



**中国重汽**  
**SINOTRUK**

Sinotruk (Hong Kong) Limited

中國重汽(香港)有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 3808

## **2019** *Environmental, Social and Governance Report*





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# INFORMATION ABOUT THIS REPORT

## ABOUT THE REPORT

The Company hereby issues the 2019 Environmental, Social and Governance Report of the Group to demonstrate the Group's concepts and practices in environmental, social and governance areas to its stakeholders.

For information regarding our corporate governance, please refer to the "Corporate Governance Report" contained in the Company's annual report for the year ended 31 December 2019.

## SCOPE OF REPORTING

This report includes the Group during the period from 1 January 2019 to 31 December 2019. Part of the content is out of the above time period.

Based on the actual production and sales situations, the Group is establishing the data monitoring system of key environmental performance indicators and expanding it year by year. With the principles of materiality and representativeness, the Group selects fourteen major subsidiaries or divisions, which are engaged from components manufacturing to finished vehicle manufacturing, as the number of the entities reported of key environmental performance indicators in the report, including:

- Truck Company
- Axle Company
- Power Division
- Casting & Forging Center
- Gearbox Division
- Fuqiang Power Company
- Hangzhou Engines Company
- Chengdu Wangpai Company
- Ji'ning Commercial Truck Company
- Chongqing Fuel System Company
- Commercial Truck Company
- HOWO Bus Company
- Rubber & Plastic Components Company
- Hubei Huawei Company

Compared with the "Sinotruk (Hong Kong) Limited 2018 Environmental, Social and Governance Report" published on 4 June 2019, this report remains unchanged in the overall scope except that four subsidiaries, Commercial Truck Company, HOWO Bus Company, Rubber & Plastic Components Company and Hubei Huawei Company have been included in the entities reported of key environmental performance indicators.



## INFORMATION ABOUT THIS REPORT

### REPORTING STANDARDS AND PRINCIPLES

In line with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Guide**”) in Appendix 27 to the Listing Rules, this report is in strict compliance with the disclosure requirement of “comply or explain” in “ESG Guide”. This report is prepared in accordance with the following reporting principles:

- **Materiality:** The Group identified key ESG topics through stakeholder engagement and materiality assessment, which has been disclosed in this report;
- **Quantitative:** Information on the standards, methodologies and source of conversion factors used for the reporting of emission and energy consumption has been disclosed in this report;
- **Consistency:** Methodologies used in the Report were consistent with those used in the prior year in disclosing key environmental performance indicators, while four more subsidiaries have been included in the current reporting scope of key environmental performance indicators.

### PUBLICATION OF THE REPORT

This report is published in electronic edition that can be accessed in the Company’s website ([www.sinotruk.com](http://www.sinotruk.com)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

## DEFINITIONS

In this report, the following expressions shall have the following meanings unless the context indicates:

"Axle Company"	Sinotruk Ji'nan Axle & Transmission Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Board"	the board of Directors
"Casting & Forging Centre"	casting and forging center of the Group
"Chengdu Wangpai Company"	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"China" or "PRC"	The People's Republic of China, and for the purpose of this report, excludes Hong Kong, the Macau Special administrative Region of the PRC and Taiwan
"Chongqing Fuel System Company"	Sinotruk Chongqing Fuel System Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company.
"CNHTC" or "Parent Company"	China National Heavy Duty Truck Group Company Limited, a state-owned enterprise organized under the laws of the PRC with limited liability, being the ultimate holding company of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
"Commercial Truck Company"	Sinotruk Ji'nan Commercial Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Company" or "Sinotruk"	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3808)
"Components Manufacturing Division"	components manufacturing division of the Group Division
"ESG"	environmental, social and governance
"Fuqiang Power Company"	Sinotruk Ji'nan Fuqiang Power Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company



## DEFINITIONS

"Gearbox Division"	gearbox division of the Group
"Group"	the Company and its subsidiaries
"Hangzhou Engines Company"	Sinotruk Hangzhou Engines Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"HDT(s)"	heavy duty truck(s) and medium-heavy duty truck(s)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HOWO Bus Company"	Sinotruk Ji'nan HOWO Bus Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Hubei Huawei Company"	Sinotruk Hubei Huawei Special Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company.
"Ji'ning Commercial Truck Company"	Sinotruk Ji'ning Commercial Vehicle Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"LDT(s)"	light duty truck(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LTD Division"	LTD division of the Group
"Power Division"	power division of the Group
"Rubber & Plastic Components Company"	Sinotruk Ji'nan Rubber & Plastic Components Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Truck Company"	Sinotruk Ji'nan Truck Co., Ltd., a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000951)

# GROUP PROFILE

## 1.1 INTRODUCTION

### BUSINESS

The Group is one of the leading trucks manufacturers in the PRC which specializes in the research, development and manufacture of HDTs, LDTs, buses and related key parts and components. Through our diversified product portfolio, we serve a wide range of customers from different major industries including infrastructure, construction, container transportation, logistics, mining, steel, chemical, etc.

The Group mainly manufactures trucks and also produces key parts and components such as engines, cabins, axles, steel frames, gearboxes, etc. The Group is a truck manufacturer which has its own research and development and production capability in trucks as well as the complete production chain. The Group sells truck engines and engines for use in industrial and construction machineries to independent third parties in addition to our own use. Our products are not only sold domestically but also exported to other countries and regions in the world.

### OPERATIONS

The Group's businesses are classified into four operating segments according to the nature of products and services:

#### (i) Heavy Duty Trucks Segment

Sales of HDTs contribute the major portion of the Group's revenue. Its major product brands include SITRAK, HOWO, HOHAN and Steyr, each of which is further divided into various subseries to target different sectors of the Group's product market. The key production bases are located at Ji'nan, the PRC. In addition, the Group engages in truck refitting and manufactures specialty vehicles.

