



CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED  
中國永達汽車服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 03669

# 2016

*Environmental, Social  
and Governance Report*









# Content

CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED  
2016 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Chapter I About This Report</b>	<b>2</b>
1.1 Introduction	2
1.2 Guidelines of reporting	2
1.3 Scope of reporting	2
<b>Chapter II Stakeholders' Participation</b>	<b>2</b>
<b>Chapter III Environmental</b>	<b>3</b>
3.1 Emissions control	3
3.2 Use of resources	3
3.3 The environment and natural resources	4

<b>Chapter IV Labour</b>	<b>4</b>
4.1 Employment relations and labour rights	5
4.2 Occupational safety and health	6
4.3 Development and training	7
<b>Chapter V Operational Practices</b>	<b>7</b>
5.1 Supplier management	7
5.2 Product responsibility	8
5.3 Integrity	9
<b>Chapter VI Community</b>	<b>9</b>
<b>Looking Ahead</b>	<b>10</b>





## CHAPTER I ABOUT THIS REPORT

### 1.1 Introduction

China Yongda Automobiles Services Holdings Limited and its subsidiaries (collectively the “Group” or “We”) have been committed to upholding the core values of “integrity, innovation, professionalism and efficiency”. While safeguarding the interests of investors, we also care about environmental, social and governance issues, and strive to achieve long-term and sustainable development in auto sales services, automobile finance, automobile rental and other industries.

As China’s leading passenger vehicle retailer and comprehensive service provider, the Group has actively expanded its new energy vehicle business in Shanghai, Shenzhen and Guangdong in response to the call of the state policies, and made utmost efforts to reduce the environmental pollution caused by vehicles, which is a full display of the Group’s determination to protect the environment.

We take great pride in the fact that our efforts have been acknowledged by government departments and organizations. In 2016, we won the Social Responsibility Award of China Automobile Dealers Association and the Special Contribution Award of Shanghai Services Federation. We will continue to work towards the goal of becoming the most respected automobile service brand.

### 1.2 Guidelines of reporting

This report is compiled in accordance with the relevant provisions of Appendix 27 Environmental, Social and Governance (ESG) Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It is the first ESG report issued by the Group in accordance with the “comply or explain” requirements of the Guide.

### 1.3 Scope of reporting

This report presents the Group’s ESG philosophy and practice during the period from 1 January 2016 to 31 December 2016. The office of the Shanghai headquarters is the Group’s core organization for policy formulation and operation management. Therefore, this report will focus on explaining the Shanghai headquarters’ performance in ESG management and reporting the relevant status as a response to the concerns and expectations of stakeholders.

## CHAPTER II STAKEHOLDERS’ PARTICIPATION

The Group values its relations with stakeholders and actively maintains friendly interactions between the two sides. In order to give stakeholders a better understanding of the Group’s service philosophy, business philosophy, business performance, development strategy as well as its ESG practices, we have actively consulted and responded to stakeholders’ concerns through a full range of information collection channels, including interviews, conference calls, e-mails, etc. At the same time, the Group has also released further information proactively through the company’s website and by issuing press releases, announcements and circulars, corporate publications and reports.



## CHAPTER III ENVIRONMENTAL

The Group advocates environmental protection, energy conservation, emission reduction and efficient use of resources and has introduced a series of environmental management regulations to implement the methods concerning the management of exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, thereby reducing the damage to the environment caused by day-to-day business activities:

- Implementing national laws, regulations and standards on the environment;
- Supporting the environmental policies and regulations of the region;
- Promoting and implementing environmental management regulations;
- Allocating sufficient resources to promote emissions reduction and waste management; and
- Raising the Group's overall environmental awareness through education and training.

The Group has strictly complied with environmental laws and regulations, and has not faced any prosecution or received other environment-related complaints during the period.


### 3.1 Emissions control

Given the growing challenge of climate warming, keeping the rise in global temperature within limits has become an important issue for all countries. The Group has contributed its own share to the global goal of reducing greenhouse gas emissions. In terms of exhaust gas emissions, the Group has advocated the concept of conservation in business travels, and encourages employees to travel by public transport to reduce exhaust gas and greenhouse gas emissions by private cars.

In terms of waste generation, the Group has signed an agreement on domestic waste treatment with the local environmental protection department and would undertake to cooperate with the relevant departments on waste storage, cleaning, transportation and processing and keep the environment clean and hygienic. For damaged and wasted furniture, we have sent them back to the factories for fixing and recycle to reduce the generation of solid waste. We have also entered into a cartridge recycling agreement with the suppliers of photocopiers and printing machines to encourage recycling.

### 3.2 Use of resources

Considering the limited resources of the Earth, the Group advocates the effective use of energy and water as a way to reduce the consumption of resources.



