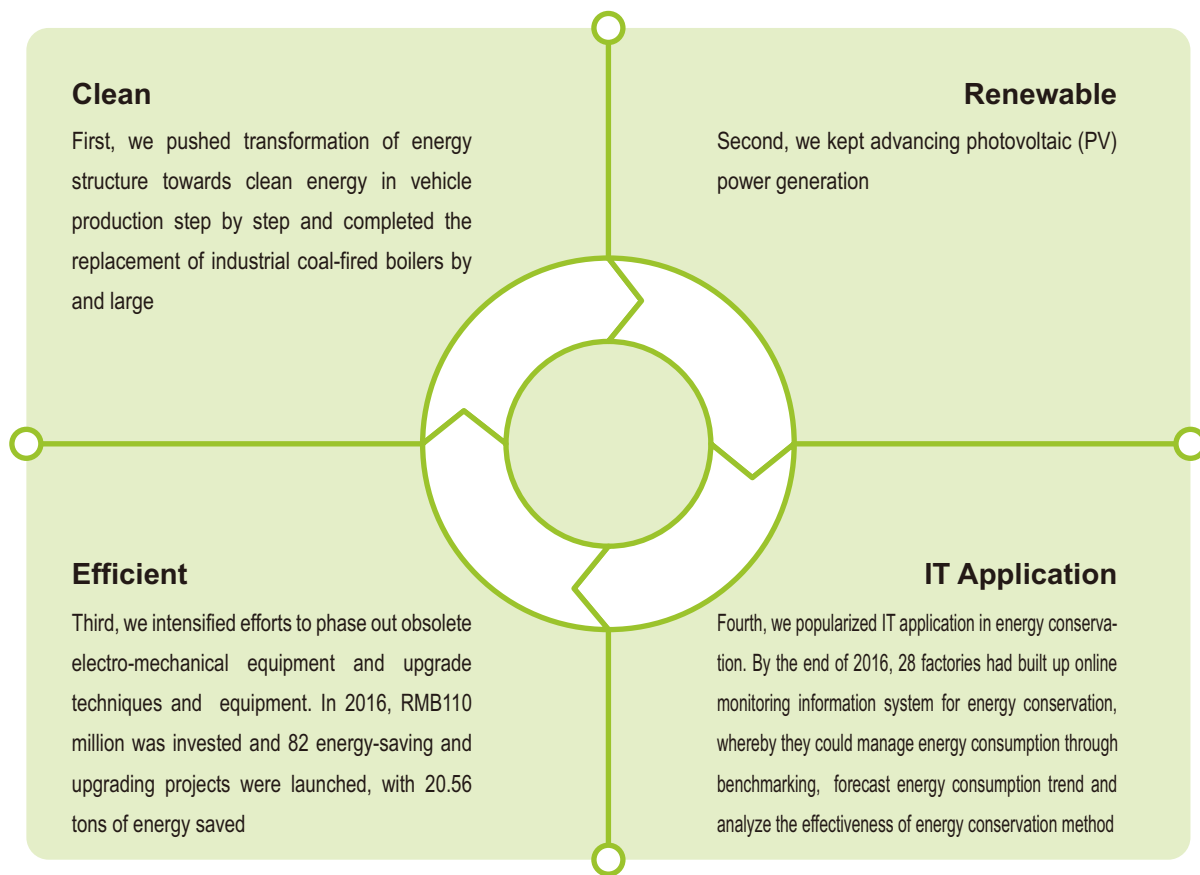
## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### 3.4. Green Resources

#### Use of Clean and Renewable Energy

The Company has attached great importance to energy conservation in recent years. We constantly recaptured waste heat from air compressors, smelting furnaces, heat treatment furnace and the boiler of coal-fired power plants and sped up the phase-out of obsolete electro-mechanical equipment and the upgrade of techniques and equipment.

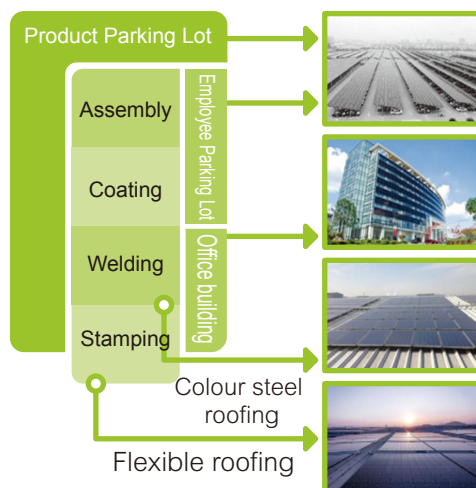
Furthering of energy conservation management in 2016:



Through above further measures, the Company recorded a decline of comprehensive energy consumption per RMB10,000 output by 16.6% and water consumption per RMB10,000 output by 21.7% in 2016 compared with the corresponding period last year.

## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Advancement of PV Power Generation



The Company conducted a comprehensive survey on resources (roofs of facilities, fixed parking areas for commercial vehicles) available for PV power generation in early 2016, to lay a solid foundation for ensuing projects.

In addition, Dongfeng Nissan and Dongfeng Commercial Vehicle, both a subsidiaries of our Company, put in place PV power projects with installed capacity of 26.8MW and 12MW, respectively, in 2016.

According to statistics, in 2016, power generated by Dongfeng Peugeot Citroën, Dongfeng Honda and Dongfeng Nissan with PV panels amounted to 445,242MWh, with electricity fed to the grid totaling 4,949MWh. If calculated by the amount of standard coal to generate the equivalent power at 320g/kWh, 142.5 tons of standard coal were saved in 2016.

Energy Consumption	Total Consumption
Purchased electricity	1,393,040,000 kWh
Natural gas	93,010,000 cubic meters
Integrated energy consumption equivalent	3,306,400,000 tons of standard coal

*Note:* The above table covers Dongfeng Peugeot Citroën, Dongfeng Nissan and Dongfeng Liuzhou Motor

### Dongfeng Peugeot Citroën Piloted Direct Power Supply to Facilitate Sustainable Development of the Power Industry

In the context of industrial restructuring and forceful side-supply reform of the energy sector in China, Dongfeng Peugeot Citroën took active part in energy supply innovation by signing contracts on direct power supply with power generation enterprises, which saved about RMB26 million in the costs of power purchase on an annual basis.

- To coincide with national policies, support side-supply reform of the energy sector and facilitate sustainable development of the power industry;
- To commercialize electricity and lower costs of electricity consumption.

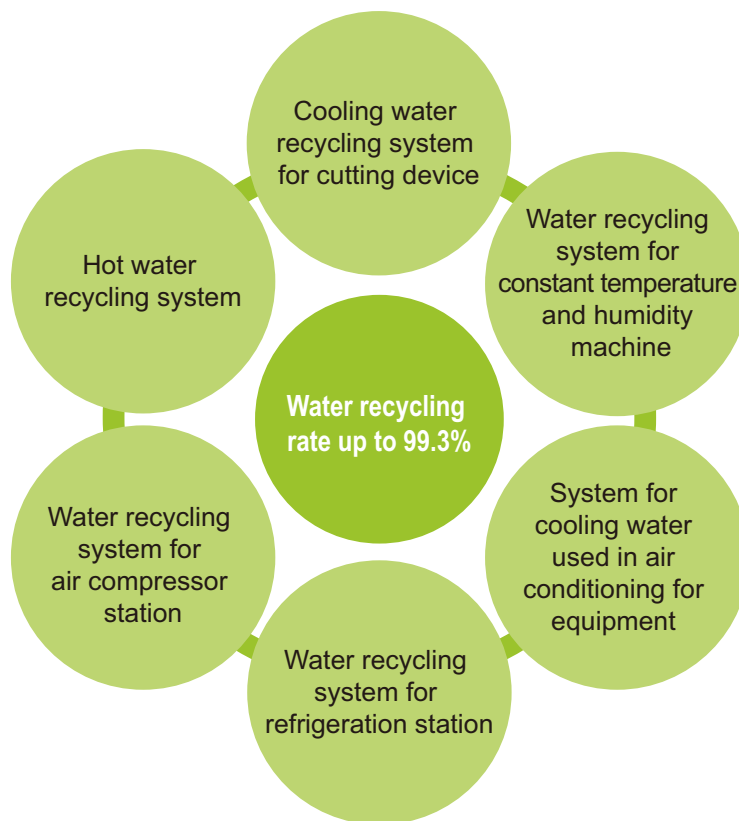
## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Higher Efficiency of Water Consumption

13th Five-Year Plan on Energy-Conservation and Environmental Protection of our Company requires the reduction in water consumption per unit of industrial value added by 23%. To achieve this objective, the Company made great efforts to save water at source of consumption and reuse recycled water.

#### Dongfeng Peugeot Citroën Installed Sound Water Recycling System

The facility of Dongfeng Peugeot Citroën in Xiangyang installed a water recycling system considering the type of water consumption and efficiency of recycling: 29,580,555 tons of water in total was reused with a recycling rate up to 99.3%.