#### (ii) Light Duty Trucks and Bus Segment

The Group's LDT product brands mainly include HOWO, HOMAN, CDW etc., production bases of which are located at Ji'nan, Chengdu and Fujian, the PRC. The Group's bus products cover a full range of 6-18-metre of medium and large-sized buses, including pure electric power bus, hybrid power bus, hydrogen fuel bus, dual-source trolley bus, diesel bus and natural gas bus, which fully meet different customer needs. Its production base is located in Ji'nan, the PRC.



## GROUP PROFILE

### (iii) Engines Segment

The Group is one of the few truck manufacturers in the PRC that has the ability to produce HDT and LDT engines. Although most of the engines produced by the Group are for internal usage, the Group also sells industrial and construction machinery engines to independent third parties. In addition, the Group produces other HDT key parts and components, such as gearboxes and various types of casting and forging. The engines production bases are located at Ji'nan and Hangzhou, the PRC.

### (iv) Finance Segment

The finance segment of the Group provides financial services to those parties related to the production and sales of the Group's products and to the CNHTC Group. Financial services include deposits taking, borrowings, commercial notes and bank bills discounting, auto financing services and supply chain financing services. In addition to HOWO Auto Finance Company, it also cooperates with authorized financial institutions to provide auto financing services. It builds up an auto financing services network which covers most areas in the PRC.

## 1.2 ESG STRATEGY

The Group has a well-established ESG management system. The Board, as the highest decision-maker of ESG management, oversees the Group's ESG issues and takes full responsibility for the Group's ESG strategy and reporting. The Board develops ESG management approach and strategy, including evaluating, prioritizing, and managing material ESG-related issues and their risks to the Group's business. The Board regularly reviews the Group's ESG performance, and examines and approves the Group's annual ESG report.

The management of the Group arranges the ESG working groups to carry out relevant business according to the approach and strategy established by the Board, reports ESG-related risks and opportunities to the Board, and provides the Board with the Group's annual ESG performance and annual ESG report.

To deliver on ESG commitments, the Group has established an ESG working group, which consists of ESG related departments (headquarter) and ESG working teams of each subsidiary. The ESG working group is responsible for implementing the Board's ESG approach and strategy, carrying out ESG management and reporting, and reporting to senior management on the progress of ESG management and reporting.

## GROUP PROFILE

### 1.3 STAKEHOLDER ENGAGEMENT

The Group communicates with stakeholders such as governments, shareholders, customers, employees, society, partners and environment by various communication systems and actively responds to their expectations to the Group.

Stakeholders	Stakeholders' expectations	Communication system
<b>Government</b>	<ul style="list-style-type: none"> <li>• Law compliance</li> <li>• Tax payment</li> <li>• Support local development</li> </ul>	<ul style="list-style-type: none"> <li>• Daily management</li> <li>• Meeting</li> <li>• Supervision</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Sustainable development, returns to shareholders</li> <li>• Information disclosure, investor relationship</li> <li>• Corporate governance, risk control</li> </ul>	<ul style="list-style-type: none"> <li>• General meeting of shareholders</li> <li>• Information disclosure</li> <li>• Investor relationship</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• High-quality products</li> <li>• Superior service</li> <li>• Consumer rights protection</li> </ul>	<ul style="list-style-type: none"> <li>• Smart Sinotruk (mobile app)</li> <li>• Product quality assurance</li> <li>• Customer satisfaction survey</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Salaries and welfare assurance</li> <li>• Good working environment and development platform</li> <li>• Equal opportunities of promotion and development</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation system</li> <li>• Performance management</li> <li>• Staff training</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Commitment fulfilment</li> <li>• Fair, open and righteous purchasing</li> <li>• Win-win development</li> </ul>	<ul style="list-style-type: none"> <li>• Open tender</li> <li>• On-site reviews</li> <li>• Suppliers' meeting</li> <li>• Business conference</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• Contribution to urban development</li> <li>• Public notion improvement</li> <li>• Contribution to community harmony</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteer service</li> <li>• Support in cultural and sport undertakings</li> <li>• Blood donation</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Environment protection improvement</li> <li>• Ecological balance protection</li> </ul>	<ul style="list-style-type: none"> <li>• Emission management</li> <li>• Resource consumption reduction</li> <li>• New energy vehicles</li> </ul>



