

CSR Report of Dongchang Group (2019)

Preface

Shanghai Dongchang Enterprise Group Corporation Limited releases an annual report on corporate social responsibility at the end of December each year. This report is the 13th summary of Dongchang Group's CSR related activities.

While the world economy was amidst a changeable situation in 2019, the domestic economy underwent continuous downward pressure. Over the past year, Dongchang Group has actively innovated, sought progress in stability, and put forward a new concept of "second venture" to build up a robust enterprise and to rise to the challenge. On the one hand, the enterprise group focuses on intensive cultivation of existing businesses, further optimization of assets, improvement of returns, and promotion of high-quality development of enterprises; on the other hand, the group optimizes the allocation of internal resources, grasps opportunities dynamically, and creates a new revenue-generating model for enterprises. While striving to enhance the overall value of the enterprise, the group will contribute more strength to the development of the national real economy.

Dongchang Group, full name of Shanghai Dongchang Enterprise Group Corporation Limited, was established in Shanghai in 1993. It is a large-scale comprehensive enterprise group with investment in the real economy as its core, registered and domiciled in Lujiazui Finance and Trade Zone and Shanghai Free Trade Zone, Shanghai, China. It is listed as the top 50 Shanghai enterprise groups in comprehensive strength by Shanghai Municipal Bureau of Statistics. The "Dongchang" trademark is a well-known trademark in China recognized by the Trademark Office of the State Administration for Industry and Commerce. Dongchang's automobile sales and maintenance services have won "Shanghai Famous Brand" for many consecutive years.

Dongchang Group takes investment in the real economy as its core, and its business areas include intelligent manufacturing and service, automobile sales and service, financial leasing and service, etc. Dongchang Group operates a number of advanced manufacturing and modern service companies with industrial distribution in many provinces and cities in eastern, northeastern and central-western China. Dongchang Group is among the first batch of enterprises passing CSR certification in China, and is awarded the title of "Outstanding Model Enterprise for Performing Corporate Social Responsibility " by the government.

Dongchang Group's manufacturing business started in 1996. It has established joint ventures and cooperation relationship with a number of the Fortune 500 companies to engage in the research and development, manufacturing and assembly of new materials and parts for automobiles. "Dongchang Intelligent Manufacturing" adheres to the market orientation, relies on advanced technology and excellent staff, strategically invests in the research and development and manufacture of new energy automobiles and intelligent automobiles, and continuously provides innovative products and services. The intelligent automobile manufacturing enterprises with Dongchang as the leading stakeholder are committed to innovatively applying intelligent technology to various scenes of human-car-travel-life. Thanks to the solid foundation in automobile manufacturing and technical quality, its first mass-produced intelligent pure-electric SUV has been put on the market. In addition, Dongchang Group has developed a modern productive service mode of "equipment life-cycle integrated management", won the "First Prize

for National Management Innovation Achievements" and has been recognized as "Shanghai Municipal New and High-tech Enterprise " for 10 consecutive years.

Dongchang Group's auto sales company is a consortium of automobile sales and aftermarket integrated service enterprises, with automobile sales, maintenance, spare parts, information consulting and other automobile integration service systems. It is a well-known brand in the national automobile sales service industry and "Top Ten Automobile Dealers in China". The automobile sales and maintenance services have both been recognized as "Shanghai Famous Brand". The company's franchised distribution and authorized after-sales service cover world-famous automobile manufacturers. The regions covered by the service include Shanghai, Jiangsu, Zhejiang, Anhui, Tianjin and other provinces and municipalities directly under the central government.

With the approval of the China Banking and Insurance Regulatory Commission, the financial leasing company initiated by Dongchang Group is the first mixed-ownership financial leasing company in Shanghai, which is mainly privately owned, and compatible with listed companies and central enterprises holding company. The company has actively explored innovative development modes of the financial leasing industry, and has also taken the lead in piloting auto financial leasing to create a professional auto consumption ecological circle. The company actively responds to national policies, focuses on the deployment in SMEs of scientific and technological innovation, makes full efforts to build professional financial solutions, and helps SMEs of scientific and technological innovation to develop high-quality enterprises.

2. Core Value and Mission

2.1 Core Values

Dongchang Group's vision is to develop the core business of financial services and industrial investment, strive to become a leading productive service enterprise featuring a full supply chain and "equipment life-cycle integrated management", make a leading brand in the field of domestic automobile consumption, realize the "Chinese Dream" for every employee, bring the dream of automobile life of many Chinese people to truth, and make an outstanding corporate citizen doing more contributions to the society.

Dongchang Group's core value is to uphold the principle of "people-oriented, customer first" and the enterprise spirit of "pioneering and enterprising, team work, honest service and continuous improvement".