The following table sets out the water consumed during production in 2016:

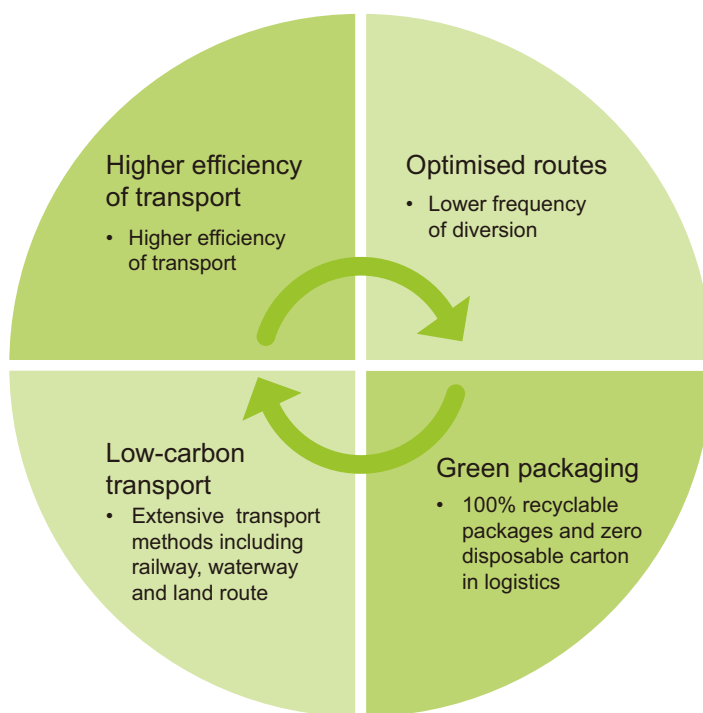
	Dongfeng Peugeot Citroën	Dongfeng Honda	Dongfeng Nissan	Dongfeng Liuzhou Motor	Total
Water consumed during production (10,000 tons)	1,780	1,220	3,770	1,910	8,680



## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Green Packaging and Green Logistics

The Company is concerned about emission in packaging and logistics and the use of packing materials. We mainly took the following measures to make packing and logistics “greener”:



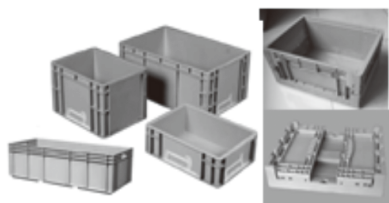
For example, Dongfeng Nissan, a subsidiary of the Company, advocates green logistics featuring “green transport, green warehousing and green packaging” that has led to average 1.2% cut in CO<sub>2</sub> emissions in logistics on a yearly basis.

Dongfeng Honda, another subsidiary of the Company, introduced the environmental data management system of Honda that enables unified management on reduction in environmental burden created by global suppliers of Honda and supervisory management over suppliers’ objectives. It is expected that supplier would lower CO<sub>2</sub> emissions per vehicle averagely by 1% on a yearly basis.

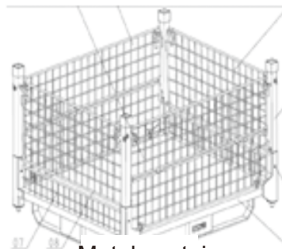
## GREEN – ENVIRONMENTAL GOVERNANCE (Continued)

### Dongfeng Peugeot Citroën Adopted Durable Packaging

Dongfeng Peugeot Citroën, a subsidiary of the Company, adopted durable packaging throughout the production process for parts of new models, shrinking the use of disposable packing materials (carton, wooden case) drastically.



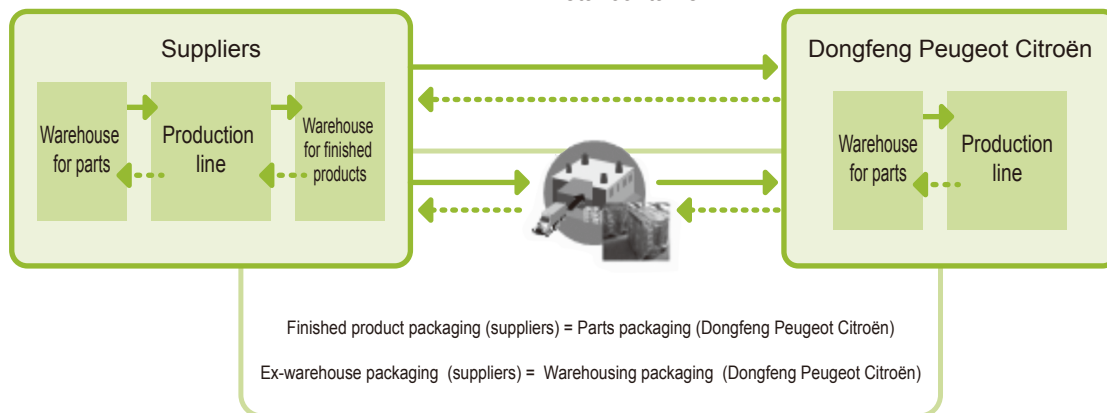
Plastic box



Metal container



Boarding box





## 4. STABILITY – SAFETY MANAGEMENT

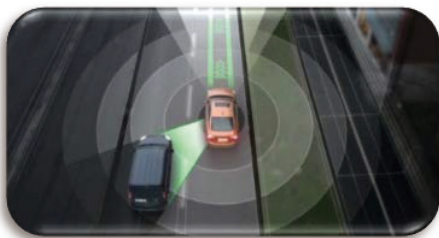
### Key Performance Indicators:

- Accident frequency rate: 0.2‰.
- Dongfeng Nissan eliminated 191 posts in total that are affected by ergonomics and invested RMB42.31 million in the treatment of occupational hazards.
- Dongfeng Peugeot Citroën sorted out 838 external stakeholders and identified 2,173 sources of hazards in relation to such stakeholders.
- Dongfeng Nissan provided employees with safety trainings of 212,056 hours in 2016.

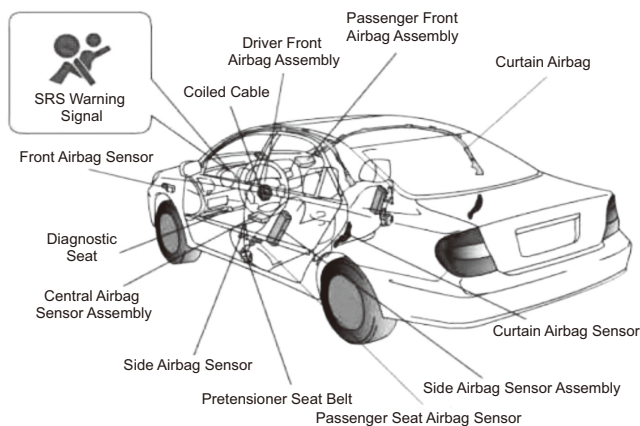
Ensuring security and stability is not only an essential part of our corporate culture, but also the solemn commitment we have made to the society. In 2016, the Company continued to improve the safety performance of automobile products and increased the associated investment therein. We carried out production in strict compliance with the national and local laws and regulations such as the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and formulated general plans and objectives at the headquarters level, with all of our subsidiaries establishing the specific rules, operation procedures and routine management performance indicators according to the plans and objectives of the headquarters.

### 4.1. Reliable Product

The Company regards the traffic safety of drivers, passengers and pedestrians as the core of product responsibility, continuously increases the R&D investment in safety technology, and takes active use of advanced international safety-related ideas and technologies to enhance the safety performance of automobiles. In terms of R&D, the Company advocates the general planning of exerting equal efforts on active safety and passive safety projects, and has determined active safety projects such as Electrical Park Brake (EPB), Automatic Emergency Brake (AEB) system and Lane Keeping Assist (LKA) technology, and passive safety projects such as the design and optimization of the safeguards for pedestrians' safety and the research on collision safety of new energy vehicles as research focus.



Demonstration of active safety technology



Demonstration of passive safety technology

## STABILITY – SAFETY MANAGEMENT (Continued)

### Study on the Three-level Safety Philosophy and Corresponding Measures of Dongfeng Peugeot Citroën

Dongfeng Peugeot Citroën, a subsidiary of the Company, introduced up-to-date international philosophy and divided automobile accidents into five stages based on a great number of studies on the road traffic accidents in the PRC, namely the normal driving stage, the dangerous stage ten odd seconds prior to accident, the unavoidable stage 2 seconds prior to accident, the in-accident stage 0.1 second after occurrence and the 30-minute golden slot for rescue after occurrence, and put forward a third-level safety philosophy and corresponding measures. In 2016, in light of the update of China – New Car Assessment Program (C-NCAP) 2018 edition, the Company implemented technical upgrade on all the products to meet the five-star designing requirements for driver and pedestrian protection in C-NCAP 2018 edition.