## GROUP PROFILE

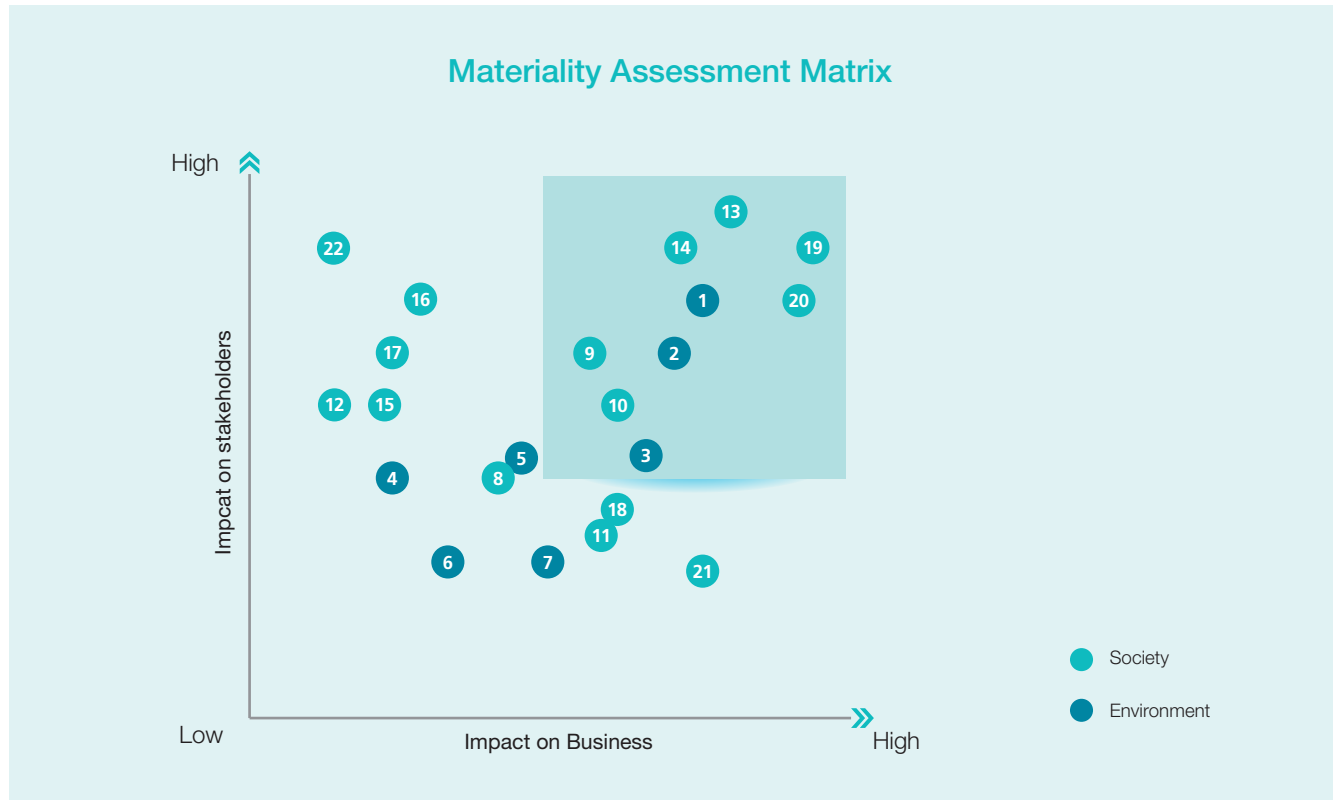
### 1.4 MATERIALITY ASSESSMENT

In accordance with the “ESG Guide”, the Group establishes the ESG materiality assessment model, identifies and determines the following twenty-two material topics suitable for the Group based on stakeholders’ concern:

Environmental, social and governance aspects listed in “ESG Guide”		Material issues suitable for the Group
<b>A. Environment</b>	A1 Emissions	1. Waste gas treatment 2. Waste water treatment 3. Addressing climate change 4. Waste reduction
	A2 Use of Resources	5. Energy saving 6. Water saving
	A3 The environment and Natural Resources	7. Noise control 8. New energy vehicles
<b>B. Society</b>	B1 Employment	9. Staff management 10. Compensation and benefits 11. Position system 12. Staff activities
	B2 Health and safety	13. Safe production 14. Occupational health
	B3 Development and Training	15. Staff training
	B4 Labor Standards	16. Preventing child labor 17. Preventing forced labor
	B5 Supply Chain Management	18. Supplier management
	B6 Product Responsibility	19. Product quality 20. Customer service
	B7 Anti-corruption	21. Combating corruption and promoting cleanness
	B8 Community Investment	22. Charity

## GROUP PROFILE

Through identification, assessment and selection of issues regarding the required eleven aspects, the Group measures the impacts of these issues on stakeholders and its business development, determines issues of significance and makes disclosures and responses in this report.



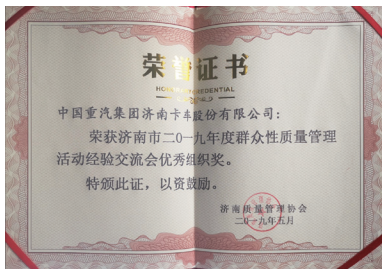
## PRODUCT AND SERVICES

The Group continuously develops new technologies and new products, strictly controls product quality, deeply understands customers' needs and provides customers with superior products and perfect after-sale service.

### 2.1 PRODUCT QUALITY

The Group strictly complies with laws and regulations, including but not limited to the "Product Quality Law of the PRC", etc., and establishes the "Quality Management Policy" to manage the product quality. CNHTC (including the Group) has been authenticated by ISO 9001:2015 Quality Management System. In accordance with the "Quality Management System of Auto Industry IATF16949", it carries out an overall quality management system through all subsidiaries and enable it to serve the whole process of product design and development, manufacturing, sales and after-sales services. The Group's subsidiaries have sequentially obtained the authentication certificates of IATF 16949.

The Group carries out quality management through the Quality Department. At the beginning of each year, the Quality Department sets up quality objectives and assigns quality indicators to all subsidiaries. It also conducts regular quality assessment of all subsidiaries according to the "Product Quality Assessment Measures" and carries out all kinds of quality activities on a long-term basis to practically improve the subsidiaries' product quality. In accordance with the standards and requirements of Quality Management System, the Quality Department prepares the "Related Party and Risk Management Procedure" to identify and control technical and quality risks in the Group's quality system.



► Certificate of "2019 Outstanding Organization Award of Mass Experience Exchange on Quality"

In 2019, the Truck Company won the "2019 Outstanding Organization Award of Mass Experience Exchange on Quality Management Activities in Ji'nan City". Nine of the Truck Company's quality control achievements were sent for selection and all obtained excellent results. Four projects, including solving the drag brake problem caused by air leakage in the rear chamber of spring brake chamber, won the first prize. Two projects, including improving the standardization of automatic stamping, won the second prize. Two projects, including renovation of concentrated oil lubrication system of 1,250 closed single-point press, won the third prize. One project won the excellent award.

