



东方电气股份有限公司
DONGFANG ELECTRIC CO., LTD.

2017

Environmental Social and Governance Report



Stock code : SH 600875, HK 01072

DEC WeChat

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COMPANY PROFILE

Headquartered in Chengdu, Sichuan Province, Dongfang Electric Corporation Limited ("Dongfang Electric"), is an extra-large enterprise controlled by Dongfang Electric Corporation. After six decades of development, Dongfang Electric has developed into one of the largest power equipment suppliers and EPC contractors of power station projects in the world. Having produced power equipment with an aggregate of over 500,000 MW, it has been taking the lead among the peers all over the world and has been listed on the Shanghai Stock Exchange (stock code: 600875) and the Hong Kong Stock Exchange (stock code: 1072).

Dongfang Electric controls Dongfang Electric Machinery, Dongfang Steam Turbine, Dongfang Boiler, Dongfang Heavy Machinery, Dongfang Wuhan Nuclear, Dongfang Wind Power, Dongfang AREVA, Dongfang India, Dongfang Indonesia, etc., which are distributed in provinces, municipalities, and autonomous regions in the PRC including Sichuan, Guangdong, Tianjin, Zhejiang, Hubei, Gansu and Inner Mongolia as well as West Bengal in India and Jakarta in Indonesia.

Capitalizing on its National Key Laboratory, National Enterprise Technology Centre, National Energy Large-Scale Clean and Efficient Power Generation Equipment Centre, High-Level Overseas

Talent Innovation and Entrepreneurship Base, Academician Workstation and Postdoctoral Program, Dongfang Electric has established the market-based multi-layered innovation systems on corporate product research and development to boost the sustainable and steady development of the Company and contribute to "making China a country of innovators" and "building China into a leader in manufacturing".

Taking active part in the construction of Belt and Road Initiative, the Company vigorously develops the overseas market. The large equipment products and services are exported to nearly 70 countries and regions, hitting a number of records in the history of exporting Chinese power generation equipment. The Company has been ranked among ENR top 250 largest international engineering contractors for a number of consecutive years.

Looking into the future, Dongfang Electric will pass on the objective of "co-creating value, sharing success" uphold the noble aspiration of "becoming as excellent as GE" as entrusted by Premier Li Keqiang and implement the "12345" development strategies, thereby making the Company a worldwide top-notch enterprise with global competitiveness and driving China's and global economic development with green power.

Environment



Emissions

Effective management and pollution-free emission

Category and volume					
No.	Emissions	Unit	Volume	Increase/decrease as compared to the corresponding period last year (%)	Note
1	SO ₂	Tonnes	218.5	-3.4	
2	COD	Tonnes	407.2	357	Statistical calibration ^① has been changed
3	NO _x	Tonnes	403.6	-6.5	
4	Ammonia nitrogen	Tonnes	96.8	-2.7	

① (Note: In the past, only the COD emissions emitted by the company to the external environment were counted. According to the latest requirements of local environmental protection agencies, the amount of COD discharged directly into the external environment and discharged into the urban pipe network after reaching the standard should be included in the statistics. There was a big increase year-on-year.)

Emission of greenhouse gases ▼

Emission of CO₂ amounted to 267,527.5 tonnes, decreasing by 10.4% year on year.

Hazardous wastes ▼

Disposed of hazardous wastes of over 1,290 tonnes in aggregate throughout the year.

Measures ▼

In accordance with laws and regulations on environmental protection and requirements of environmental management systems, the Company has improved the prevention and control measures on major environmental factors and enhanced maintenance and management of environmental equipment and facilities to guarantee the effective operation of the same, having achieved standard discharge of all kinds of pollutants. In alignment with National Catalogue of Hazardous Wastes, the Company further identifies hazardous wastes in the production and operation practices and reports on and disposes of the same in strict compliance with relevant requirements under laws and regulations.

Environment



Use of resources

Energy consumption reduction and resource saving

Total energy consumption					
No.	Name	Unit	Volume	Increase/decrease as compared to the corresponding period last year (%)	Note
1	Comprehensive energy consumption	Tonnes of standard coal	113000	-5.8	
2	Comprehensive energy consumption per 10,000 output value	Tonnes of standard coal/RMB0'000	0.0347	0.9	
3	Electricity	0'000 KWh	37013	-3.2	
4	Natural gas	M ³	4629	-5.3	

Water consumption ▼

4.28 million tonnes, decreasing by 0.4% year on year.

Measures ▼

Focusing on control of total energy consumption, relevant management methods of energy management system were applied to identify main energy application, improve management scheme, and continuously strengthen the management and control of key energy consumers and energy consumption equipment. Intensified management and control were implemented for non-productive energy consumption including lighting, air conditioning and standby equipment, and the measures for national use of energy were fixed and effectively implemented. In addition, coordinated management has been strengthened to proactively popularize energy-saving technologies and methods from the perspectives of optimization of production organization, process design, equipment efficiency, etc. By right of theme activities such as Energy Conservation Week and National Low Carbon Day, various media and platforms were fully employed to enhance promotion of and training on energy conservation knowledge and improve the consciousness of energy conservation of all employees.

Environment

Jerry Hydropower Station ranks first in Brazil

High utilization rate of high-end hydraulic power

Ranking first in utilization rate across Brazil

99.16%

Standard coal saved each year

3.96 million tonnes

CO₂ emission reduced

7.92 million tonnes

In 1 June 2017, the ceremony for smooth cooperation between Dongfang Electric and Energia Sustentável do Brasil was held in Jirau, Brazil. Jirau Hydraulic Power Plant ("Jirau HPP"), targeted on which the Sino-Brazil companies carried out smooth cooperation, comprises 50-bulb tubular hydro turbines, each with a nominal power output of 75MW. In addition to being the tubular plant with the most numerous sets of turbines, the highest capacity for each unit and the largest-diameter runner in the present world, Jirau HPP is also the largest tubular hydraulic power plant and is lauded as "Three Gorges Dam in South America". Since the reference of "utilization rate" to assess power plants in Brazil, Jirau HPP has been in the first place with a utilization rate of 99.16% across Brazil. Owing to the stable power supply to local grids in Brazil, Jirau HPP is capable of relieving the energy deficiencies and promoting rapid development of the local economy and society. Annual power generated by Jirau HPP substitutes for power generation with 3.96 million tonnes of standard coal each year, which helps reduce 7.92 million tonnes of CO₂ emissions and in turn makes a significant contribution to the global environmental protection cause.