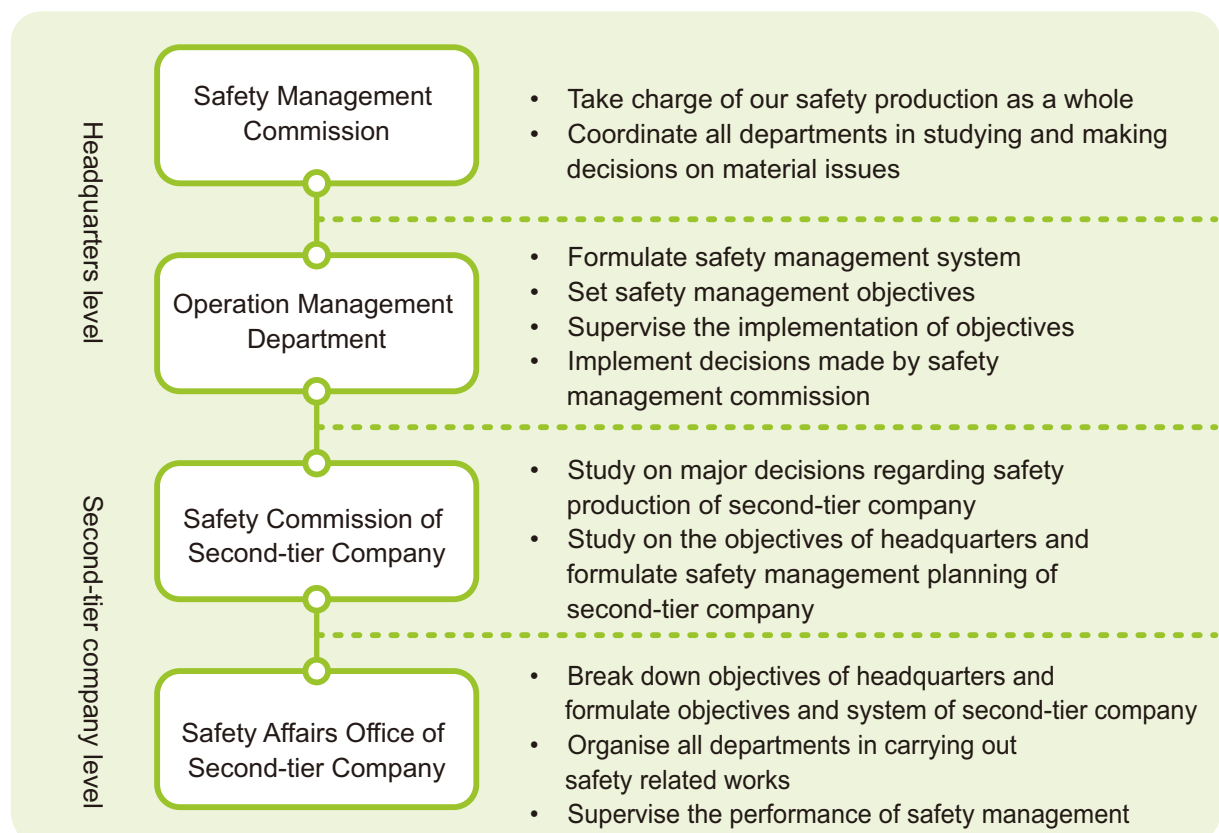
Safety stage	Study on safety measures
Prevention of accidents	<ul style="list-style-type: none"><li>• Reversing assistance</li><li>• Blind zone monitoring</li><li>• HUD Head up display</li><li>• Advanced in-vehicle communication system</li><li>• Warning signal system</li><li>• ABS</li><li>• ESP</li><li>• Automatic emergency brake</li></ul>
When accidents are inevitable	<ul style="list-style-type: none"><li>• Matching the development of load-carrying path with the restraint system</li><li>• Pretension seat belt</li><li>• Multi-level safety airbags</li><li>• CAE simulation and multi-wheel restraint system experiment</li><li>• Vehicle collision and airbag calibrate experiment</li><li>• Structural optimization of front part</li></ul>
Emergency rescue after accidents	<ul style="list-style-type: none"><li>• Emergency call system</li></ul>

## STABILITY – SAFETY MANAGEMENT (Continued)

### 4.2. Solid Management

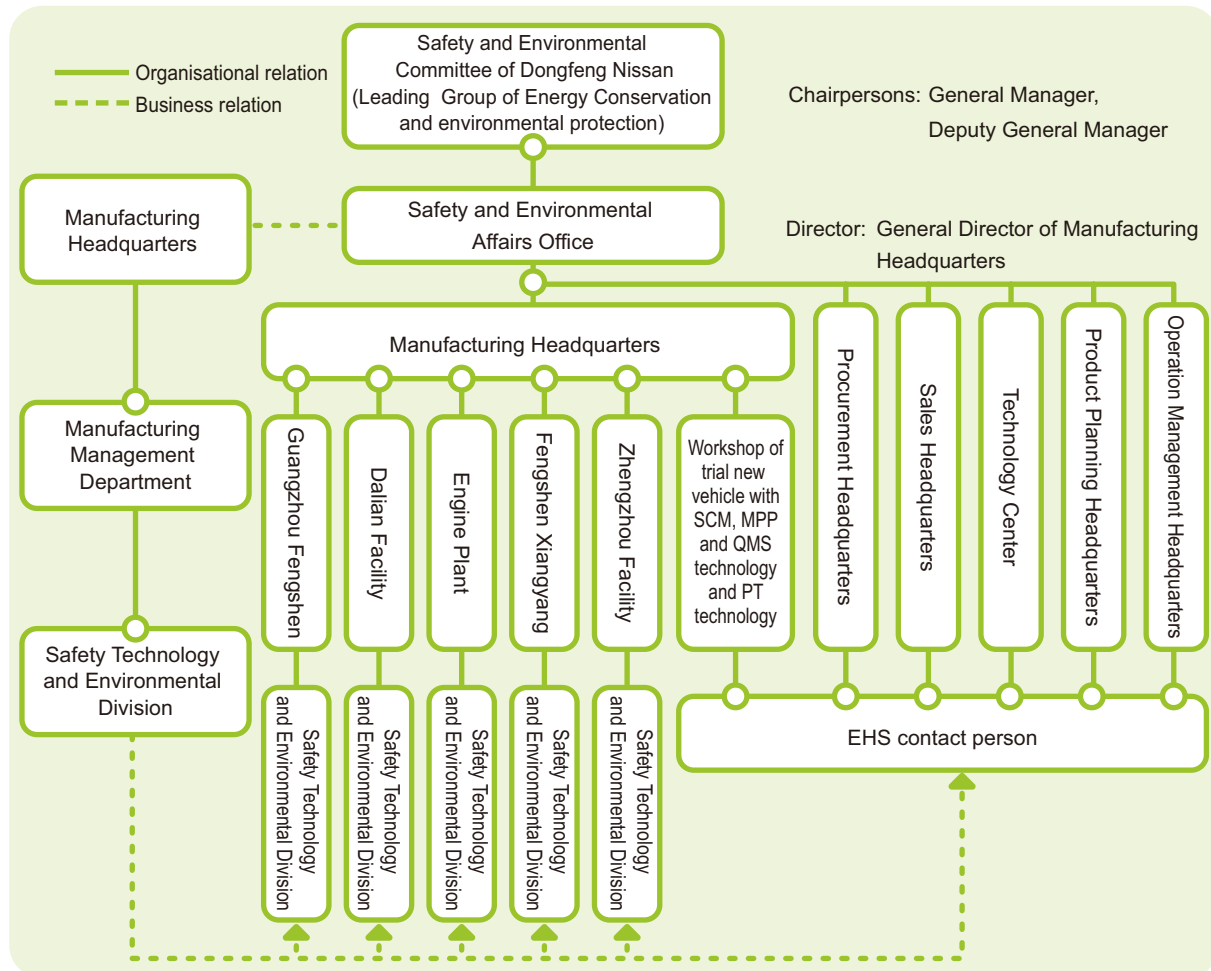
The Company adheres to the safety management philosophy of “safety first with focus on prevention and comprehensive governance”, and deeply integrates occupational safety and health into every aspect of the production process by means of formulating the regulations and directions on clear and safe operation, providing proper instruments and personal protection gear and setting up safety management organisations. At the headquarters level, we formulated the Administrative Measures of Dongfeng Motor Group Company Limited for Safe Production, which clarified the safety management factors such as the responsibilities and obligations, planning and investment, education and training and emergency rescue on safe production of each functional department at the headquarters and each secondary unit (company). We also set out the relevant requirements on safety management in the terms of cooperation with contractors, striving to ensure safe production along the whole value chain.

Our safety management structure comprises headquarters and second-tier companies. At the level of headquarters, safety management commission takes charge of safe production across the whole company and coordinates all departments in studying and making decisions on material issues concerning safety production. Operation management department, as functions responsible for the daily management of production safety, implements the decisions made by safety management commission, comes up with corresponding objectives and supervises the fulfillment of such objectives. At the level of second-tier companies, all of our key subsidiaries have obtained EHS management system certification, and installed safety commission, safety affairs office or functions with similar duties to break down the safety control objectives put forward by the headquarters and supervise and evaluate the fulfillment of such objectives. Manufacturing department puts in practices the control procedure documents and detailed plans; while procurement, sales, technical and other departments provide support and feedback.



## STABILITY – SAFETY MANAGEMENT (Continued)

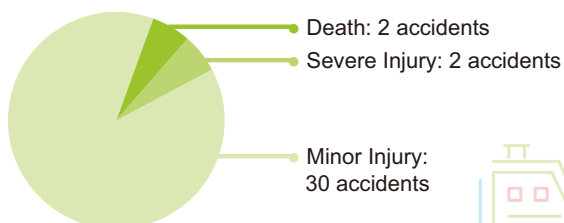
The following diagram sets out the details of safety management structure (taking Dongfeng Nissan as an example).