With active engagement in technological innovation, the Group constantly carries out independent research, development and application of key technologies for HDTs, continuously improving the overall technical level of China's heavy duty vehicles and further narrowing the gap between the national industry and the advanced international standard. In 2019, CNHTC's project of the "Key Technology and Industrial Application of Mechanical Automatic Variable Speed Hybrid Power System Assembly for Commercial Vehicle" won the second prize of the National Science and Technology Progress Award.



## PRODUCT AND SERVICES



### Building “Smart Sinotruk”

For the past few years, CNHTC has insisted to strengthen the research and development (“R&D”) of Internet of Vehicles technologies and products. With cutting-edge intelligent, electronic and information technologies, global positioning system (“GPS”), Beidou Navigation System, China mobile GPRS data communication and intelligent remote control, it has established an Internet of Things (“IoT”) ecosystem (e.g. Smart Pass and Smart Sinotruk) and realized “people-vehicle-road” intelligent coordination and management.

In May 2019, the Group’s driverless SITRAK tractor performed the high-speed vehicle merging test under the real highway scenario. It has remained to lead the new development of intelligent connected vehicles and opened a new era of logistics and transportation.

In November 2019, the “2019 World IoT Ranking List” released by the World Internet of Things Convention indicated that CNHTC including the Group ranked the 81st among the world’s IoT enterprises and the 22nd among China’s and became the only Chinese auto enterprise in the top 100.





## PRODUCT AND SERVICES



### Truck Company gives full support for the establishment of Smart Sinotruk

In 2019, the project of “Management of Bill of Material upon Diversified Customer Needs” developed by the Information Team of the Truck Company under CNHTC’s Manufacturing Execution System (“HMES”) was awarded the first prize of the 32nd “Innovation Achievement of Enterprise Management Modernization of Shandong Province”. The system is conducive to accelerating the combination of the new generation of information technology and manufacturing technology, and integrating group control, design and manufacturing, production-supply-marketing, business and finance connection and other key linking sectors. In recent years, the Truck Company has made many remarkable achievements in the enterprise information-based development. It has developed the intelligent truck manufacturing execution system, intelligent truck management office system (TMOS), quality accountability tracing system, CNHTC manufacturing execution system (HMES), etc. These systems provided a strong foundation guarantee for the development of informatization and intelligence, laid a solid foundation for the realization of fine manufacturing, and fully supported the construction of Smart Sinotruk.

## 2.2 CUSTOMER SERVICE

The Group strives to provide customers with perfect service. It has prepared “Qinren Services Manual” to build “Qinren” service brand. It has also set up a three-layer service system consisting of user service centers, local sales companies and special service stations. It has furnished the 24-hour service “400” hotline and Smart Sinotruk (mobile application) to properly deal with customers’ complaints and feedbacks. The “non-parking service in society” and “full life-cycle service” have been further promoted to constantly optimize user satisfaction.

The Group formulates the “Customer Satisfaction Survey and Analysis Process”, which is performed annually to deeply understand customers’ needs. A report of analysis and evaluation of customer satisfaction survey is prepared at the end. In order to further understand users’ needs and their satisfaction level on product quality and customer service of the Group, the marketing department of the Group organized a user satisfaction survey on the Smart Sinotruk platform in 2019. A total of 1,900 users participated in the survey in the first half of 2019, with an overall satisfaction scoring 9.03 out of 10; and a total of 1,559 users participated in the survey in the second half of 2019, with an overall satisfaction score of 9.00 out of 10. The marketing department carried out special collation and analysis for the products and services surveyed and then prepared the Satisfaction Survey Report. It put forward improvement suggestions based on users’ comments and advices to drive the rectification and upgrades of products and services by each segment and subsidiary.

In October 2019, the Truck Company passed the verification of the national five-star service system with excellent scores, and obtained the certificate of five-star after-sales service again. The scope of this certificate covers the technical support, distribution, maintenance services, complaint handling and corresponding systems for trucks, tractors, dumpers, refitting vehicles and specialty vehicles under HOWO series, HOHAN series, HOVA series and WERO series.

## PRODUCT AND SERVICES

The Group complies with domestic and foreign laws and regulations related to recalls of defective vehicles, including the “Administrative Regulation on the Recall of Defective Motor Vehicles”, etc. The Group has formulated the “Motor Vehicle Recall Control Process” and established a complete product recall process. The Group identifies, collects, analyzes, delivers and maintains information on quality issues, actively recalls (or ordering recalls) of defective products, and takes remedial and prevention measures, so as to preserve customers’ interests.

Since the retro-reflective markings and lateral protection devices pasted on part of vehicles sold failed to meet relevant standards, the Commercial Truck Company, based on the “Administrative Regulation on the Recall of Defective Motor Vehicles” and “Measures for Motor Vehicle Recall Control Process”, voluntarily filed a callback plan with the State Administration for Market Regulation in January 2019, recalling a total of 109 HOWO LDTs produced between 1 October 2016 and 31 December 2017. The Commercial Truck Company took timely measures with defective automotive products and completed corresponding rectification within a short period of time.

The Group follows the “Administrative Measures for Trade Secrets Protection”, which defines customer information as an important part of company trade secret, and it adopts a hierarchical approach to manage customer information to strictly protect customer privacy.



► Truck Company's Certificate of Five-star After-sales service

## 2.3 SUPPLY CHAIN MANAGEMENT

Whilst learning from outstanding upstream and downstream companies along the supply chain, the Group sticks to the core value of “Aiming for Clients’ Satisfaction”, conveys its concept of safety and corporate social responsibility to suppliers, and steers them towards continuous improvement, thus honoring the shared commitment to social responsibilities in environment, safety and health areas.