In terms of power consumption, as we are mainly engaged in automobile sales services, automobile finance, automobile rental and other businesses, lighting and air conditioning in various kinds of industrial outlets and offices are the Group's biggest source of power consumption. As a result, we have launched a number of energy conservation programs, including:

- Adjusting the indoor temperature according to the seasonal temperature and the relevant rules concerning the setting of air conditioning temperature;
- Reminding employees to close the doors and windows when turning on the air conditioning system;
- Cleaning the air conditioning system twice a year to improve operation efficiency;
- Encouraging employees to walk more and use less elevators;
- Using natural light as much as possible during the day to reduce the use of lighting;
- Choosing energy-efficient products when replacing electrical equipment;
- Reminding employees to turn off lighting, air conditioning and other electrical equipment that are not in use; and
- Designating personnel to check and inspect the implementation of these measures to ensure that all non-use or unnecessary equipment is powered off.

In terms of the use of water resources, even though the nature of our business involves the consumption of domestic water only, we still put much emphasis on water conservation. We have signed a water conservation agreement with the water supply company, promising to cherish the use of water and raise the conservation awareness of our employees.

### **3.3 The environment and natural resources**

The Group is committed to maintaining balance between industry and ecological environment, and pursuing long-term and sustainable development. While reviewing our business strategy and planning for future industrial development, we would take into account the importance of protecting the environment and cherishing natural resources. We would also promote the Group's overall awareness of environmental protection and the awareness of our customers through education, training and awareness advocacy, thereby honoring our corporate social responsibility.

## **CHAPTER IV LABOUR**

The Group is actively building a safe and healthy, fair and just, non-discriminatory working environment, maintaining harmonious labour relations and pooling the wisdom of our employees to promote the long-term and sustainable development of the Group's industries.



#### 4.1 Employment relations and labour rights

The Group respects equal labour rights and promotes the employment policy of pluralistic integration. In terms of hiring, promotion, compensation, welfare and professional training, the candidates have been judged by their individual competence and performance. We would not take measures that violate the right of equality such as double standard, discrimination, exclusion or preference based on gender, age, race, religion or other background. We are convinced that equal employment relations can improve employee satisfaction, thereby retaining and motivating talented people to accelerate the Group's industrial development.

Through its rigorous recruitment process, the Group has ensured that all employees are in compliance with the statutory age of employment and has prevented the use of child labour. We have also prohibited any degree of hard labour or forced labour to ensure that employees are working on a voluntary basis.

In terms of the compensation system, we pay high attention to external competitiveness and internal fairness. Each year, we offer room for salary increase to employees with outstanding performance so that the efforts they have contributed would be duly rewarded.

For employees who fail to meet the job requirements of the Group, the Group follows a "survival of the fittest" employment policy. The process of termination is in full compliance with the provisions of the Labour Contract Law. The decision would be fully communicated with the dismissed employees and reported to the trade union of the Group for approval. There has been no forced or illegal termination of employment relations.

The Group believes that employees enjoying a prosperous leisure life will be more devoted to their work. We do not advocate overtime culture, nor do we encourage taking work to home. What we advocate is more efficient work. In addition to providing basic welfare for employees in compliance with statutory requirements, the Group has also offered additional benefits such as paid leave on birthday and paid leave for female employees on Women's Day, so that the employees could more effectively manage their work and life. At the same time, we have provided an additional annual medical examination and regularly invited experienced traditional Chinese doctors to help our employees have a better understanding on their health conditions. We have also organized a number of activities during the year, including: team-building activities at both Group level and company level, Family Day events and weekly fitness activities, in order to enrich the leisure life of our employees and help relieving their pressure.

During the year under review, the Group has not faced any prosecution for violating labour laws or received other complaints relating to employment relations.



#### 4.2 Occupational safety and health

The Group adheres to the people-oriented approach, the principle that safety should always come first, and the principles of prevention, comprehensive management and full participation. The establishment of management organizations at different levels and the appointment of security commissioners have ensured high safety and health standards of the Group which include the following:

- Implementing national laws, regulations and standards on workplace safety;
- Developing safety regulations and safety procedures;
- Making annual arrangements for safety management;
- Conducting routine safety guidance and supervision;
- Organizing regular safety inspections, and taking timely actions to remove hidden dangers discovered in the inspections;
- Investigating all kinds of accidents and handling reports;
- Conducting safety education and training;
- Arranging regular safety inspection and maintenance of fire-fighting facilities; and
- Implementing emergency rescue plans for workplace safety accident, and organizing fire drills on a regular basis.

The Group uses the “Yongda Newspaper”, “Corporate Safety Culture Wall” and other propaganda positions to conduct education on workplace safety, promote the knowledge of workplace safety laws and regulations, safety tips and good practices, and foster an atmosphere and culture of workplace safety in the Group.

The Group does not have any work-related fatalities during the year, and has not faced any prosecution for violating national laws and regulations on workplace safety or received any complaints relating to workplace safety.





### 4.3 Development and training

Following the principles of “recruiting people with vision, cultivating people with talents and appointing people with competence”, the Group takes the discovery, training and appointment of the right people for the right jobs as a major task for the long-term and sustainable development of the Group.

According to the development needs of the automobile industry, the Group has launched a management trainee program, with the aim of looking for talents that are devoted to management jobs and with good learning capability, innovation consciousness and development potential from among the outstanding graduates of well-known institutions of higher learning in China, and providing them with the required training to join the management team of the Group in the future and assume the responsibility of the Group’s future development.