Jirau HPP in Brazil

Environment

The Environment and Natural Resources

Clean coal-fired power with extra low emission

A single boiler saves standard coal of
50,478 to 100,957
tonnes each year

CO₂ emission of
136,300 tonnes to **2.73**
million tonnes will be reduced
each year

With consistent commitment to achieving clean and efficient use of inferior coal and special fuels, Dongfang Electric has been pioneering the research and development of technology on CFB boilers. The first supercritical CFB boiler with a capacity of 600 MW in the world developed by the Company independently is a key project during the “12th Five-year” plan period and a major demonstration project on the application of high and new technology for coal clean combustion and has become the world’s largest supercritical CFB demonstration power plant project in terms of capacity. According to the operation data, one boiler is capable of saving fuels of 50,478 to 100,957 tonnes of standard coal in comparison with the subcritical boiler at the same level; and reducing CO₂ emission of 136,300 tonnes to 2.73 million tonnes in comparison to the data concerning subcritical boilers.

Improvement of steam parameters is critical for energy conservation and emission reduction in the aspect of coal-fired power technology. Dongfang Electric has been striving for the development of the clean and efficient double reheat power generating unit with a capacity of 1,000 MW at 630°C. The research plan has passed the national review and such technology application program has been listed as a national power innovation and demonstration project. With a pressure of 36.75MPa at the main steam outlet, main steam temperature of 620°C and reheat steam temperature of 633°C, the clean and efficient double reheat ultra supercritical boiler with a capacity of 1,000 MW at 630°C has improved the steam parameters of the generating unit to a new height, which would promote the qualitative leap in the power generating efficiency of coal-fired power generating units, having laid a solid foundation for promoting the power generation efficiency of coal-fired power generation units from the current 48.12%, the most advanced level in the world, to 50.01%, and facilitating the saving of 10g standard coal per kilowatt-hour power and 50,000 tonnes of standard coal each year for each unit with a capacity of 1,000 MW. Upon successful development, the program will effect the leapfrog development in China in respect of the ultra supercritical technology, portend that China has edged in the leading ranks in respect of critical equipment technology and is of great significance to boosting clean and efficiency utilization of coal and the industry progress.



The first 600 MW supercritical CFB boiler worldwide developed by Dongfang Electric was put into operation at Baima Power Plant in Sichuan

Environment

The Environment and Natural Resources



Extensive utilization of green wind farms

Dongfang Electric produced 371 sets of wind power generation units with a total installed capacity of 813 MW in 2017, which helped save standard coal of approximately 520,300 tonnes and reduce CO₂ emissions of approximately 1,415,300 tonnes.



Save standard coal of approximately **520,300** tonnes each year

Reduce CO₂ emissions of approximately **1,415,300** tonnes

Dongfang Electric's 5 MV typhoon-resistant offshore wind power generating unit is able to generate approximately 17.50 million KW/h per unit for each year, which helps save standard coal of approximately 5,600 tonnes and reduce CO₂ emissions of approximately 15,200 tonnes.



Power generating capacity for single unit totals approximately **17.50** million KW/h

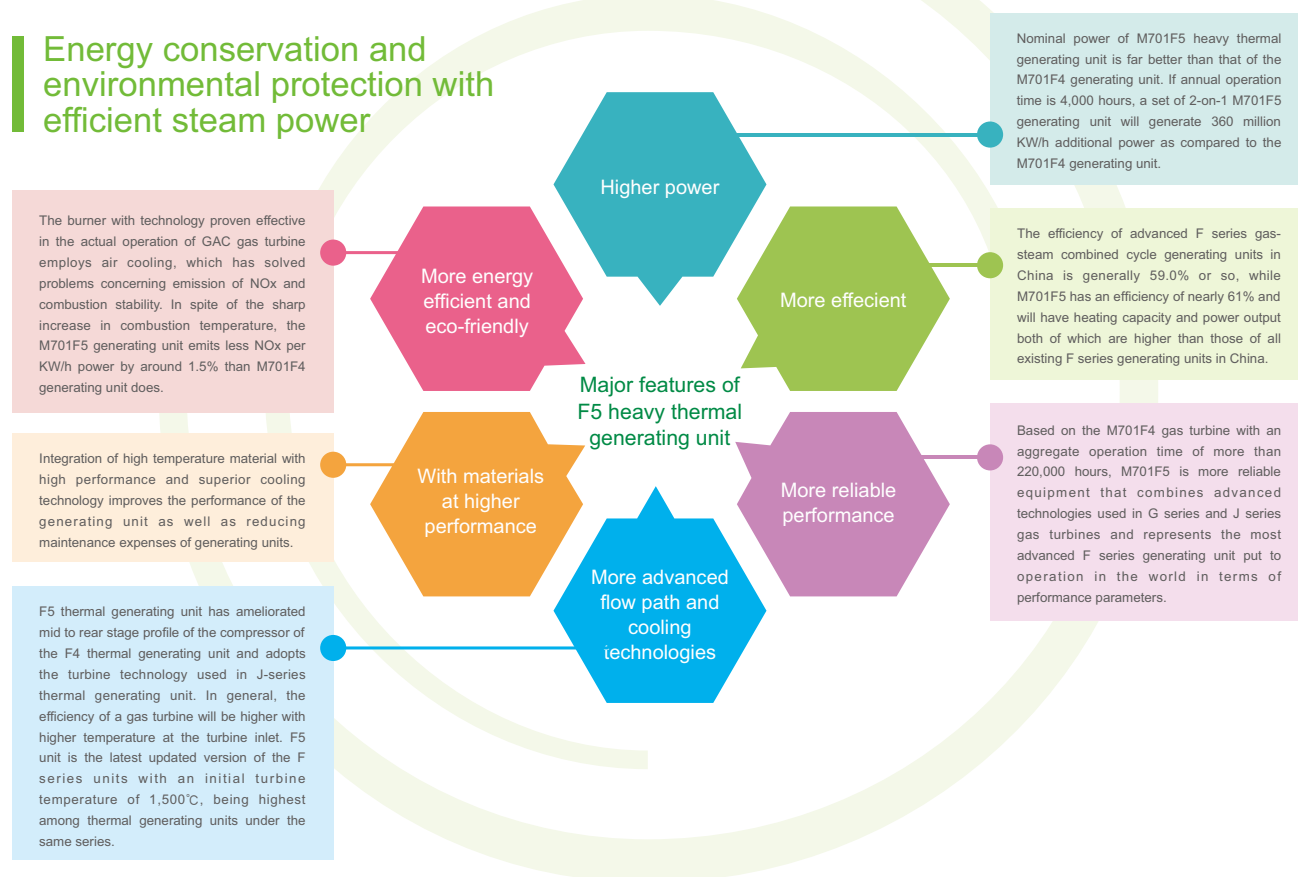
Save standard coal of approximately **5,600** tonnes