2.2 Corporate mission

The corporate mission of Shanghai Dongchang Enterprise Group Corporation Limited and its subsidiaries is: to be responsible to employees by providing reasonable remuneration and welfare, as well as a good working atmosphere that allows them to work in peace and contentment; responsible to customers by adhering to the spirit of service first, steadfast management with honesty and integrity; responsible to business partners by maintaining mutual benefits and win-win results, and jointly promoting the development of the whole industry; responsible to the government by improving performance, paying taxes in full, creating jobs, and participating in deliberation of state affairs; responsible to the society by doing our best to give back to the public; and responsible to the environment by saving valuable resources and protecting the ecological environment.

Dongchang Group and its subordinates have the courage to assume the responsibilities of rights and interests, environment, integrity and harmony. They are responsible to employees, customers, business partners, government, society and environment. They actively assume corporate social responsibilities and are committed to becoming outstanding corporate citizens.

2.3 Development Strategy

Dongchang Group's development strategy is sustainable development, including enterprise industrial structure optimization and upgrading strategy, enterprise talent strategy, brand cultivation-development-value enhancement strategy, full-staff service innovation strategy, etc. An important task of strategic significance is to improve the corporate social responsibility system and promote the high-quality development of enterprises.

3. Enterprise memorabilia

In January 2019, Dongchang Group Trade Union won the honorary title of "Advanced Trade Union" of Trade Union Federation of Enterprises Directly under Jurisdiction of Pudong New Area. Shanghai Zhongtong Auto Parts Co., Ltd, a subsidiary of the Group, won the "2018 Cooperation with Absolute Sincerity" award granted by its core customer.

In March 2019, nearly 300 CPC members of Dongchang Group all joined the learning platform "Revitalizing the Country through Learning" and use their time fragments in learning.

In April 2019, Shanghai Pucheng Real Estate Development Co., Ltd., a subsidiary of Dongchang Group, won the title of "2018 Four-Star Unit of Advanced Enterprises in Pudong New Area Real Estate Development Enterprises for Integrity and Commitment".

In May 2019, Shanghai SETECH Integrated Supply Corp., a subsidiary of the Group, joined the Shanghai Intelligent Manufacturing Industry Association. Shanghai Dongyu Materials Co., Ltd. passed the auditing of OHSAS18000 Enterprise Occupational Health and Safety Management System.

In June 2019, the CPC Committee of Dongchang Group launched the educational study on the theme of "Do not forget your initiative mind, Keep in mind the mission". The campaign took the study and implementation of Xi Jinping's thought of socialism with Chinese characteristics in new era as the primary political task and carried out in-depth education on revolutionary tradition, situation and policies, and education by learning from advanced models.

In July 2019, the Dongchang Auto Skills Competition was successfully held. The competition lasted for more than a month, realizing the learning and communication between different regions and brands, and consolidating its own competitiveness and comprehensive strength.



On August 10, 2019, in order to commemorate the 98th anniversary of the founding of the CPC, the party branch directly under Dongchang Group and the party branches of Pucheng, Dongyu, Auto Investment, Zhongtong and FAURECIA jointly visited Pudong New Area Party Construction Service Center, and took an oath solemnly under the banner of the Party to complete a lively and serious party class.



On November 5, 2019, Ding Jianzu, leader of Dongchang Group, attended the opening ceremony of the 2nd China International Import Expo and Hongqiao International Economic Forum held on that day.

In November 2019, Dongchang Group Trade Union organized a training course for grass-roots trade union chairmen and members of the Economic Review Committee to thoroughly implement the spirit of the Fourth Plenary Session of the 19th CPC Central Committee.

4. Company Management System and Performance

In order to maintain sustained and steady business development and ensure active and effective performance of corporate social responsibility, Dongchang Group has established a sound corporate governance structure and management system.

4.1 Management of Economic, Environmental and Social Affairs of the Company by the Board of Directors

The Group strictly abides by the Company Law of the People's Republic of China and other relevant laws, conducts corporate governance activities in accordance with relevant laws and regulations promulgated by regulatory authorities and in combination with the actual situation of the company, and continuously improves the corporate governance structure. Board of directors and senior management of Dongchang Group and its subordinates perform their respective rights and obligations as entrusted under the Articles of Association.

The boards of directors of Dongchang Group and its subordinate companies have made strict assessment and evaluation of managers according to the assessment rules, made resolutions, issued targets related to economic, environmental and social affairs, formulated and guided the implementation of a innovative management model with Dongchang characteristics, and continuously optimized the process of this management mode. Keeping pace with the times, Dongchang Group as a whole has achieved steady development with quality.