The first supplier of every subsidiary is subject to review by the Supplier Access Office, and subsequent suppliers of similar products are reviewed by the subsidiaries themselves.

Under the “Auxiliary Product Supplier Access and Product Release Approval Procedures”, the Group establishes a set of strict supplier selection procedures for the purposes of ensuring that suppliers’ products/services meet relevant requirements of the Group and continuously improving the Group’s product quality.

Through different channels and ways, the Group conveys policies of environment and quality standards to suppliers and requests them to meet the requirements of the industry and environment protection. The Group also signs purchasing agreements with suppliers to request them to fulfil relevant social responsibilities.



## PRODUCT AND SERVICES



### Suppliers' meeting

On 24 November 2019, CNHTC (including the Group) held CNHTC Group Suppliers Meeting in Shandong Hall, Ji'nan. It presented awards to 10 gold suppliers and proposed 4 requirements on how to build the high-end, high-efficiency and high-quality supplier system of the Group in the future:

- Follow the policy of survival of the fittest to build an agile and efficient supplier system;
- Deepen openness and cooperation to build an international high-end supplier system;
- Conduct quality reform to build an excellent supplier system;
- Promote transparent procurement to build a fair and clear supplier system.



### Review on suppliers

#### ► CASTING & FORGING CENTRE PERFORMED TWO-PARTY REVIEW

In 2019, the Casting & Forging Centre carried out two-party review and implemented team leader responsibility system. It organized technical, quality and responsibility engineers to verify seven casting product suppliers and five forging product suppliers. This review analyzed and rectified the problems identified and formulated preventive measures, which effectively improved the supplier's product quality management level.

#### ► COMMERCIAL TRUCK COMPANY ORGANIZED ON-SITE REVIEWS FOR SUPPLIERS

In 2019, the Commercial Truck Company conducted on-site reviews for 23 suppliers, and entrusted Qingdao Branch of China Quality Certification Centre to offer the same service for 3 suppliers. The product scope of suppliers reviewed covers support products, casting and forging products, intake and exhaust system products, internal and external trim products, brake system products, air supply system products, and lamps and lanterns products, etc. The review focused on 8 aspects including management and personnel, quality and improvement, product R&D, production site, production process control, sub-supplier management, logistics, cost management and business, and brought up suggestions on rectification.

## PRODUCT AND SERVICES

### 2.4 NEW ENERGY VEHICLES

The Group adheres to the concept of energy-saving, environmental protection and intelligent vehicle manufacturing; while improving energy conservation and emission reduction of fuel vehicles, it is also vigorously developing clean energy technology and proactively responding to the “Three-Year Plan on Defending the Blue Sky” introduced by the State Council. At present, the Group’s hydrogen terminal tractors, city buses and urban distribution trucks have all completed prototype production, and new products such as HOWO T5G-4×2 pure electric sanitation vehicle chassis, pure electric buses and HOWO LDT pure electric van transporter have been launched, with the pure electric buses recording mass sales in multiple cities. The Group has served the public traffic with advanced and reliable products, and made contributions to the construction of efficient and safe energy-saving and green transportation.



#### New energy vehicles



► Pure electric autonomous tractor



► HOVA hydrogen terminal tractor



► Dual-source trolley bus



# ENVIRONMENT

In strict compliance with the “Environmental Protection Law of the PRC” and various applicable national, provincial and local laws and regulations, the Group has formulated the “Environmental Protection Management Policy”, been accredited by ISO 14001 Environmental Management System and set up a mature environmental management system. With strict control on its subsidiaries, the Group has effectively reduced pollutant emission and resource consumption arising from production and operations.

## Environment Management Organization



## ENVIRONMENT

### 3.1 POLLUTION TREATMENT

The Group's subsidiaries follow the national and local pollutant discharge standards when treating and discharging pollutants arising from production and operations in conformity with the "Environmental Protection Law of the PRC" and other relevant laws and regulations.

#### 3.1.1 WASTE GAS EMISSIONS

The Group's waste gases include sulphur dioxide ("SO<sub>2</sub>"), nitrogen oxide ("NO<sub>x</sub>"), smoke, dust, particular matters and volatile organic compounds ("VOCs") linked with spray-painting etc., mainly from production. The Group complies with applicable laws and regulations including the "Prevention and Control of Atmospheric Pollution Law of the PRC", treats waste gases and discharges them after relevant standards are met. The Group regularly invites a qualified third-party institution to test waste gas emissions and ensures that waste gas emissions meet the relevant requirements.

The waste gas emissions in the reporting period are shown as below:

<b>A1.1 Emissions – Waste Gases</b>		<b>2019</b>
SO <sub>2</sub> (tons)		<b>2.36</b>
NO <sub>x</sub> (tons)		<b>38.52</b>
Benzene (tons)		<b>9.59</b>
Toluene (tons)		<b>5.89</b>
Xylene (tons)		<b>11.97</b>
Non-methane hydrocarbon (tons)		<b>15.33</b>
Dust (tons)		<b>23.15</b>
Smoke (tons)		<b>23.43</b>

## ENVIRONMENT



### Axle Company: Smoke and dust treatment facility renovation project

In 2019, the Axle Company arranged large-scale upgrading and transformation of smoke and dust treatment facilities in the Gear Processing Department. It collected waste gases from continuous carburising line and multi-purpose furnace production line through optimally designed smoke collection pipeline, and supplemented four sets of oil mist filters to refine the waste gases. Meanwhile, it upgraded and transformed the original dust removal facilities in the cleaning process, and added a primary filter element processing facility to dilute the particulate emission concentration in waste gas, which is far lower than the requirements of 10 mg/m<sup>3</sup> for key areas in the fourth period of the "Regional Emission Standards of Atmospheric Pollutant in Shandong Province (DB37/2376-2013)", and meets the standard of 5 mg/m<sup>3</sup> for key areas in the fourth period.