### 4.3. Prudent Operation

The Company underlined the occupational safety and health management at the production sites, encouraged the subsidiaries to adopt new technology, new technique, new equipment and new materials to gradually replace technology, technique, equipment and materials with hazardous impacts on occupational diseases, in order to eliminate or reduce occupational hazard at its source and protect the health of employees. In 2016, the accident incidence of the Company was 0.2‰.

Major Safety Accidents in 2016



Led by the Company, the subsidiaries carried out review and improvement in terms of the material issues of automobile industry such as ergonomics and operational conditions on a regular basis, as well as set up individual occupational health surveillance archives for employees.

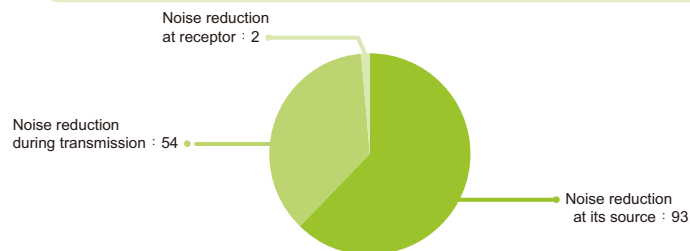
## STABILITY – SAFETY MANAGEMENT (Continued)

### Dongfeng Nissan Actively Reduced the Impacts of Occupational Hazards

Mindful of the appeals of front-line production employees, Dongfeng Nissan conducted surveys and dialogues on ergonomics in respect of prominent issues such as physical pain and mental stress with a total of 5,144 employees in 2016. As a result, a total of 191 positions had been relieved of such issues during the year.

At the same time, Dongfeng Nissan improved noise reduction and ventilation at the operational site. Besides, it invested RMB42.31 million in occupational hazard control in 2016, representing an increase of 112% over last year. Some investment went into 13 improvement projects, of which 6 were completed. According to Dongfeng Nissan's improvement plan for noise reduction, it will initiate 149 research programs with an investment of RMB0.11 billion and relieve 233 positions from exceeding noise level in total by 2020.

Planned Noise Reduction Programs of Dongfeng Nissan by 2020



In addition, the Company attached great importance to the safety management of contractors and adopted safety management standards for contractors same as that for employees. All of the subsidiaries formulated contractor safety management procedures. A synergy in safety was formed up under the leadership of safety management department and with the participations of procurement and project management departments. We also took measures to select, evaluate, train and assess the contractors in respect of safety.

### Dongfeng Peugeot Citroën Ramped up Safety Management Relating to External Related Parties


In 2016, Dongfeng Peugeot Citroën reviewed 838 external related parties in total and identified 2,173 hazardous sources concerning related parties, representing 10% of the total hazardous sources. In order to enhance the management of external related parties, it introduced black list and prohibition mechanism to evaluate the safety performance of external related parties regularly.



## STABILITY – SAFETY MANAGEMENT (Continued)

### Emergency Response

All of our subsidiaries devised sound emergency plans, such as natural disaster emergency plans, electrical accident emergency plans and fire disaster emergency plans, which cover different types of potential risks and the premise of their corresponding facilities. They also installed emergency command teams to monitor the formulation of emergency plan and hold drills, so that employees can maintain high security awareness and master appropriate hazard management measures. In addition, we established valuation mechanism to review the applicability and efficiency of the emergency plans in order to make appropriate adjustments.



Dongfeng Nissan established flood protection command centre in April 2016 to monitor flooding at 28 key spots in and around the facility premise. The centre adopts 7-day a week watching system, and organised A-level emergency response for three times during the year, with 4,260 persons on emergent duty. As a result, the centre successfully fought off three typhoons, namely, Dragon-boat Storm, Nida and Seahorse, helping Dongfeng Nissan out with virtually no loss.



### 4.4. Steady Improvement

The Company strives to take safety management to a higher level and improve safety performance in a substantial way. Therefore, we encourage our subsidiaries to explore a more effective evaluation method constantly, strengthen positive education and training, so as to foster a corporate safety culture that engages all employees.

Borrowing the advanced international safety management concept, our key subsidiaries set out to launching safety performance indicator (SPI) to replace traditional accident rates as for performance evaluation. SPI is a systematic indicator which evaluates the safety capabilities of an enterprise in terms of the process and outcome of safety management, and which incorporates performances such as disaster prevention, management methods and operator behaviour into evaluation scope, so that safety management can be gradually transformed from traditional outcome-oriented style to comprehensive evaluation in terms of both process and outcome, in order to foster an active safety culture.

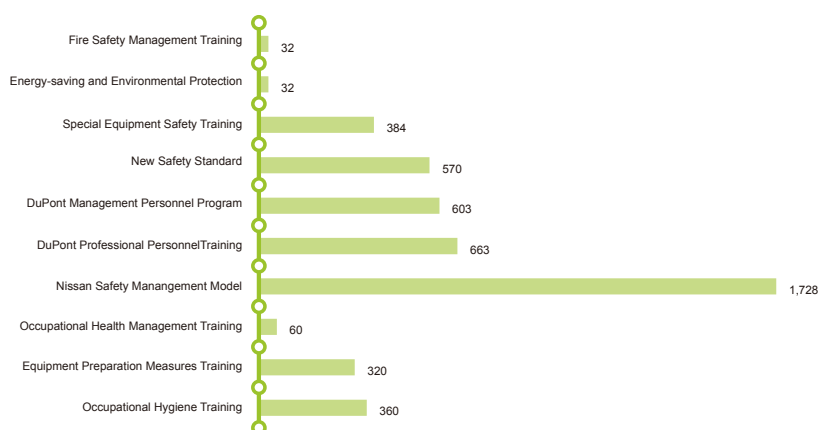


## STABILITY – SAFETY MANAGEMENT (Continued)

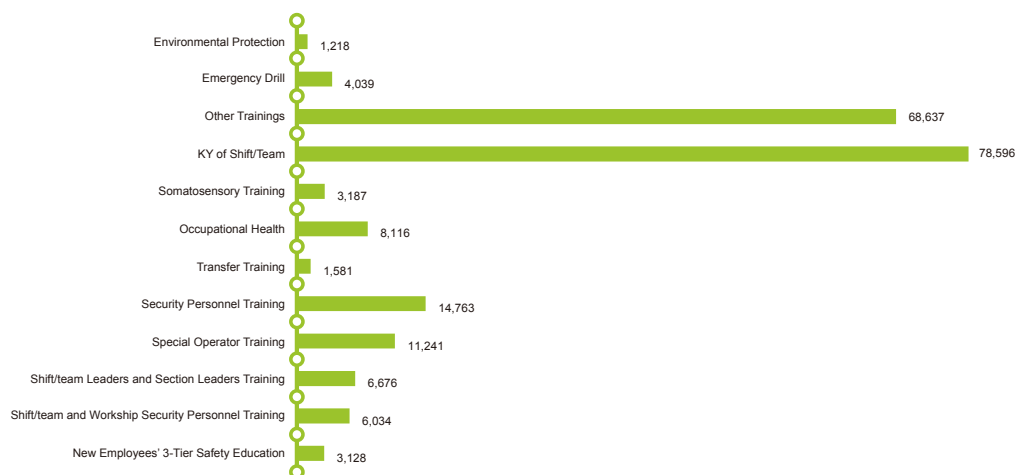
We believe that safety awareness of employees is the key factor of ensuring safety production. Therefore, the Company adhered to the people-oriented concept and carried out a variety of safety production training and education events, to improve the safety awareness of employees persistently.

Dongfeng Nissan, a subsidiary of our Company, held 212,056 hours of safety trainings in total, including 4,840 hours at the company level and 207,216 hours at the facility level.

2016 Dongfeng Nissan EHS Training Hours at Company Level



2016 Dongfeng Nissan EHS Training Hours at Facility Level





## 5. HARMONY – EMPLOYMENT PRACTICE

### 2016 Key Performance Indicators:

- Total number of our staff reached 149,092.
- Job satisfaction of our staff reached 73%.

### 5.1. Harmonious Team

The continuous and smooth development of the Company is attributable to the professional and passionate contributions made by employees. Taking our employees as our valuable assets, we provided them with competitive salaries, diversified staff composition, adopted appropriate incentive and promotion mechanism, enriched trainings and carried out tangible caring measures, which in return constantly added value to our human resources and provided solid support to our strategic development.

In 2016, the satisfaction rate of our employees reached 73%, on par with model enterprises in China.

#### Our Talent Plan

Concept	Supporting both corporate strategy and employees' development
Development guideline	Growing with talents, improving quality and efficiency; marching forward with innovation, achieving win-win development

#### Team Building

Adhering to the principles of respecting labor, knowledge, talents and innovation, the Company forcefully sped up the strategy of Growing with talents in the Thirteenth Five-year Plan period. Through advancing the nurturing of “Ten, Hundred, Thousand” strategic talents, we introduced overseas and domestic high-level talents. We also implemented talent nurturing projects and incentive schemes targeting high-ended and technological talents as well as backbone talents, so that talent could gain both fame and fortune and talent team could maintain lasting competitiveness.