4.2 Policies Related to Economic, Environmental and Social Performance and Implementation Thereof

Adhering to high-quality development, the Group keeps pace with the changes of the times, continuously improves the informatization level of the enterprise, updates and upgrades the intelligent management system, and improves the working efficiency of the company.

According to the requirements of the board of directors, the functional departments and the managers of subordinate companies make annual, monthly and weekly plans to fulfill their economic, environmental and social responsibilities. During the CSR reporting year, the Group upgraded its informatization level, implemented mobile schedule management for all employees, and extended it to subordinate enterprises to realize real-time schedule sharing and accept the supervision of the board of directors and authorized agencies.

According to the requirements of high-quality development, Dongchang Group has continuously improved the organization structure, system and management operation mechanism of the Group and its subordinate companies to promote efficient, sustainable and healthy development of the enterprise, thus realizing high-quality development. During the CSR reporting year, Dongchang Group introduced a project management system to improve work efficiency and realize quantifiable and traceable management of work. The document management system will be upgraded again, and an enterprise public relation database will be established to realize electronic management and archiving of resources.

In addition, Dongchang Group attaches importance to the implementation of environmental, health and safety policies, has formulated a series of safety management systems, and has carried out a series of safety knowledge training, competitions, field training of fire prevention and other activities. During the CSR reporting year, four types of garbage cans were set up in the Group's

office space to strictly implement garbage sorting. The Group also combed out redundant computer resources for scrap and reuse, saving enterprise costs and avoiding waste of social resources.

With the progress of a number of information programs, the Group has taken solid steps in improving office automation and management efficiency, increasing investment in innovation of scientific research and management mode, laying a foundation for the high-quality development and transformation of enterprises.

5. Responsibility Mechanism and Performance in Response to Stakeholders' Demands

5.1.1 People-oriented Employment System

Dongchang Group adheres to idea of people-oriented development, introduces key university graduates and social elites at home and abroad with an open and inclusive attitude, devotes itself to the cultivation of versatile and innovative talents, and builds a team of outstanding talents with both strength and creativity. During the CSR reporting year, Dongchang Group gave corresponding feedback to employees' demands and assumed its own corporate social responsibility.

Dongchang Group actively creates an employment environment in which people can give full play to their talents, earnestly protects the legitimate rights and interests of employees, cares for the growth of employees, and improves the career development system. The Group adheres to the combination of industry-leading salary strategy and stable welfare system, opens up multiple career development channels, continuously improves the mechanism of professional ability training and cultural identity shaping, formulates personalized talent development plans for the diversity of talents, and realize the career path of combining personal development with long-term development of enterprises and maximizing personal interests and long-term interests of enterprises.

Dongchang Group has a regular medical examination and occupational disease prevention system. Employees are entitled to enjoy paid annual leave according to regulations and pay the social insurance for the employees in full and on time, with a payment rate of 100%. In May 2019, Shanghai Dongyu Materials Co., Ltd., a subsidiary of Dongchang Group, passed the auditing of OHSAS18000 Enterprise Occupational Health and Safety Management System.

In terms of creating a safe and harmonious working environment, Dongchang Group effectively implements the rules and regulations on labor safety and health, labor discipline and other aspects, and conducts a series of safety knowledge training, competitions, fire prevention field training and other activities every year. During the CSR reporting year, Dongchang Group had no accidents of personal injury or major property loss.

5.1.2 Rich recreational activities for the employees

Trade unions cover all subordinate enterprises and organize various trade union activities every year. Dongchang Group and its subsidiaries organize employees to carry out leisure tourism, sports competitions and other recreational activities every year to enrich the cultural life of employees. In August 2019, the Human Resources Department of Dongchang Group organized a happy island tour for all employees. All employees of the Group's headquarters participated in the activity, which increased team cohesion and enhanced communication among colleagues.

Dongchang Group held qualification trials among the staff for Pudong New Area staff dance competition "Singing the Chinese Dream and Building a New Era of Merit" in 2019, and the qualified staff dancers, with their selected program, won the third prize in the dance competition.

In November 2019, Dongchang Group organized a photography competition for employees on the themes of post pioneer, voluntary services, enterprise profile, etc.

The company organizes birthday party for employees every month, celebrating birthday together and giving gifts to those whose birthdays are in that month, giving them the home-like warmth. In every hot summer season, Dongchang Group and the trade union leaders always care for front-line employees, bring summer-heat prevention and cooling supplies, and offer comfort and thanks to the front-line laborers.

During the CSR reporting year, Dongchang Group responded to the "Orange Ribbon Project" initiated by the Municipal Federation of Trade Unions by renovating and setting up the "Loving Mommy House" in the office building of the Group, providing a private, clean, comfortable and safe resting place for female employees during conceiving-preparation, pregnancy and lactation, and providing humane and warm services.