reduce CO₂ emissions of approximately **15,200** tonnes.

Environment

The Environment and Natural Resources

Energy conservation and environmental protection with efficient steam power



Beijing Huaneng Thermal Power Plant with complete sets of 2-on-1 F5 series gas-steam combined cycle generating units supplied by Dongfang Electric

Reduce around **1.5%** less NOx emission per KW/h of power

Turbine inlet temperature of the generating unit reaches **1,500°C**

Additional power output of **360** million KW/h

Governance and Operation

Strategy



Implementing the “12345” new development strategies

- **Concentrate on one vision, i.e., fulfilling the Chinese Dream in the energy equipment manufacturing industry.** To make the Company as excellent as GE, become a worldwide top-notch enterprise with global competitiveness and fulfil the Chinese Dream in the energy equipment manufacturing industry based on the aspiration of providing power for the world and bringing along brightness for the man kind.

1

- **Strive for two leaping-forwards**
To achieve leap-forward development mode by transitioning from a phase of rapid growth to a stage of high-quality development; and to strive for leap-forward development scale.

2

- **Score in the three uphill battles**
To score in the three uphill battles of rejuvenation of wind power industry, better development of modern service industry and stronger performance of international businesses.

3

- **Create four growth businesses**
To build businesses concerning new energy, international sector, modern service and emerging growth industries into four growth businesses.

4

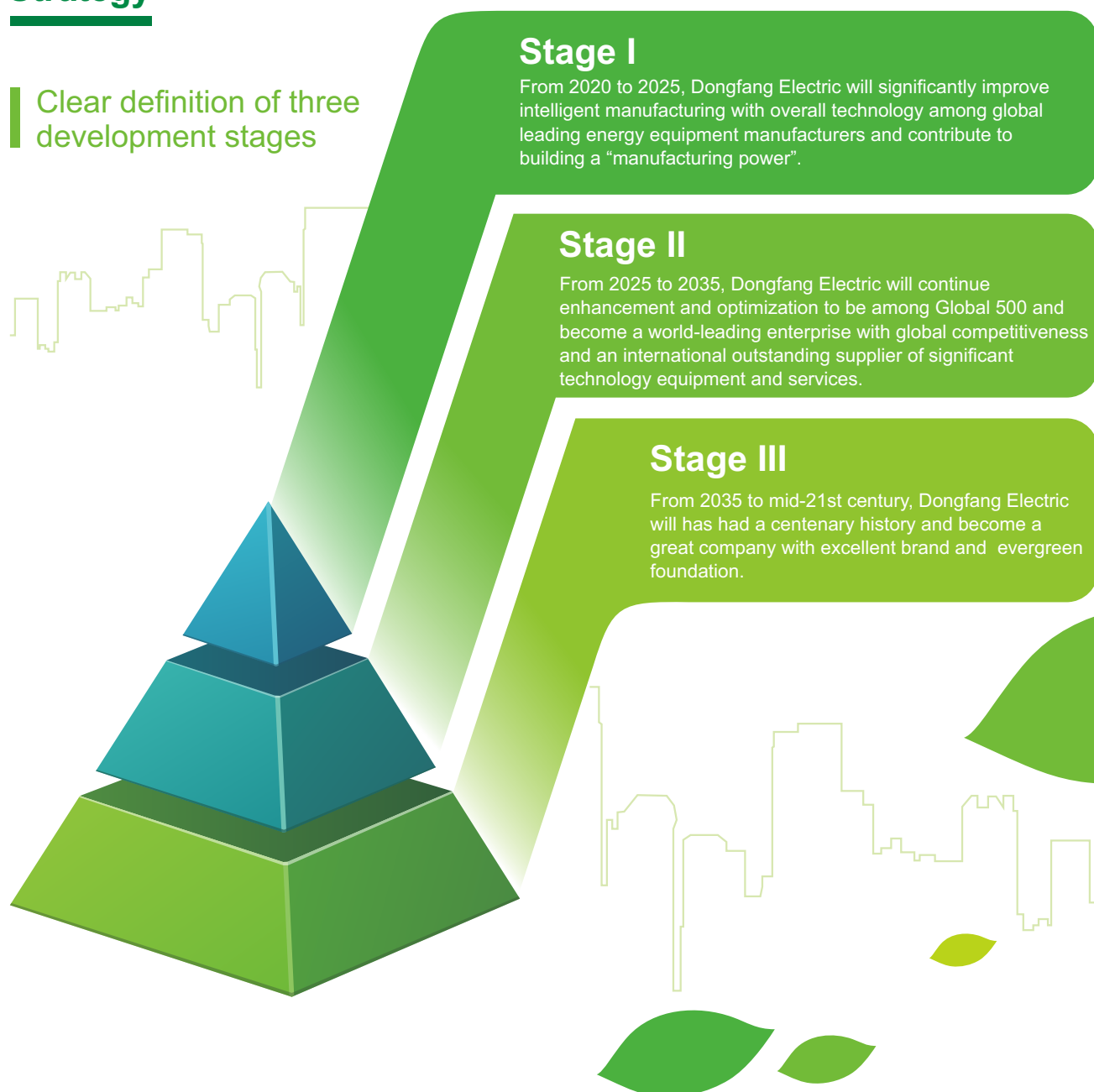
- **Implement five projects**
To Implement the projects of furthering reform, innovating in technology, surviving and thriving in virtue of quality, securing advantageous cost and improving management.