Solid skills and first-class management of employees hold key to the continuous growth of our business. Therefore, as early as in recruitment, we selected excellent talents for the Company from domestic and overseas prestigious colleges and outstanding competitors, by educational background, foreign language level and relevant working experience.



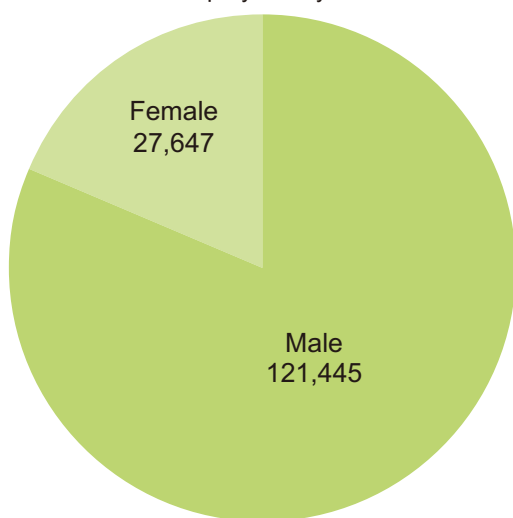
## HARMONY – EMPLOYMENT PRACTICE (Continued)

Adhering to principle of employment based on talent, the Company will not bias for or against any candidate qualified for a post with respect to gender, age, level of position, nation, race, religion, marital status and disability degree. Every employee who joined our group, male or female, will be treated equally.

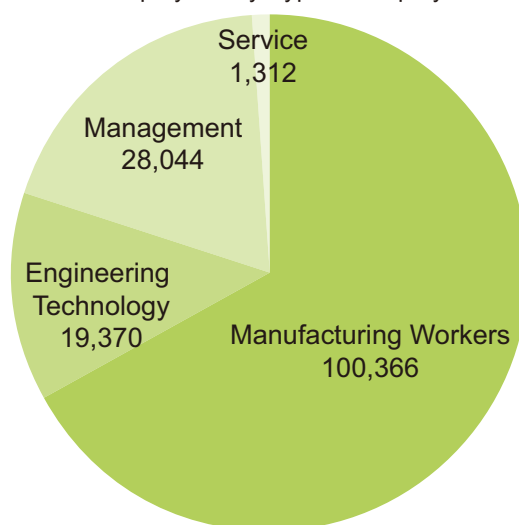
### Team Composition

As of 31 December 2016, our employees reached 149,092. While strengthening our team, we also insisted on its diversity in respect of gender, age and region etc., so that the potential of the team can be fully tapped into.

Total Employees by Gender

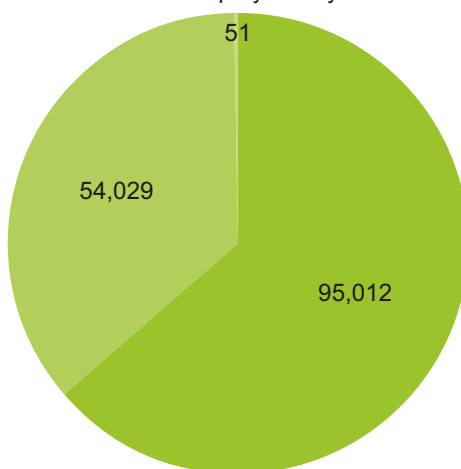


Total Employees by Type of Employment



While eager to introduce excellent talents from overseas, we also nurtured domestic talents to create jobs for places the branches located and thus support the economic development of the locality.

Total Employees by Gender



● Employees in Hubei Province
 ● Employees in Other Provinces
 ● Overseas Employees



## HARMONY – EMPLOYMENT PRACTICE (Continued)

### Labor Rights Protection

The Company values the basic rights of employees, and creates safe, healthy and fair working conditions for them. In strict compliance with national laws and regulations such as the Labor Law, the Employment Contract Law and the Regulation on Work-related Injury Insurances, we recruited labors in manners recognized by relevant laws, entered into employment contracts that conform to legal standards, as well as provided sound social insurance, so as to regulate the use of labor. At the same time, we observed the national standard of working hours strictly so that our employees can enjoy holidays stipulated by the state. We did not hire any child or forced labor during the reporting period.

## 5.2. Encouraging Career Development

### Salary Welfare Protection

The Company provided competitive salary available in the market for employees. We also compiled documents relating to performance and salary system by taking into consideration of incentives, health care and career development required by employees, so as to set up a reasonable salary structure for them, comprising salary, bonus and allowance. Meanwhile, all member companies of Dongfeng Motor Group procured “5 insurances and housing fund” for employees, pursuant to related national and regional laws and regulations about labor and social welfare. We also set up corporate pension scheme, supplementary medical insurances, medical insurance for serious illness, accident insurance and relief fund and other benefits for them; and earnestly carried out paid annual leave, as part of our effort to keep improving the benefits for our employees.

### Sound Training System

Staff training is a learning activity serving our corporate strategy, daily operation and requirement of employee development, with an aim to increase knowledge, skill, and competence of employees, and thus supporting business development of the Company. In order to maintain a pool of high-caliber employees, the Company is committed to providing software and hardware for employees to achieve self-improvement. We offered a variety of training programs for employees, including managerial and technological trainings, overseas exchange programs and other courses. In addition, we encouraged employees to participate in self-improvement plans.

In order to fit the overall structure of the Group and meet different development requirements of employees at different levels, we designed a multi-level training system that covers trainings at the group level, training promoted by business units, and trainings at cadre training centre and vocational & technical institute set up by the Group. We also introduced technician career development system and trainings on production-line in order to cultivate talents at different levels.



## HARMONY – EMPLOYMENT PRACTICE (Continued)

In order to regulate management of staff trainings, pursuant to related national policies and regulations as well as related policies and management measures issued by Dongfeng Motor Corporation (DFM) such as the DFM Training Management Measures and the DFM Tentative Management Measures for Special Skill Trainings of Employees, we have formulated a clearly-defined system of training management and procedures of training resources development and training information management, considering the realities of the Company. We also devised training plans to meet the requirement of different positions.



### Dongfeng Peugeot Citroën Set Up a Targeted Strategic Training System

Dongfeng Peugeot Citroën focused on the strategic training of the Company to constantly deepen strategic trainings fitting for and consistent with the development strategy of the enterprise. Highlighting the strategic concept of “putting people first”, it carried out a range of trainings covering “strategic management”, “leadership training”, “high-calibre talents training”, “environment, quality and safety systems”, “review of license attained by operators of special works” and “basic managerial skills”, in order to better its organisational efficiency and improve the competence of its leadership and staff.



### Dongfeng Nissan Designed a 3-tier Course System Serving Employee's Development

Based on the requirements of employee's growth and development, Dongfeng Nissan designed a 3-tier courses system consisting of corporate common, field common and department-specific courses. Corporate common courses: to ensure improvement with three tools, namely, class hours, credits and accreditation; to provide four course packages – entry package, credit package, accreditation package and advanced package; and to form up learning systems serving employees' development (two set of systems, one for managers and one for technicians) and accreditation systems serving organisational development (process manager, project manager, V-Actor and training lecturer). Field common course: to cover all sectors of the value chain, such as research and development, marketing, manufacturing, procurement and financial affairs. Department-specific courses: to cover operational standard learning, project practice, OJT and intra-industry communication, etc. In 2016, the monthly participants in trainings of Dongfeng Nissan averaged 19,712.


	Company			
	Dongfeng Peugeot Citroën	Dongfeng Honda	Dongfeng Nissan	DongFeng Liuzhou Motor
Average training hour of employees (hour)	33	33.4	58.45	33.2



## HARMONY – EMPLOYMENT PRACTICE (Continued)

### Construction of Training Centres

The Company established a number of institutions such as training centres and training bases, in order to better support the development strategy of the Company, further enhance the overall quality of employees and help new staff master new knowledge and techniques. Apart from arranging relevant facilities, we designed courses that integrate theory with practice and emphasize the pragmatic feature and comprehensiveness of materials and methods used in teaching. We also tailored professional courses to meet the specific requirements of different production bases, and for such courses professional lecturers were hired and videos of operations were made, so that employees could learn knowledge and skills in a more flexible way.



The training centre of Dongfeng Peugeot Citroën covers a construction area of 8,680 square meters, which can accommodate 740 trainees at most each day. The centre comprises workshops for masters, high level skill training bases, simulation training centres for new workers, multi-purpose classrooms, ordinary classrooms, special classrooms and forklift training grounds.

The training centre employs 13 full-time teachers for training management and has more than cultivated 800 part-time teachers with rich hands-on experience in automobile research and development, techniques, manufacturing technologies and manufacturing management, to support the orderly performance of our internal trainings.

In 2016, Dongfeng Peugeot Citroën completed 2,429 trainings of various types and completed 3,617 training courses, or 457,000 hours of training for 61,000 trainees, which provided excellent supports for the employees to improve competence.