► Continuous carburising line fume purification



### LDT Division: Boiler transformation project

In April 2019, the LDT Division carried out transformation for car body painting workshop and frame gas hot water boiler to reduce nitrogen oxide emission. The existing 4 gas hot water boiler burners and gas burner at the front of a boiler in the LDT Division were replaced. The boiler body and external equipment remained unchanged and fume gas recirculation (FGR) was supplemented to control furnace flame temperature and effectively reduce the oxides generated by hot nitrogen. As the boiler combustion system and fume gas recirculation system were upgraded, the nitrogen oxide emission of the original gas-fired hot water boiler decreased from 60-90 mg/m<sup>3</sup> to 30 mg/m<sup>3</sup>.



## ENVIRONMENT

### Some subsidiaries changed water-based paint to reduce VOCs emission

In 2019, the Group proactively responded to the requirements of the "Comprehensive Treatment of Volatile Organic Compounds in Key Industries" issued by the Ministry of Ecology and Environment of the PRC, and actively promote the source replacement. Some subsidiaries, including the Axle Company, Rubber & Plastic Components Company, and Casting & Forging Centre, changed solvent coating with water-based coating, which has lower VOCs content, to reduce VOCs at source. The transformed coating lines run well at present, with VOCs and other pollutant discharge all meeting the emissions requirements in Table 2 of the "Volatile Organic Compounds Emission Standards-Part 5: Surface Coating Industry" of Shandong Province (effective on 1 January 2020), and far below the standard value.



► VOCs on-line monitoring system

### Casting & Forging Center successfully applied for A-class Enterprise in the List of Emergency Emission Reduction for Heavy Polluted Weather

In August 2019, according to the "Guidance on Enhancing the Response to Heavy Polluted Weather and Strengthening the Emergency Emission Reduction Measures" issued by the Ministry of Ecology and Environment of the PRC, the Casting & Forging Center applied for A-class enterprise in the List of Emergency Emission Reduction for Heavy Polluted Weather. On basis of on-site audit, data review and comparison with the standards in the guidance, the expert group of the Ministry of Ecology and Environment of the PRC rated the Casting & Forging Center as the A-class enterprise. The result has been publicized on the website of the Department of Ecology and Environment of Shandong Province.

山东省生态环境厅

既要金山银山，又要绿水青山。  
宁要绿水青山，不要金山银山，  
而且绿水青山就是金山银山。

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7个传输通道城市重污染天气应急减排清单A级企业名单

发布日期：2019-12-03 来源：大气处 作者：

序号	企业名称	所在地市	行业类型	管控类型
1	中国重汽集团济南动力有限公司铸锻中心	济南市	铸造	A级企业



## ENVIRONMENT

### 3.1.2 WATER DISCHARGE

The Group's wastewater mainly includes drainage associated with production activities and household wastewater from factories. In this regard, the Group set up effluent treatment plants in industrial parks and strictly conformed sewage discharge to applicable laws and regulations including "the Prevention and Control of Water Pollution Law of the PRC" and "Integrated Wastewater Discharge Standard GB 8978-1996" as well as national, provincial and local effluent emission standards. Online monitoring systems were installed at drain outlets of effluent treatment plants to keep track of chemical oxygen demand (COD) and ammonia nitrogen, which were networking with provincial and municipal environmental authorities so as to realize real-time monitoring of effluent emissions.

The wastewater discharges in the reporting period are shown in the chart below:

#### A1.1 Effluents - Wastewater

Wastewater (tons)

COD (tons)

Ammonia nitrogen (tons)

2019

1,806,384

83.75

3.21



### Hangzhou Engines Company: Sewage treatment station transformation

In 2019, Hangzhou Engines Company implemented the following targeted transformation to the sewage treatment station:

1. improving the degree of automation, adding pH automatic monitoring device, controlling the dosage, achieving automatic medicine dispensing by proportion and automatic drug offering with more accurate dosage, so as to reduce the dosage and also avoid human error in operation; and
2. upgrading the biochemical system, and maintaining and updating the existing one, in order to achieve entirely stable sewage discharge.

Afterwards, the indicators of waste water have performed sound at present, and the discharge is up to standard stably.



► Biochemical pool modification



► Automatic pH detector

## ENVIRONMENT

### 3.1.3 GREENHOUSE GAS

Greenhouse gas emissions of the Group mainly include Scope 1: direct emissions and Scope 2: energy indirect emissions. Direct emissions mainly include emissions from fuel used in boilers and emissions from vehicle diesel burning. Energy indirect emissions mainly include emissions from purchased electricity and heat. As the majority of the Group's greenhouse gas emissions is from energy consumption, the Group transformed all coal-fired boilers to natural gas boilers and took energy-saving measures to reduce power consumption. In this way, greenhouse gas emissions were reduced.

The greenhouse gas emissions in the reporting period are shown in the table below:

A1.2 Greenhouse gases	2019
Scope 1: Direct emissions (tCO <sub>2</sub> e)	95,052
Scope 2: Energy indirect emissions (tCO <sub>2</sub> e)	470,475
Total greenhouse gas emissions (tCO <sub>2</sub> e)	565,527
Intensity of greenhouse gas emissions tCO <sub>2</sub> e/revenue (RMB million)	6.27

### 3.1.4 WASTES

The Group's solid waste discharges basically include ordinary industrial wastes and hazard wastes arising from production, and domestic wastes arising from work and life in the factories.