5

Governance and operation

Strategy

Clear definition of three development stages



Supply Chain Management

- The Company streamlined the purchase management system and set up a new mechanism for purchase by tender characterized by “separation of supervision and operation, separation of tender and purchase, concentrated tender and separated purchase, standardization and efficiency”. The violation of laws, breaching of contracts and dishonesty were seriously investigated and prosecuted. It terminated business relations with over 200 suppliers, disqualified over 80 qualified suppliers and imposed integrity deduction on more than 20 suppliers.

Governance and operation

Product Responsibility

Rooting in quality and problem orientation



"Succeed the first time, learning camp on nuclear safety culture" of Dongfang Steam Turbine



Warning and education on nuclear safety culture in Dongfang (Guangzhou) Heavy Machinery

Following the guideline of "rooting in quality, problem orientation, system enhancement and accountability strengthening" on quality work, Dongfang Electric conducted quality work with the target of improving the effectiveness of system operation.

Management fundamentals increasingly consolidated. The Company publicized and implemented the guiding principles of the annual quality work meeting through various channels in different forms and the "strict, tight and tough" way of quality work receives popular support. On the basis of re-establishment of rules and systems and innovation in quality management and control models, quality improvement has gradually taken root.

Serious and practical actions taken in quality accountability. Dongfang Electric completed the investigation and accountability on 14 quality accidents in 2016 and 2017 with over 30 leaders under the management of Party organization held accountable. More than 800 person-times of quality accountability campaigns were carried out in all enterprises under the Company.

"Long-term Quality Assurance Campaign" continued. Visits in 19 power plants were arranged under the leadership of the management of the Company to collect and tease out typical quality problems and make breakthroughs in quality improvement. Remarkable achievements have been made in quality improvement projects.

The quality loss of the Company decreased over 30% year on year and achieved the quality target of "zero significant quality accidents" and "a quality loss of not more than 0.4%".

Governance and operation

Product Responsibility

Fostering elites in cooperation with users

As a part and an extension in the power station service industry, user training fully shows its lifetime services for users. Dongfang Electric has been devoted to providing users with better services and strengthening cooperation with users to foster elites and create a bright future for the power industry in the PRC together.

Dongfang Electric Management School organised user training courses covering Guohua Electric Power, Guoshen Company and other power generation companies under Shenhua Group.



2017

Training platform of
Dongfang Electric

Number of participants
in trainings

307

Total days of trainings

131 days

It offered the first session of user training courses for China Datang Corporation, China Guodian Corporation, State Power Investment Corporation, China Huadian Corporation, Shenhua Group, Yudean Group, Hubei Energy Group, Zhejiang Energy Group and other power companies. It innovated the forms of trainings with more participants and intensive quality and extensive contents.



Governance and operation

Corporate Governance

The Company has been committed to continuously improving its corporate governance structure and standardizing corporate operations in strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant laws and regulations of the China Securities Regulatory Commission ("CSRC") and requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. An effective check and balance mechanism has been established with segregation of duties and coordination among the general meeting, the board of directors, supervisory committee and managers of the Company.

In accordance with requirements of the regulatory bodies such as the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the CSRC, the Company established comprehensive governance

systems, mainly including the Regulations for the Work of Remuneration and Assessment Committee, Regulations for the Work of Nomination Committee, Regulations for the Work of Audit and Review Committee, Regulations for the Work of Risk Management Committee, Regulations for the Work of Strategic Development Committee, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Rules for Procedure of the General Meeting, Management Measures for Cash Dividends and Shareholders' Return Plan for the Next Three Years. In order to further regulate acts of inside information management and to strengthen confidentiality of inside information, the Company formulated and complied with the Systems for Registration of Insiders and Management for External Users to effectively maintain openness, fairness and justice of information disclosure of the Company.

◆ In relation to shareholders and general meetings

The Company is able to treat all shareholders equally with due respect and protect their interests. In particular, minority shareholders are entitled to their status and fully exercise their rights with their legal interests being protected. The Company ensures that shareholders are entitled to their right of access to information and right to participate in decision-making in respect of material events of the Company as required by laws and administrative rules and regulations. By strictly following the relevant requirements for convening and holding general meetings set out in the Articles of Association and the Rules for Procedure of the General Meeting, related persons are arranged to abstain from voting on connected transactions, so as to ensure that connected transactions are open, equal and fair. In 2017, the Company held three general meeting which was witnessed by lawyers with their legal opinions issued in such respect.

◆ In relation to Directors and the Board of Directors

The eighth session of Board of Directors of the Company consists of 8 Directors, of which 3 are independent non-executive Directors. The Board has set up the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk Management Committee.