The training centre of Dongfeng Liuzhou Motor consists of training classrooms, skill training grounds and practical training bases. The centre hires 127 internal trainers with knowledge that covered all areas with respect to annual key programs. All of them are selected following the procedures of “selection, employment, cultivation and retaining” specified in the Internal Trainers Management Measures and the Internal Trainers Guidebook. Besides, the centre also imparts professional knowledge to employees by technological tools such internet college and KM knowledge management system.

The training base of Dongfeng Honda covers a construction area of 2,030 square meters. With 44 part-time lecturers, it compiled 23 set of teaching materials for theoretical courses and produced 28 videos of practical operations. Since its establishment in June 2015, more than 600 new employees completed skill acquisition training in the base in total, including 163 in 2016. In order to counter bigger challenges, Dongfeng Honda put forward the “ $\pi$  plan” on talents nurturing, with an aim to cultivate talents such as managers, technological specialists and professional managers for the future development of the Company.

### Position Level System and Promotion Path

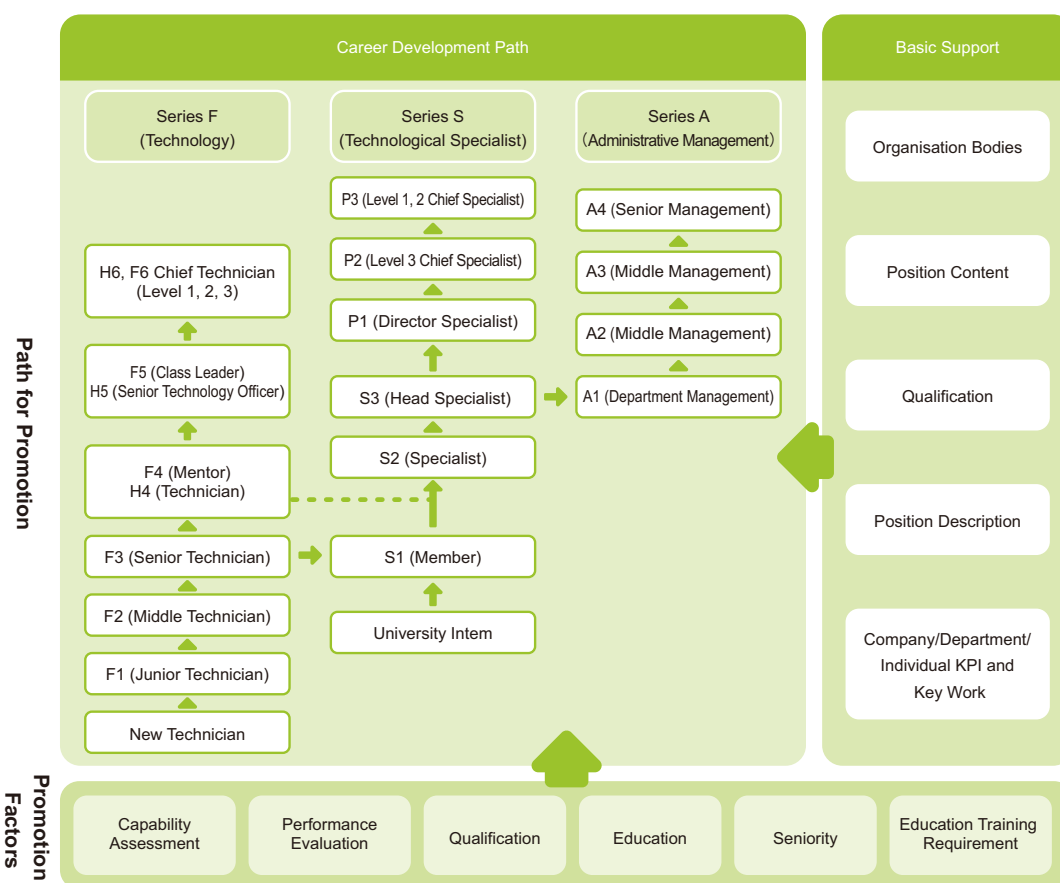
The Company provides diverse occupational development paths that allow more possibilities for the employees. We have set up a talent reserve pool at the Group level to which talent pools of its subsidiaries connect. Excellent talents will be inputted to the Group from each company regularly, so that the employees can enjoy a broader platform for career development.

Each subsidiary of the Company sets up specific occupational development paths for talents who choose different development directions such as production skill, professional technology and administrative management, to meet the requirement of its own business development. Moreover, through the setting-up of professional position levels, the room of career development for different professionals is made clear, the limited path of development is diversified for technological and technical staff, and more opportunities of promotion and development are bestowed on technological and technical staff.

## HARMONY – EMPLOYMENT PRACTICE (Continued)

### Three Career Development Paths in Dongfeng Liuzhou Motor

The Company set up three career development paths – technician, technological specialist and administrative management, and evaluated the performance and possibility of promotion of an employee according to multiple factors. These efforts could help employees to know themselves in a more comprehensive way and provide clearer evidence and measures for promotion and transfer. In order to ensure the smooth implementation of such career development paths, Dongfeng Liuzhou Motor formulated policies and management measures such as the Position Level Management Measures and the Implementation Measure for Occupational Training Management. The diagram below sets forth the career development paths in Dongfeng Liuzhou Motor.





## HARMONY – EMPLOYMENT PRACTICE (Continued)



### Binary Promotion System of Dongfeng Honda

Dongfeng Honda set up a binary promotion paths for employees.

The first path is configured according to the development requirement of Dongfeng Honda, specifically, following the position sequence of “employee → team leader → section head → division chief → department director → TOP”.

The second path is configured based on the principles of “providing talents for business development of the company”, “preparing employees for the promotion” and “improving competence of employees; clarifying directions for career development”, following the position sequence of “level 1 employee → level 2 employee/assistant → specialist/instructor → senior specialist/senior instructor → mentor → senior mentor → director → senior director”.

In order to ensure the smooth operation of these two paths, Dongfeng Honda set up a sound qualification system covering all staff which specifies capability standard, evaluation method and procedure for each level of position. At the same time, it provided policy support for the binary system by clarifying policies and management measures such as “Qualification Evaluation Policy”, “Management Measures for Management Staff at the Level of Section Head” and “Management Measures for Management Staff at the Level of Division Chief”.

### 5.3. Pleasant Life

We insist on prioritising the issues that are most concerned about, felt, and complained by the employees and conduct happier life campaigns profoundly to spread warmth and care from the Company to each of the employees.



### Seamless Communication in the WeChat Group

Dongfeng Motor Co., Ltd. (DFMC), a subsidiary of the Company, created a WeChat group where party and administrative leaders could communicate with front-line employees “face to face” or seamlessly. Pursuant to the principle of “leadership by party committee, support from the administrative management, sponsorship by labor union, and implementation by grass-roots employees”, DFMC invested RMB8 million to improve the working conditions for employees. It also helped 267 employees in Xiangyang procure insurance in the locality and 124 Wuhan employees apply for collective registered permanent residence; facilitated 123 sons or daughters of employees going to nursery, kindergarten or school; and relieved 76 employees out of hardship with a total of RMB810,000 relief fund being granted. All these efforts enable employees to work and live happily in a caring and stress-free environment.



## HARMONY – EMPLOYMENT PRACTICE (Continued)

### EAP Mental Health Support & Counselling Program

Dongfeng Peugeot Citroën carried out the EAP mental health support & counselling program phase by phase. In 2016, it set up the “maternal caring lounge”, which are bright and cosy small rooms specially arranged in different areas of the company to provide a secret, clean, appropriate and safe place for female employees who are breast-feeding or need to collect breast milk. Within each lounge is a refrigerator for the storage of breast milk. Currently, two “maternal caring lounge” has been set in motion. The lounge reflects our caring for female employees.

Dongfeng Fengshen Co., Ltd. held special trainings on emotion and pressure management targeting the excessive pressure felt by professional and part-time CPC and non-CPC cadres as well employees at the front-lines of sales and production. It also conducted special training on pressure relief for team/shift leaders, upon knowing the surge of pressure among the lowest-level management staff such as team or shift leaders.

### NHC Teamwork Campaign of Dongfeng Honda

NHC is a teamwork campaign that has been held by Dongfeng Honda for 13 years. In the recent years, its participation rate maintained around 95%. Each year, Dongfeng Honda saw the emergence of certain outstanding teams that captured significant awards for innovation, challenge and creation against other business units of the Company or against other participants in overseas exchange events.

Notably, the team from a coating resin workshop won a grand award – the most creative team award, which added another to honours of Dongfeng Honda. This campaign fully displayed passion of our employees and created a valuable asset for us.





## 6. BENEFITING – INVESTMENT IN THE COMMUNITY

### Key Performances Indicators:

- Volunteer hours amounted to 1,050; and our volunteers served over 510 residents from communities.
- A total of about RMB200 million was invested in poverty alleviation.
- RMB29.904 million was donated through 19 external donation programs organised by Dongfeng Public Welfare Foundation.

Targeting at “promoting social virtue; devoting Dongfeng’s care; dedicating to Public welfare; advancing social harmony”, the Company’s parent company uses Dongfeng Welfare Foundation as platform, striving to integrate community investment with enterprise development, facing the public, community and public welfare, continuously creating characteristic welfare project, establishing a strong support system of social responsibility to spread the love of Dongfeng.