Solid waste such as iron, aluminum, paper wastes and other recyclable parts are sold to qualified enterprise for recycle and reuse; other non-recyclable parts (e.g. domestic rubbish) are collected and treated by municipal environmental units.

The Group's hazardous wastes mainly comprise used oil, paint slags, used mineral oil, used oil drums, sludge and used flaw detection solution arising from production. In compliance with laws and regulations including the "Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC" and the requirements of the "Standards for Pollution Control on Hazardous Waste Storage", the Group treats its hazardous wastes according to its "Environmental Protection Management Policy":

- Hazardous wastes produced shall be filed and registered;
- With regard to transferred hazardous wastes, the transfer manifest policies shall be executed in accordance with the "Measures for the Management of Hazardous Waste Transfer Manifest";
- The Group raises bids for hazardous wastes treatment on the Group level and hazardous wastes are entrusted to qualified entities for treatment; and
- Specific places are arranged for concentrated storage of hazardous wastes and provided with relevant identification signs inside.

## ENVIRONMENT

The discharges of non-hazardous wastes and hazardous wastes in the reporting period are shown in the table below:

### A1.3 & A1.4 Hazard waste and non-hazard wastes

Discharge amount of hazard waste (tons)	6,109
Discharge intensity of hazard waste (tons/revenue (RMB million))	0.068
Discharge amount of non-hazard waste (tons)	184,922.18
Discharge intensity of non-hazard waste (tons/revenue (RMB million))	2.051

2019

6,109

0.068

184,922.18

2.051

### 3.1.5 NOISE CONTROL

The Group complies with applicable laws and regulations including the "Prevention and Control of Noise Pollution Regulations of the PRC" and strictly controls noise pollution. It regularly invites a qualified third party institution to test the noises at boundary and ensures that the Group's noise value is less than the limit stipulated in the "GB12348-2008 Emission Standard for Industrial Enterprises Noise at Boundary".

## 3.2 RESOURCE CONSERVATION

### 3.2.1 REDUCTION OF ENERGY CONSUMPTION

The Group mainly utilizes such energy as electricity, natural gas, gasoline, diesel, LPG, thermal power and steam.

The Group has constantly improved the energy efficiency and performance in stringent compliance with "Energy Conservation Law of the PRC" and other applicable laws and regulations. According to laws and regulations, the Group has required its key energy-using subsidiaries to implement registration system of energy consumption and to annually submit the "Record of Energy Purchase, Consumption and Inventory" to the competent departments.

The Group along with its subsidiaries has established respective energy management systems in line with the "Energy Management System (GB/T23001-2012)". The Group annually reviews the energy consumption of each subsidiary and incorporates the energy consumption as one of assessment under the "Assignment of Economic (Management) Responsibility System" so as to promote all subsidiaries to take the initiative to engage in energy conservation.

Since the Group started to build the energy management system, comprehensive progress has been achieved in energy conservation management, technological transformation and process conservation, energy performance has continued to improve, and positive contributions have been made to the healthy and sustainable development of the enterprise and energy conservation and consumption reduction.

## ENVIRONMENT

In June 2019, the Group was awarded by the National Development and Reform Commission (NDRC) of the PRC as the “Double Top Ten” organization of China’s best energy conservation technology and best energy conservation practices, and the international “Double Top Ten” organization of G20.



► “Double Top Ten” remand

Energy consumption during the reporting period is shown in the below table:

### A2.1 Resource

#### Direct energy consumption

	2019
Natural gas (MWh)	314,185
Gasoline (MWh)	750
Diesel (MWh)	122,009
LPG (MWh)	62
Kerosene (MWh)	444
Total direct energy consumption (MWh)	437,450

#### Indirect energy consumption

Electricity (MWh)	510,153
Steam (MWh)	84,256
Thermal (MWh)	15,506
Total indirect energy consumption (MWh)	609,915
Total energy consumption (MWh)	1,047,365
Energy consumption intensity (MWh/revenue (RMB million))	11.6



## ENVIRONMENT



### LDT Division: Rivet line LED lighting renovation project

The rivet line of the LDT Division originally applied ordinary lamp for lighting, and the brightness of the lamp tube failed to meet the requirement of illumination due to the length of service time. In 2019, in order to improve illuminating brightness, satisfy lighting demand and reduce electricity consumption, the LDT Division changed the original lamp tube with LED energy-saving lamp tube. It is expected to save more than RMB20,000 in power cost annually.



### Axle Company: High-efficiency air compressor replacement project

In 2019, the Axle Company substituted the original air compressor with high-efficiency air compressor, which improved the equipment energy efficiency and sharply cut the equipment maintenance and labour costs. According to the actual measurement, the energy consumption per unit of high-efficiency air compressor dropped by 30.72% compared with the original one, 331.83 tons of standard coal saved annually, the emission of carbon dioxide reduced by 826.85 tons, electricity consumption reduced by 2.7 million KWh, and electricity expenses decreased by RMB1.863 million.



► High-efficiency air compressor

## ENVIRONMENT



### Components Manufacturing Division: Energy conservation and emission reduction project

During the production process of steel casting products by the Precision Casting Processing Department of Components Manufacturing Division, there are a large amount of unused waste heat resources in the process of raw material melting and casting cooling. The Precision Casting Processing Department created waste heat collection tank to gather unused waste heat resources during the casting cooling process. As the tank comes into service, electric heating is substituted during normal production, saving electricity consumption of about 300,000 KWh a year.



### 3.2.2 REDUCTION OF WATER CONSUMPTION

In strict adherence to the “Water Law of the PRC”, the Group has formulated the “Procedures for Management of Corporate Water Usage” to regulate water usage in each subsidiary. The Group requires each subsidiary to plan and manage water usage, set out and submit annual and quarterly plans for water usage on a regular basis, and incorporates water consumption as one of assessment under the “Assignment of Economic (Management) Responsibility System” during operation assessment.