All the Directors are familiar with relevant laws and regulations as well as their responsibilities, rights and obligations, and are able to fully express opinions on the matters discussed. All Directors are able to perform their duties in an honest, faithful and diligent manner and in the interests of the Company and all Shareholders as a whole. The Company convened the Board meetings in strict accordance with statutory procedures. In 2017, a total of 10 Board meetings were convened.

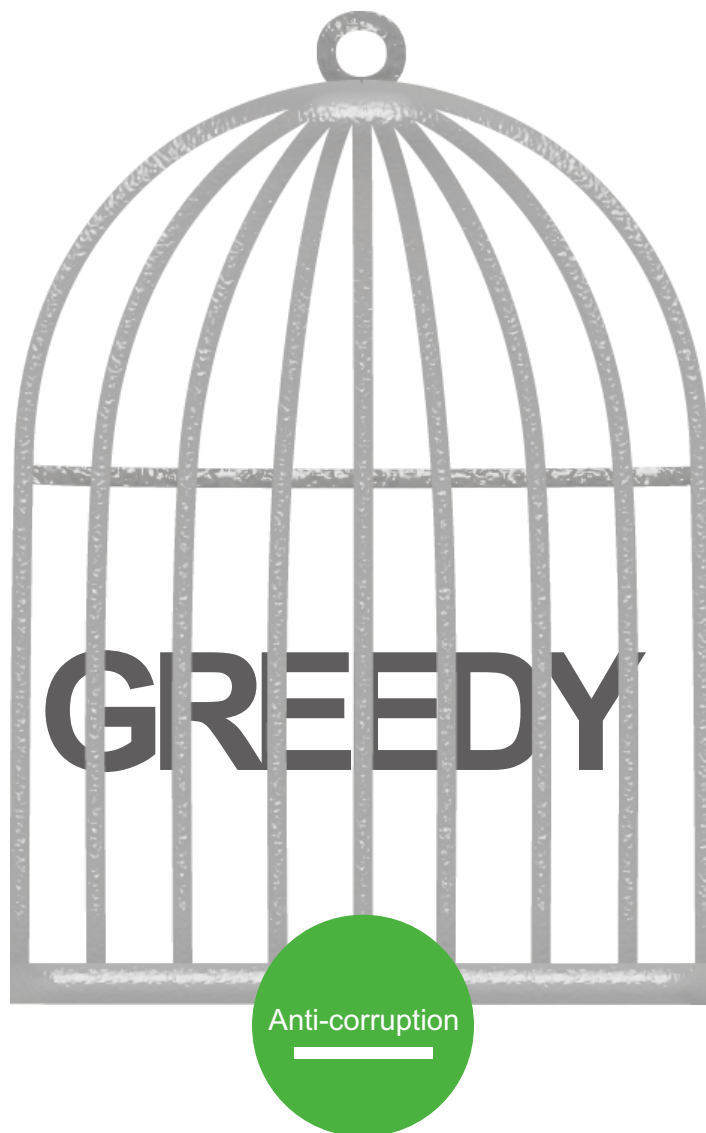
◆ In relation to Supervisors and the Supervisory Committee

The eighth session of Supervisory Committee of the Company comprises 3 Supervisors, of which 2 are shareholders representative Supervisors and 1 is staff representative Supervisor. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and all its shareholders in accordance with the Company Law, the Securities Law as well as the requirements of the Articles of Association and Rules of Procedure of the Supervisory Committee. During the Reporting Period, the Supervisory Committee held a total of 5 meetings.

◆ In relation to stakeholders

The Company is able to fully respect and protect the legal interests of stakeholders and also places high emphasis on social responsibility, with a view to achieve a balance among the interests of various parties including shareholders, staff and the society; and for enhancing the continuous and healthy development of the Company.

Governance and operation



- Giving full display to the supervision mechanism of Dongfang Electric featuring integration of discipline inspection and supervision, audit, tour inspection, the Supervisory Committee and investors, the Company took joint actions with the coordination of various functional departments in strictly implementing political disciplines and creating a clean political ecosphere. It established a mechanism on the transfer of significant problems identified in auditing and conducted special investigation on clues thereto, thus performing responsibilities in supervision and discipline enforcement.
- It achieved full coverage of internal tour inspection and fully displayed the decisive effects of comprehensively strengthening Party discipline. The Party Committee established the tour work office, released the special tour plan for 2017 and carried out special tour inspections. Besides unplanned tour inspections on "reporting by one and reviewing by two" in personnel selection and appointment in Dongfang Wind Power Co., Ltd. and branches for international projects, the Company also deepened special supervisions of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and conducted special supervisions on self-inspection and self-rectification in a total of 14 secondary and tertiary enterprises under it. It also published a special issue of Tour Inspection by Party Committee of Dongfang Electric to brave problems and display the role of tour inspection as a sharp sword.

EMPLOYMENT AND LABOUR PRACTICES

Employment

■ Transparent recruitment of talents -----

➤ The Company recruits high-calibre talents through multiple channels including campus recruitment, internal selection and social recruitment as well as recommendations of headhunters. The Company implements the fair, open and justice employment policy, precludes discriminatory terms such as the nation, race, gender, religion, etc., and sets out no requirements irrelevant to the posts such as specific educational backgrounds and domicile regions. Besides, people to be employed will undergo a public notification for at least 7 days as prescribed to display the Company's initiative in accepting social supervision and ensuring the openness and transparency of the recruiting work.

■ Consistent improvement of the emolument distribution system -----

➤ The Company carries out performance assessment for the whole crew and has constructed a position-to-capacity-based and performance-concentrated emolument system. For members of the leading group at all levels, the Company adopts the annual payment system; and for other in-service personnel other than the leading group, distribution modest including post and performance-based payment system, projected income system, collective bargaining wage system and the system of supplementary wage for specific qualifications are implemented to give play to the inspirational function of emolument. What's more, the Company has been in strict compliance with the local minimum wage levels and the subsistence security standards so as to guarantee the basic living conditions of certain special employees.