5.2.1 Customer service

Dongchang Group pays close attention to customer needs, attaches great importance to customer feedback, and strives to provide high-quality services to customers. In response to customers' different demands, Dongchang Group has corresponding responsibility mechanisms and undertakes its intrinsic corporate social responsibilities. In terms of providing high-quality services, we will provide customers with all-round and professional high-quality services. Each subordinate has a professional customer service center, which is responsible for collecting customer feedback, solving difficult and complicated problems of customers' car use, and providing warm and thoughtful service. Progress and improvement have been made in terms of customers' satisfaction to and recognition of Dongchang Group's service.

In terms of interaction with customers, relying on Internet technology, Dongchang Group relies on the Internet technology for innovative patterns of interaction through interconnection of official websites, official Wechat account and other Internet platforms, which allows timely release of Dongchang Group information and facilitates the customers to know Dongchang's updates, and makes services more efficient, convenient and considerate. In the year of this report, the official websites and official Wechat accounts of Dongchang Group and its subsidiaries have maintained an active dynamic update frequency.

5.2.2 Actively Respond to the Call of the Party and Government

Dongchang Group actively studies the Party's principles, guidelines and policies, responds to the call of the Party and the government, strives to improve its economic performance, conforms to the development trend of the economy from high-speed development to high-quality development, pays attention to the resources and environment of the earth, and strives hard to offer our contribution to enhance the comprehensive strength of the country and realize the high-quality development of the national economy.

Dongchang Group has repeatedly organized cadres and employees of enterprises to study the Party's principles and policies and the spirit of important meetings. In February 2019, the Group organized the senior management of its subordinate companies to attend legal training and listened to the special reports made by expert in international studies on the domestic and international economic situation. In March 2019, nearly 300 CPC members of Dongchang Group all joined the learning platform "Revitalizing the Country through Learning" and use their spare time in learning. In June 2019, the CPC Committee of Dongchang Group launched the educational study on the theme of "Do not forget your initiative mind, Keep in mind the mission". The campaign

took the study and implementation of Xi Jinping's thought of socialism with Chinese characteristics in new era as the primary political task and carried out in-depth education on revolutionary tradition, situation and policies, and education by learning from advanced models. In November 2019, the Group supported Shanghai's hosting of the 2nd Import Expo, and the Party Committee of Dongchang Group and the party committees of its subordinate enterprises organized party members and employees to carry out traffic civilization propaganda and traffic order maintenance activities at the intersection of Zhangyang Road with Century Avenue. At the same time, Dongchang Group and its subsidiaries also organized a total of more than 40 people to participate in the 2nd China International Import Expo as professionals.



Dongchang Group pays all taxes in accordance with the law, in good faith and in full. In terms of job creation, Dongchang Group and its subsidiaries have provided different types of jobs in administration, finance, personnel, sales and management, creating a large number of jobs for the society and greatly promoting social employment.

In addition, Dongchang Group actively participates in various industry conferences or trainings, strengthens exchanges and cooperation among enterprises, makes common progress and promotes industry development.

5.3 Persistent in Carrying out Social Welfare Activities

Dongchang Group actively undertakes social responsibility, responds to the government's call and supports social welfare activities through various means. Dongchang Group actively promotes the construction and development of the local community and actively participates in community activities.

Dongchang Group's subsidiaries also attach great importance to corporate social responsibility. Shanghai Dongchang Automobile Service Co., Ltd. holds an employee charity bazaar every year, where the employees use all the charity money collected from the charity sale to buy healthy food and daily necessities, and donate the same to Pudong Huamu Community's neighborhood nursing home to care for the elderly. This fine tradition has lasted for 12 years. In addition, Suzhou Dongchang 4S Store organized CPC members and cadres to pay visit to the orphans in Suzhou Social Welfare Home. In October 2019, the members of VW Branch of Shanghai SETECH Integrated Supply Corp. paid a visit to Aihe Mehmet's home, a low-income household in Yongfeng Township, Urumqi, and delivered comfort gifts and daily necessities.

6. Retrospect and Prospect

In 2019, Dongchang Group and its subsidiaries has implemented the annual plan, completed the annual social responsibility target, strived for self development and self regulation, and never let down the expectation and confidence of the society to Dongchang Group.

2020 is the decisive year for the realization of a well-off society in an all-round way and the closing year of the 13th Five-Year Plan. Facing the new year, Dongchang Group keeps in mind the initiative of firmly developing itself with high quality, never lets down the public's expectation for the Group in the new era, and assumes corporate social responsibility, and continue to forge ahead on the road of corporate social responsibility practice in various aspects such as employees, customers, business partners, government and social environment.