### 6.1. Benefiting the Public

Adopting the concept of “the path for harmony, heading for future”, the Company promotes traffic safety and motor culture, plays a leading role of motor enterprise, and actively advances the establishment of a civilized motor society.

In terms of traffic safety, DFM has issued “China Motor Citizens Civilization Agreement”. Guiding by “respect for life, reasonable utilization, tolerance and orderly, sustainable development”, DFM called all motor citizens to be self-disciplined, to form correct travelling habits and driving culture, and to promote the application of knowledge related to traffic safety.

In terms of motor culture, DFM focuses on the development of motor technology and the cultivation of industry talents. With reference to the characteristics of the industry, DFM makes use of its advantage as the leading power of the industry and conducts deep cooperation and activities with colleges, middle schools and primary schools in order to enhance professional talents among the youth and provide strong support for broadening the horizons of children and adolescences. Through promoting motor culture, DFM expected to nurture and discover more back-up talents for China motor industry, as well as propel the new advancement of China motor industry.



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)

### “Dongfeng Dream Car” Auto Creative Design Contest of Chinese Youth

DFM held “Dongfeng Dream Car” Auto Creative Design Contest of Chinese Youth on 18 September 2016. With overwhelming responses, we altogether received 108 works from 32 colleges and 75 teams. The theme for this contest is: motor society, nurture the future, which targets at guiding the youth to build up imagination for the motor society and life for the future, out of the harmonious relationship among human, car and the society, taking sustainable, environmental friendly, technological and smart as design features, in order to cultivate the youth’s acknowledgement and social responsibility towards a civilized motor society.

“Dongfeng Dream Car” contest has prominent prospect as well as pioneering significance, which not only provided opportunities of displaying project, exchanging information, and gathering resources for young entrepreneurs, but also has strong enlightenment and prospective for the creativity of the research, environmental protection and the sustainability of traffic system. For example, the “Capsule”, a work produced by DL team from Guizhou University, can establish a connection between a “capsule” shaped personal cockpit and vehicles or even buildings through automatic driving function, which has an impressively referential significance for the future.



### “Dream Building Class” Realization of Children’s Auto Dream

At the same time when conducting charitable aiding activities for education, Dongfeng Nissan, a subsidiary of the company, introduced “Dream Building Class” to enable children to understand the manufacturing procedure of cars and install mini cars in class by themselves. In manufacturing and environmental protection classes, the teachers have emphasized operational capabilities, so that children will be able to run their hand-made motor cars in racing tracks, which also has improved their awareness of environmental protection and realised their dreams.



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)

### 6.2. Nurturing the Community

The Company has always focused on community issues and insisted on making contributions to and serving for people. In 2016, we actively implemented volunteer activities, took our initiatives to support disaster prevention and relief, focused on helping and supporting underdeveloped areas, and devoted to improving the sense of security and happiness of people, for the well-being of the community.

#### Launching Voluntary Activities in Community

The Company takes its initiative to understand the need of local communities and conduct voluntary activities. The youth league community of the Company established voluntary work guidance committee in 2013 to systematically instruct young volunteers in each business unit of our company. Currently, the Company has set up 100 “systematic, institutionalized, normalized, and organised” youth volunteer service teams which have launched activities such as community service, charitable welfare and the Project Hope with more than 2,000 people involving in them. In 2016, the Company set up “Volunteer Service Centre” to promote voluntary work to be carried out in a normalized way, whose voluntary time accumulates to over 1,050 hours and whose services cover more than 510 residents in this community.

#### Supporting Disaster Prevention and Relief Actively

When facing unexpected natural disasters, we support disaster prevention and relief, offer financial, material and human resources and fulfill a state-owned enterprise’s responsibility of ensuring social harmony and stability. Facing the disaster, DFM organised all business units in various ways to participate in the front line of fighting flood, paid a close attention to the disaster as well as the need of the affected areas, and participated in the post-disaster reconstruction work.

### Disaster Areas of Yancheng City in Jiangsu Province

In June 2016, part of areas in Funing and Sheyang county of Yancheng City in Jiangsu province suffered from strong tornado and hail, which caused severe casualties and financial losses. The Company and its units donated RMB6 million to Yancheng city and rushed to the scene to participate in the rescue and relief work.





## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)



### Flooded Areas in Hubei Province

In July 2016, Hubei province suffered from storm rains, covering 17 cities, 84 counties and 12.77 million, which caused direct economic loss of RMB32.13 billion. Our parent company donated RMB20 million to disaster areas in Hubei province for rescue and relief work and the post-disaster reconstruction work.

- Launch contingency mechanism immediately: establish rescue and relief emergency team
- Transfer key maintenance technicians from core regional service stations in Wuhan Province to form small team of slag cars available for 24 hours
- Open 24-hour vehicle rescue hotline to provide rescue and help for people and broken down vehicles in affected area
- Encourage 4s stores to provide vehicle claiming services for customers
- Send WeChat and text message about driving tips in rainy days
- Provide 8 Dongfeng cars named Fengshen AX7 for rescue and relief work
- Formulate follow-up action plans to help rescue and relief work as well as the reconstruction of disaster areas in Hubei province

### The Implementation of Precise Poverty Alleviation Projects

The Company takes its initiative to undertake the responsibility of a state-owned enterprise to conduct precise poverty alleviation projects and characteristic welfare projects. In 2016, the Company launched precise counterpart assistance towards Gongjue County and Jiangda County of Tibet province, Keping County of Xinjiang province, Mashang County of Guangxi Province, and a number of poverty points of Hubei Province and the Company invested poverty alleviation funds of approximate RMB25.35 million. The Company actively explores precise poverty alleviation model in the targeted areas, and effectively ensures the poverty alleviation work in order to made outstanding contribution to the social development and livelihood construction of the targeted areas.



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)



### The Targeted Area of Poverty Alleviation Project: Gongjue County and Jiangda County, Tibet

Investment: Annual investment amounted to RMB15.34 million, with 3 poverty alleviation projects and 3 delegated cadres

Donated 10 Dongfeng cars named Fengshen AX7; supported 83 university students from Gongjue county and high school students from Tibet outside Tibet province; supported to build “Gongjue Cultural Plaza” to improve local condition at the same time

### The Targeted Area of Poverty Alleviation Project: Keping County, Aksu Prefecture, Xinjiang

Investment: Annual investment amounted to RMB3 million, with 2 poverty alleviation projects and 1 delegated cadre

Implemented “Courtyard Economy: Six Ones” Project (sheep, chicken, grapes, orchard, pigeons, vegetable garden), with an estimation to increase income between RMB1,000 and 1,600 per household annually



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)

### The Targeted Area of Poverty Alleviation Project: Mashan County, Guangxi Province

Investment: Annual investment amounted to RMB2 million, with 7 poverty alleviation projects and 2 delegated cadres

Creatively put forward an industry development plan called “two plants, three raises and one platform”, and explored to implement a special poverty alleviation model of “company + base + farmer/ poor families”

### The Targeted Area of Poverty Alleviation Project: Wutaixiang, Koufang County, Hubei Province

Investment: Annual investment amounted to RMB1 million, with 7 poverty alleviation projects and 2 delegated cadres

Donated 1,500 coats and quilts; established five bridges; launched free clinic activities; sold chicken for charity; led the farmers to raise black sheep separately; introduced and developed the tourism resources in Wutaixiang

### The Targeted Area of Poverty Alleviation Project: Wufeng County, Yichang, Hubei Province

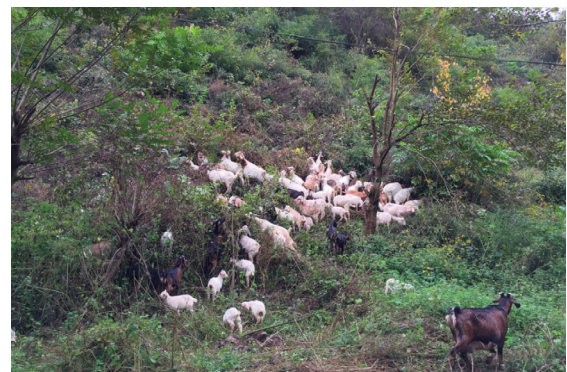
Investment: Annual investment amounted to RMB2.3 million, with 4 poverty alleviation projects

Promoted to implement Dongfeng “carbon balance” ecological forest and “carbon balance” project, with 10,000 mu of industrial base of “carbon balance” ecological economic forest

### The Targeted Area of Poverty Alleviation Project: Xingshan County, Yichang, Hubei Province

Investment: Annual investment amounted to RMB1.71 million

Financial supported residents to move from three gorges reservoir area and freely set up Zhaojun Dongfeng Kindergarten



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)

### 6.3. Contributing to Public Welfare

We committed ourselves to public welfare and give back to the society. With reference to the medium-term social responsibility plan of “Profit”, we conducted a series of special activities such as education aid by virtue of Dongfeng Welfare Foundation, in order to support social welfare and fulfill social responsibilities.

#### Perfecting Protection of Public Welfare

In 2012, with the approval of the Ministry of Civil Affairs, the parent company of the Company, DFM set up “Dongfeng Welfare Foundation”. The foundation is a non-public offering foundation, with a registered capital of RMB50 million. It mainly provides a platform and capital for the implementation of welfare projects of “Profit” plans of Dongfeng Motor, integrates the social responsibility resources of the Company to carry out welfare activities and builds social responsibility as the brand of Dongfeng.