■ Guaranteeing the rights of rest and vacation of the staff -----

➤ The Company adopts working arrangement of 8 hours per day and 40 hours per week. In strict adherence to the national stipulations on rest and vacation, the Company has established the employee vacation management system and provides vacations for not less than the prescribed days of the PRC for employees eligible for the leave requirements, thus guaranteeing the rights of rest and vacation of the staff.

■ Paying attention to occupational planning for the staff -----

➤ The Company designs occupational development channels and paths for each post by category in line with the staff's occupational planning in each position. It standardizes the promotion criteria and highlights competence for the post and job performance to eliminate phenomena such as measurement of family background, positional titles and seniority, etc., in promotion. In addition, the Company has established the staff occupational development self-guided and motivated mechanism to create conditions for the staff to fulfill themselves.

■ Establishment of harmonious labor relations

➤ The Company has established a series of systems such as the employee induction management, management of labor contracts, promotion management, performance assessment, dismissal management, etc., which enables the Company to assign the employees to suitable posts in good time in light of their respective personality traits, knowledge composition, ages and physical conditions, personal specialties and other factors. Post rearrangement and training opportunities are available for employees unadaptable to the work of certain positions. The Company dissolves the labor contracts and pays severance package for employees that satisfy the criteria of labor contract termination in accordance with relevant laws and regulations.

Employment and labour practices

Structure of the staff

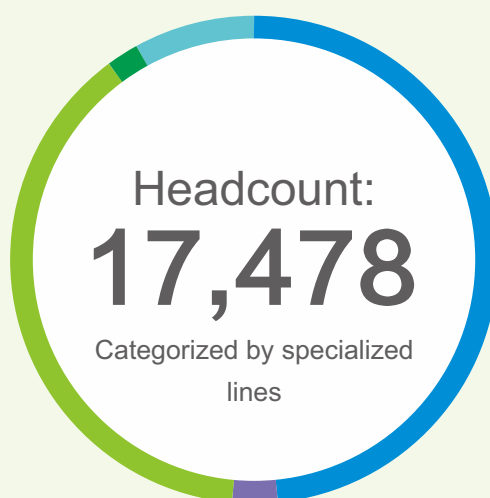
Production personnel
8,486

Salespersons
502

Technicians
6,731

Finance personnel
347

Administrative staff
1,412

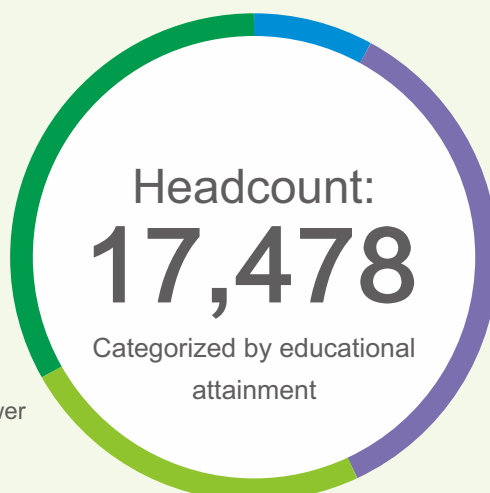


Master degree or higher
1,360

Bachelor's degree
6,188

Professional college
4,120

Technical secondary school and lower
5,810



Employment and labour practices

Health and Safety

Number and ratio of work-related deaths▼

0

There was no production safety accidents that caused deaths

Lost days due to work-related injuries▼

There was no accidents that caused serious injuries and 17 production safety accidents that caused minor injuries with 17 employees injured and 949 weekdays lost throughout the year..

Occupational health and safety measures adopted

➤ **Implement safety responsibilities:** Pursuant to the requirements of the Opinions of the Central Committee of CPC and the State Council on Promoting the Reform and Development in the Field of Safety Production and the Production Safety Law, the Company adjusted members of the Safety Production Committee, revised and improved regulations on safety production and systems on safety production responsibilities, further specified safety production responsibilities at all levels and enhanced safety production responsibility systems. The Safety Production Committee held special meetings on safety production to arrange safety production work, set specific targets, strengthen assessment and ensure the implementation of responsibilities.

➤ **Increase investment in safety:** The withdrawable safety production fee was RMB54,359,000 with RMB56,697,000 actually withdrawn and RMB55,524,000 used in 2017, which were mainly used in buying and updating safety protection articles, identifying and rectifying hidden hazards in safety production as well as testing and inspection on safety facilities and special equipment.

➤ **Strengthen hidden hazards identification:** Based on the arrangement on national and local inspections on safety production, the Company prepared implementation plans on inspection and carried out safety inspections with the combination of self-inspection of enterprises and special supervision and inspection of the Company, with 4,041 hidden hazards identified and solved throughout the year.

➤ **Enhance education and trainings:** The Company earnestly performed main responsibilities in education and trainings on safety production with focuses on safety operation regulations for posts, identification of danger sources and hidden hazards, protection of occupational health, knowledge and fire prevention and safety and emergency response. Education and trainings on key positions were intensified. The Company arranged various safety education and trainings for over 26,000 person counts in aggregate during the year.

➤ **Standardize occupational health surveillance:** Pursuant to the requirements of the Technical Specifications for Occupational Health Surveillance, the Company further identified occupational hazard factors in production and operation activities and improved physical examination items for occupational health. It standardized occupational health surveillance, regularly monitored and assessed current occupational hazard factors and carried out physical examination for occupational health. 5,285 employees exposed to occupational hazard factors received physical examination for the year and the Company recorded a full coverage of physical examination for occupational health.