In order to ensure continued supply of talents, we launched a future young leaders program for young talents of the post-1985 and post-1990 generations that meet the criteria of “virtue”, “talents”, “development potential”, “development willingness” and “stability”, and provided them with a comprehensive training program to cultivate a capable working team.

The Group will continue to review the training and development needs of its employees, make career development plans for each employee, encourage and support employees to pursue advanced education, and provide them with training opportunities in management, sales and maintenance.

## CHAPTER V OPERATIONAL PRACTICES

### 5.1 Supplier management

The Group’s one-stop automobile and life services involve suppliers of different categories and from different regions. We advocate a sound relationship of communication and cooperation with our business partners and work together with them to maintain the quality and safety of our products and services.

For automobile sales, we have entered into distribution and other licensing agreements with the manufacturers of the relevant car brands. In terms of after-sales services, we have actively promoted the sharing of experience, resources and technologies with automobile manufacturers for mutual benefits.

In terms of vehicle maintenance parts and decorations, we have developed supplier management regulations and conducted initial and periodic assessment of suppliers’ qualifications, product quality, price and environment, social and governance performance to seek room for improvements.



## 5.2 Product responsibility

The Group is committed to providing top-quality services that respond to customer demands and improve the brand's reputation. We have all along given top priority to meeting customer demands and devoted utmost efforts to making our brand the most preferred choice of the consumers through proper brand positioning and internal resources allocation. We are determined to providing comprehensive and convenient one-stop services for our customers without missing any details or aspects.

The Group has undertaken to provide a complete package of after-sales services for all newly-sold vehicles and vehicles repaired and maintained by the Group, including repair, replacement and return services, to protect the lawful rights and interests of consumers. For vehicle products that have not met the quality, safety and reliability standards, the Group would provide feedback to the automobile manufacturers for our customers to help solving their problem.

The promotion materials and advertisements prepared by the Group are in accordance with its marketing plan and product highlights have all been strictly examined. They would only contain correct information about our products and services, and no false, exaggerated or misleading information would be included.

The Group is committed to protecting intellectual property rights and has strictly complied with the intellectual property rights of the automobile manufacturers of different brands, including the requirements on trademark, logo and store name.

The Group has established sound regulations on customers' information management to standardize the collection, possession, usage and processing of customer information. Customers' information would be handled in a legal, prudent and confidential manner to ensure information safety. Before collecting customers' information, we would clearly explain the aim and purpose of such collection to our customers. All personnel involved in customers' information must sign a confidentiality agreement with the Group. We have taken precautionary measures to prevent the disclosure, abuse or misuse of information.

The Group has strictly complied with the national laws relating to product responsibility, and there has been no violation of law or related complaints during the period.



### 5.3 Integrity

The Group advocates business integrity and fair competition and requires its employees to observe the code of professional ethics at all times, strengthen their competence to boost the core competitiveness of the Group, and actively contribute to the building of a fair and clean society.

To promote professional integrity, the Group has developed a code of practice for employees, including disciplines and regulations on financial management, operation management, procurement of goods, hand-in of gifts and personnel management, and cautioned the employees to deal with potential misconduct with prudence.

The Group prohibits its employees from seeking personal gains with their power or accepting any benefit from customers, suppliers or other business associates by exploiting their power. In any case, employees must not seek to affect any person or company with bribery or remuneration to gain business or interest. All employees in the Group must sign a “no-bribery agreement”, and commit to jointly stopping commercial bribery to safeguard the interests of the Group and the brand image of the Group. At the same time, we would not tolerate, assist or support money-laundering activities.


By setting up the inspection team on management personnel integrity, we have organized and conducted integrity inspections to ensure timely detection and investigation of dishonest practices. The Group encourages employees to report potential breaches of integrity, including extortion, fraud and money laundering, which would be seriously investigated and dealt with by the inspection team.

The Group has strictly complied with the code of professional ethics and the relevant national laws and regulations, and has not received any prosecution or conviction in connection with corruption during the year.

## CHAPTER VI COMMUNITY

As a good corporate citizen, we have made great efforts to heed the needs of the neighborhood community, encouraged all employees to take part in community development, and actively participated in and co-hosted voluntary and charity activities in the community to foster a culture of care and mutual support.

To help community residents with low income or from families with difficulties, we have worked with community welfare organizations to organize volunteers to visit and assist residents with difficulties and have promoted the spirit of mutual assistance in the community.



To support the building of green culture in the community, we have participated in the old-book-for-green-plants campaign to promote green culture activities, and encouraged employees to actively take part. At the same time, to reduce the incidence and prevalence of infectious diseases, to improve the living environment and to protect public health, we have participated in the community campaign to eliminate the four pests (i.e. rats, bedbugs, flies and mosquitoes).

### **LOOKING AHEAD**

The Group will continue to shoulder its responsibility to enhance the ESG performance, work towards the goal of building a company with long-term and sustainable development, support the implementation of state policies and ensure compliance with the relevant requirements of the Appendix 27 *Environmental, Social and Governance (ESG) Reporting Guide* of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In the coming years, we will increase the depth of the report to cover key performance indicators, and share the Group's ESG practices with the public.