In 2016, Dongfeng Welfare Foundation donated RMB29.904 million to 19 projects.

#### New Media Implementation of Welfare Foundation

When social responsibility of enterprise entered into the new normal of mobile internet, the Company takes its initiative to establish “two micro” platform – a new media platform regarding social responsibility which helps The Company continuously create new model for fulfilling social responsibility on the platform, enrich the platform and formulate a responsibility fulfilling model with Dongfeng characteristics. By virtue of the two micro platforms of “Dongfeng Welfare Foundation”, the Company seized the special advantages of new media – swift, open, and interactive to conduct various social responsibility interaction activities, which enables enterprise social responsibility to transform from one-way enterprise’s movement into two-way interactions between enterprise and the public, which engages the public in the public welfare, environmental protection and motor civilization activities.

Micro public welfare, full of love: the new media platform of Dongfeng Welfare Foundation has issued welfare interactive activities over 30 times, with over 100,000 people interacted and over 500 students aided in undeveloped areas.



## BENEFITING – INVESTMENT IN THE COMMUNITY (Continued)

### Supporting Charity Education

The Company promoted a series of welfare activities related to “Dongfeng Nurturing Action” to help students in undeveloped areas. Through building “Dongfeng Hope Primary School”, the Company organised most of its employees to participate in MicroCharity activities to care for aspects including “clothes, food, living, travelling and learning” of students in underdeveloped areas. In addition, DFM united the business units to conduct a series of MicroCharity activities including education aid, money and resources donation, such as “Dongfeng Hope scholarship”, “Dongfeng Hope Class”, “Benefit to Health” and “Wish” to enrich the significance of “Dongfeng Nurturing Action”.

Since 2013, DFM built 15 Dongfeng hope primary schools in affected areas of Hubei, Yunnan and Sichuan province. The council of the foundation participated in the contracting construction of the schools. In 2016, each of the business units organised and conducted MicroCharity activities for about 20 times, realizing a systematic education aid to all aspects of “clothes, food, living, travelling and learning”.

### Fellowship through “Sino-French Students Hand in Hand”

Around April, students in French employees school of DPCA visited two DPCA hope primary schools in Zhaojun, Xingshan County and Shengjiaba Village, Enshi City to participate in the get-together activities of “Sino-French Students Hand in Hand”. During the activities, DPCA organised classes such as interesting experimental class, Chinese poem, and Chinese calligraphy, which broadened the horizon of the students and enabled French visitors to get in touch with the charm of Chinese culture. In addition, the children participated in tree-planting activities together, which not only added green to the nature, but planted the friendship in “the friendship memorial forest of Chinese and French children”, which would grow together with the trees.



### Charity Survey and Return Visit of Hope Primary School

The Company paid two visits to Lishan, Sui County in April and May to conduct charity return visit and survey. This visit was conducted one year after the new campus put in use, with the purpose of responding actively to the overall arrangement of “Dongfeng Nurturing Plan”, getting to know the utilization situation of the campus better and launching support and caring work better. The visit inspected the playground, teaching buildings, students’ canteens, library and student dormitories, and understood the utilization situation and the education achievement of the new campus better, which laid down a solid foundation for supporting Dongfeng hope primary schools in the future.



## 7. APPENDIX ESG CONTENT INDEX

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

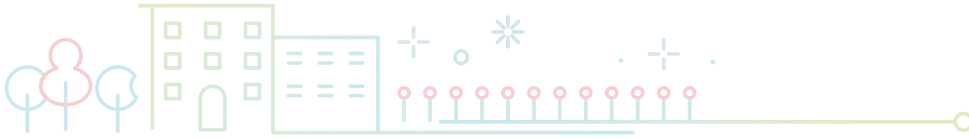
Indexes	Details	Quotes	Annotations
<i>A. Environment</i>			
Aspect A1: Emissions			
General Disclosure	Information on waste and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	3.2. Green Management 3.3. Green Production	
KPI A1.1	The types and related data of emissions	3.3 Green Production	
KPI A1.2	Total amount and density of Greenhouse gas emissions	3.3 Green Production	
KPI A1.3	Total amount and density of hazardous waste	3.3 Green Production	
KPI A1.4	Total amount and density of non-hazardous waste	—	
KPI A1.5	Measures of reducing emissions and its results	3.3 Green Production	
KPI A1.6	Measures of dealing with or reducing hazardous and non-hazardous wastes and their results	3.3. Green Production	





## APPENDIX ESG CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
Aspect A2: Resource Utilization			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials Resources may be used for production, storage, transportation, buildings, and electronic equipment, etc.	3.4 Green Resources	
KPI A2.1	Total consumption and density of direct or indirect energy according to its type	3.4 Green Resources	
KPI A2.2	Total water consumption and its density	3.4 Green Resources	
KPI A2.3	Improvement in the plan of energy use benefit and its results	3.4 Green Resources	
KPI A2.4	Improvement in the plan of water use benefit and its results	3.4 Green Resources	
KPI A2.5	Total amount of packaging materials for manufactured products and the materials consumed per unit	–	
Aspect A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	3.2 Green Management 3.3 Green Production 3.4 Green Resources	



## APPENDIX ESG CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
KPI A3.1	The significant impacts of business activities on the environment and natural resources and the actions taken to manage them	N/A	No significant impact of production and operating activities on environment and natural resources
<i>B. Social</i>			
Aspect B1: Employment			
General Disclosure	Information on remuneration and dismissal, recruitment and promotion, working hours, vocation, equal opportunities, diversification, anti-discrimination and other treatments and benefits: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.1 Harmonious Team 5.2 Encouraging Career Development 5.3 Pleasant Life	
KPI B1.1	Total number of employees according to their gender, employment type, age and geographical region	5.1 Harmonious Team	
KPI B1.2	Employee turnover rate by different genders, ages and geographical regions	5.2 Encouraging Career Development	
Aspect B2: Health and Safety			
General Disclosure	Information on offering safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	4.3. Prudent Operation	
KPI B2.1	Death toll and rate in jobs	4.3. Prudent Operation	
KPI B2.2	Lost working days due to occupational injury	4.3. Prudent Operation	





## APPENDIX ESG CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
KPI B2.3	Measures of occupational health and safety adopted and related executions and inspections	4.3. Prudent Operation	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills of fulfilling their working responsibilities. Description of training activities: Trainings refer to job-trainings which may include internal and external courses paid by employers	5.2 Encouraging Career Development	
KPI B3.1	The percentage of trained employees according to their gender and employment category	–	
KPI B3.2	The average training hours completed by each employee according to their gender and employment category	5.2 Encouraging Career Development	
Aspect B4: Labor Standards			
General Disclosure	Information on prevention of child Labor and forced Labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.1 Harmonious Team	
KPI B4.1	Measures to review employment practices to avoid child Labor and forced Labor	5.1 Harmonious Team	



## APPENDIX ESG CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
KPI B4.2	Steps taken to eliminate the violation of such practices when discovered	–	No related matters occurred
Aspect B5: Supply Chain Management			
General Disclosure	Policies on environment and of supply chain management	2.3 Quality Enhancement 3.2 Green Management	
KPI B5.1	Number of suppliers according to geographical regions	2.3. Quality Enhancement	
KPI B5.2	Description of practices relating to employing suppliers, number of suppliers under the execution practice, and execution and inspection of related practices	3.2 Green Management	
Aspect B6: Product Responsibility			
General Disclosure	Information on health and safety, advertisement, label, privacy and remedy of offered products and services (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	2.3 Quality Enhancement	
KPI B6.1	Percentage of recalled products among sold or shipped products for safety and health reasons	–	
KPI B6.2	Number of complaints received relating to products and services and responses to these complaints	2.3 Quality Enhancement	
KPI B6.3	Practices relating to protecting intellectual property rights	2.2 Innovation and Development	



## APPENDIX ESG CONTENT INDEX (Continued)

Indexes	Details	Quotes	Annotations
KPI B6.4	Quality assurance of products and recalling procedures of products	2.3 Quality Enhancement	
KPI B6.5	Protection of consumer data and privacy policies, and their execution and inspection	2.3 Quality Enhancement	
Aspect B7: Anti-corruption			
General Disclosure	Information on preventing bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	1.4 Compliance	
KPI B7.1	Number of and outcomes of concluded corruption cases against the issuer or its employees during the reporting period and	–	
KPI B7.2	Precautions and whistleblower procedures, and their execution and inspection	1.4. Compliance	
Aspect B8: Investment in Community			
General Disclosure	Policies on understanding the need of the community by participating in community and ensuring the community's interests within the consideration of business activities	6.1 Benefiting the Public 6.2 Nurturing the Community 6.3 Contributing to Public Welfare	
KPI B8.1	Focus on contribution areas	6.1 Benefiting the Public 6.2 Nurturing the Community 6.3 Contributing to Public Welfare	
KPI B8.2	Resources used in the focused area	6.2 Nurturing the Community 6.3 Contributing to Public Welfare	



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