➤ **Improve emergency response capacity:** Following the requirements of the Measures for the Administration of Contingency Plans for Work Safety Incidents and based on the identification of danger sources and assessment on safety risks, the Company revised and released emergency proposals on safety production accidents at all levels. Focusing on the leakage of dangerous chemicals, sudden failure of lifting equipment, fire accidents in power transformation and distribution stations, emergency evacuation in people-intensive sites and anti-terrorism and emergency evacuation for overseas projects, it regularly conducted exercises on emergency plans. The Company carried out 105 emergency exercises on various safety production accidents during the year, which further enhanced its emergency response capacity.

Employment and labour practices

Development and Training

► The Company has established corresponding management mechanisms concerning induction, fulfillment of position responsibilities, promotion, etc., and training systems for practitioners within their career cycle. It has developed a set of training systems including trainings for new recruits, position requirements, vocational qualification certificates as well as occupational health and safety, which enables the Company to organize relevant knowledge and skill trainings for targeted positions in light of different vocational development phases of employees. Besides, the Company also takes such measures as practical operation, handing-down teaching, position rotation and exchanges as well as overseas trainings to constantly improve the staff's position competence. In 2017, the Company mainly carried out internal trainings, off-job expatriate trainings and other diversified trainings for the staff and engaged the entire personnel in principal.

Labour Standards

► In strict compliance with the Labor Law, Labor Contract Law, National Occupational Health Standards, and other relevant laws and regulations, the Company has specified the age requirements for each post and prohibits the use of child labor of any kind. The Company follows strictly to the relevant laws and regulations, takes no actions regarding forced labor by means of violence, threat or illegal restriction of personal freedom and prohibits and precludes any forced labor. In addition, the Company transacts various social insurances and housing provident funds for practitioners according to laws. It also enters into labor contracts, employment agreements or labor agreements with employees, and dissolves and terminates labor contracts and pays severance allowances as prescribed for outgoing employees according to laws, thus preserving the legal rights and interests of the Company and its staff, boosting the harmonious labor relations of the Company and safeguarding the rights and interests of the staff.



Community

Targeted Poverty Alleviation

People covered by poverty alleviation

11,517

Funds used for poverty alleviation

RMB2.56 million

Public welfare for community

In 2017, Dongfang Electric implemented the development concept of "innovation, coordination, greenness, openness and sharing" and discharged its social responsibility as a central enterprise in an exemplary way.

As a response to the central government's call on shaking off poverty with a firm hand, the Company insisted on targeted poverty alleviation and poverty ridding. Steady efforts were exerted to proceed with the poverty alleviation at designated places in Jixian, Shanxi and Zhaoju and Rangtang, Sichuan and to promote 8 poverty alleviation projects at designated places including "Poverty Alleviation for Ten Thousand Villages in One Hundred Counties", Dongfang Electric Hope Primary School, Dongfang Electric -Scholarship and Educational Grants for Zhaojue County, and Collective Economy in Rangtang County benefiting 11,517 people.

Dongfang Electric implemented a number of measures simultaneously and assigned special poverty alleviation personnel. The funds invested in poverty alleviation amounted to RMB2.56 million and the goods donated were equivalent to RMB273,000. The Company assisted the introduction of investment amounting to RMB1,346,000 and purchased specialty agriculture products amounting to RMB3.17 million from the poverty-stricken areas in a centralized way. In addition, the Company also introduced PV poverty alleviation projects and drove the construction of wind power bases to promote poverty alleviation through industry development.

Focus on livelihood-oriented poverty alleviation and improvement of living environment

Leaders took the initiative in implementation. Zou Lei, Chairman of Dongfang Electric, led a team to Zhaoju County, Sichuan Province to conduct survey and investigation for the poverty alleviation projects including solar street lamps, new stockaded village of the Yi nationality and "One Kindergarten for One Village" in the designated places for poverty alleviation, visit the registered poverty-stricken families and donate sports facilities to Dongfang Electric Hope Primary School.



Zhang Xiaolun, President of Dongfang Electric, led a team to Jixian County, Shanxi Province for field survey on the targeted poverty alleviation work of Dongfang Electric in Jixian County and engaged in discussion and exchange with the major leaders of the Party committee and government of Jixian County.



Proactive implementation of "Poverty Alleviation for Ten Thousand Villages in One Hundred Counties". The Company invested over RMB500,000 in building a road of approximately 800m for Baiziyuan Village, Baishansi Town, Jixian County. The project benefits approximately 1,800 villagers in two poverty stricken villages to facilitate fruit farmers' transportation of apples and villagers' daily life.

Active execution of "Solidarity Engineering". The Company appropriated RMB500,000 to Jixian County for the people who were in trouble with their basic livelihood due to emergencies or accidents. The way of "One Method for One Thing, Special Method for Special Thing" was adopted to offer financial support.

Community

Public welfare for community

Focus on poverty alleviation through industry development to improve independent development competence



Poverty alleviation through development of wind power industry. Dongfang Electric built a wind turbine and blade manufacturing base in Liangshan Prefecture, a 10 GW level wind power base as approved by the National Energy Administration, which promoted the formation of a complete industrial chain covering wind turbine blades, wind turbines, glass fabric, cabin cover, tower, etc. in Liangshan to offer jobs for local people waiting for employment and enable more and more young migrant workers to return home for work. At present, nearly half of the over 400 employees at Liangshan manufacturing base of Dongfang Electric are locals. In addition, other supporting enterprises introduced in the centralized industrial area also provide nearly 300 jobs for locals. In virtue of "Wind Power Drives Liangshan Development" targeted poverty alleviation model and model of local operation of wind power industry as created by Dongfang Electric, achievements were made in both targeted poverty alleviation and self-development.



Promotion of poverty alleviation through "mountain products" e-commerce. The Company further cooperated with other organisations of central enterprises in Shanxi for poverty alleviation to jointly promote the development and construction of the poverty alleviation model relying on "Mountain Products of Lvliang". In September 2017, the "Mountain Products of Lvliang" Poverty Alleviation Activity and Bulk Purchase by Central Enterprises Fair was held in Beijing and the cadres holding a temporary posts in Jixian County introduced apple of Jixian County and "Damingyipai" primary pulp fruit and vegetable juice as spokespeople to promote the transactions between over 40 central enterprises and Jixian County. Dongfang Electric was granted the honorary title of unit with special contributions in "Mountain Products of Lvliang" poverty alleviation activity by the Poverty Alleviation Office of Shanxi Province.

Introduction of PV poverty alleviation project. The Company introduced its partners to participate in the construction of the PV power project in Zhaojue County. The total capacity of the project is 160MW and the budget of aggregate investment is RMB1 billion. In 2017, the filing (approval) for construction of the 30MW PV power station was completed with an estimated investment of RMB250 million.

Boosting development of collective economy. The Company donated RMB500,000 to assist Xiadashigou Village, Shili Town in purchase of 125 yaks for development of yak breeding industry.



Community

Public welfare for community

Focus on education-oriented poverty alleviation to eliminate intergenerational continuity of poverty

In addition to donating machining equipment and building workshops for practical training usage for a vocational middle school in Jixian County, the Company provided regular maintenance for equipment. The Company cooperated with the leadership of the school in working out the plan on education-oriented poverty alleviation for 2017-2020 to specify task concern detailed supporting measures of each year and arrange and dispatch professional technicians to support the teaching of practical training based on the course arrangement of the school. The cadres holding temporary posts regularly went to Huigong Primary School in Huigong Village, Tunli Town, Baolian Village to investigate education and understand management of teaching faculty and purchased school supplies for all 62 students of the school.

The Company donated goods amounting to RMB47,630 to Dongfang Electric Hope Primary School including two basketball stands, basketballs and other sporting goods, and also donated funds of RMB300,000 to 510 poor students in Zhaojue County as scholarship and educational grant. RMB700,000 was contributed for the construction of "One Kindergarten for One Village" preschool education house at Layimu Village, Layimu Town and Limidi Village, Yimudi Town.



Community

Public welfare for community

Focus on targeted poverty alleviation to ensure accurate assistance to households in need

The Company spent RMB952,000 in purchase of 55t apples from Jixian County in a centralized way; RMB309,400 in purchase of 4,550 boxes of Sichuan pepper; RMB1,011,000 in purchase of 4,700 packs of Renzushan series coarse cereals. The Company invested a total of RMB2.272 million in poverty alleviation through consumption by means of centralized purchase and recommended employees to contact merchants in Jixian County and spend approximately RMB50,000 for purchase of goods.

The Company successively organised a number of centralized purchases of 100,000 catties of radishes, potatoes and other speciality agricultural products from the poor rural households in Tebuluo Town, Zhaojue to solve their difficulty in sales and increase their income by over RMB100,000.

The Company organised purchase of 1,775 shares of native products including double-low rapeseed oil and wild mushroom with an aggregate amount of approximately RMB740,000 from Rangtang County to greatly promote

the enthusiasm of farmers and herdsmen to increase production and digging of products.

After the hail disaster in Jixian County, Dongfang Electric donated RMB52,000 to build a anti-hail net covering an area of 13 Mu for two registered poor households in Zhongduo Town and arranged the cadres holding temporary positions to match with local poor households for the purpose of assistance. Targeting at the reasons of poverty, the Company prepared the "One Policy for One Household" and plan on poverty alleviation. Besides, the Company assisted 1 poor household to find a job; 1 poor household to access to education; 1 poor household to apply for and obtain Yanran Foundation (leukaemia of children) with a subsidy of RMB30,000; and 1 poor household in application for becoming a contractor of collective economy to assist with the village's collective breeding of yaks. Enterprises were organised to Zhaojue County for special recruitment on site and to help the poor households of Zhaojue County in solving the problem of employment and increase their income.



In 2017, the Company strengthened publicity and report on poverty alleviation through internal and external media including the Group's WeChat Official Account, internal website, official website, Xinhuanet and Sichuan Daily for an aggregate of 13 times. In order to widely publicize and report the story of Dongfang Electric in relation to targeted poverty alleviation, the Company organised the preparation and printing of 30 Poverty Alleviation Stories of Dongfang Electric which was circulated in and out of the Company to raise people's concern and support for poverty alleviation.

Community

Care for staff

Creating a happy life for staff

In Dongfang Electric, the “harmony” culture, “innovation” culture, “Spirit of Dongfang Electric”, “Spirit of Construction of Three Tiers of Areas”, etc., are gradually sophisticated and become profound cultural deposits, providing powerful driving force for better and faster corporate development. The core value of “harmony and unity of the society, enterprise and staff” is an important representation of the corporate mission of promoting social development and safeguarding staff’s interests. All these characteristic “Cultures of Dongfang Electric” will accompany Dongfang Electric along the way to a more beautiful future.



New Year's Collective Greeting Party of Dongfang Electric in 2017



The Sixth Group Wedding Ceremony jointly held by the trade union at the headquarters of Dongfang Electric and the trade union of Dongfang Boiler



Brisk walking themed by “Green Life, Walking towards Fitness” held at the headquarters on the Women’s Day



The sixth staff badminton game at the headquarters of Dongfang Electric



Staff bodybuilding exercise of Dongfang Electric



Staff table tennis game of Dongfang Electric



Plant-circle-around running of Dongfang Electric



Self-control carnival of Dongfang Electric



The thirteenth “Zhenxing Cup” staff sportsgames of Dongfang Steam Turbine



2017 New Year jogging activity of Dongfang Boiler



The second female staff marathon of Dongfang Boiler to celebrate the Women’s Day



The “Refinement Cup” employee futsal game of Dongfang Wind Power





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