With sound measurement, the Group records meters regularly and maintains water usage analysis registers so as to reinforce water usage management. Efforts have also been made to monitor water use in a real-time manner, break down monthly targets, conduct monitoring at intervals of ten days, perform month-end monitoring and assessment, reinforce dynamic supervision over water usage, and strictly implement rewards and punishment rules for water saving and excess usage. As a result, water consumption has been effectively reduced. The water source used by the Group is mainly municipal water, except part of water source of the Truck Company is underground water, and there is not any issue in sourcing water that is fit for purpose.

Water consumption during the reporting period is shown on the chart below:

#### A2.2 Water

Total water consumption (tons)  
Water consumption intensity (tons/revenue (RMB million))

2019
3,312,347.33
36.7

## ENVIRONMENT



### LDT Division: chose concentrated water instead of running water for cleaning in Purified Water Station

The purified water station in the LDT Division used to apply fresh water for cleaning, but now, it has added a bypass at the concentrated tank and would adopt concentrated water when there is enough water in the tank to reduce fresh water consumption. The plan is expected to save 600 cubic meters of fresh water per year.



### 3.2.3 PACKAGING MATERIALS

The Group mainly uses iron boxes, woods, plastic and corrugated paper as the packaging materials for engines, and plastic as packaging materials for gearboxes. The Group used 4,236 tons of packaging materials within the reporting scope in 2019. Shown below are the quantities of major packaging materials consumed:

#### A2.5 Packaging materials

Wood (tons)  
Paper (tons)  
Iron boxes (tons)  
Plastic (tons)

2019

3,082

642

272

240

# EMPLOYEES

The Group has always regarded its employees as the most valuable asset. It provides employees with comprehensive channels for professional development and ample opportunities for growth, effectively guarantees the safety and health of employees, and conducts a series of training activities to align individual progress with business development.

## 4.1 EMPLOYEE MANAGEMENT

### 4.1.1 RECRUITMENT AND DISMISSAL

The Group strictly complies with relevant laws and regulations, including but not limited to the "Labor Law of the PRC", "Labor Contract Law of the PRC" and "Regulation on the Implementation of the Employment Contract Law of the PRC", etc. It has laid down the "Measures for Social Recruitment", "Measures for the Reception and Placement of Doctoral Students", "Measures for the Reception and Placement of Graduates and Internships", "Measures of Recruiting Urgently Needed Talents" and other management systems. Adherence to the principle of "equality, openness, fairness and selecting the best people on merit", the Group has introduced required talents through social and campus recruitment.

The Group has also formulated "Measures for Implementation of the Labor Contract Management", which specifies the rights and obligations of the employer and employees to labor contracts, and clarifies terms and procedures to terminate the labor contract. In addition, it has stated the conditions and measures on termination of contracts with employees who violate rules and disciplines in "Measures for Accountability, Discipline and Punishment Regarding Work of Employees" and "Measures for Administrative Accountability Management (Trial)".

In the reporting period, the total number of workforce of the Group is 25,462 people. The total workforce by gender, employment type, age group and geographical region was showed as below:

	As at 31 December 2019
<b>Total headcount</b>	
<b>By gender</b>	
Male	20,865
Female	4,597
<b>By employment type</b>	
Full-time	25,462
Part-time	—
<b>By age</b>	
Under 30 years	3,684
30-40 years	11,913
40-50 years	5,532
Over 50 years	4,333
<b>By region</b>	
Headcount of employees in mainland China	25,118
Headcount of overseas employees	344

## EMPLOYEES

### 4.1.2 COMPENSATION AND BENEFITS

The Group has formulated the “Performance-related Salary System” which keeps to the principle of equal pay for equal work, efficiency and equity. Employees are rewarded with competitive remuneration which is closely linked with the Group’s economic performance and their individual contributions

The Group has set out “Administrative Rules for the Filing and Payment of Social Security Premiums” stating that the Group centralizes the filing for and contribution to social insurance for each employee, including the basic pension fund, medical insurance, unemployment insurance, work-related injury insurance and childbirth insurance. In addition, the Group provides a free orientation health check for newly recruited employees as well as high temperature and lunch allowances.



### Staff canteen improvement

In 2019, in response to the problems of canteens being worn-out and too small for employees in the manufacturing parks, subsidiaries such as Power Division, Commercial Truck Company, HOWO Bus Company transformed or upgraded the original canteens, or built new canteens. In July, the joint canteen of the Power Division and the Commercial

Truck Company was completed and put into use. At the end of August, the canteen of the North Third Factory of the Component Manufacturing Division, the canteen of the HOWO Bus Company, and the canteen of the Axle Company were completed and put into use.



► The newly-built canteen of the Alex Company



► The newly-built joint canteen of the Power Division and the Commercial Truck Company



## EMPLOYEES

### 4.1.3 POST AND PROMOTION

In strict compliance with “Labor Law of the PRC”, the Group has set out “Implementation Measures on Post Regulation” to establish a sound post system, which defines the fundamental framework including categories and ranks of posts, so as to provide a robust post hierarchy and clear promotion channels for employees.

In accordance with “Administrative Measures for Recruitment of Supervisors”, the Group has adopted a combined selection method of open recruitment and organized investigation and managed supervisors in a dynamic manner. In addition, the Group follows the “Implementation Measures for the Promotion Management of Eight Levels of Non-leadership Positions and above” to offer another promotion channel for non-leadership employees.



#### Management

Posts engaged in management such as production, operation, planning, statistics, finance, auditing, supply, marketing, human resources, capital operation and administration.



#### Basic production

Posts engaged in production operations such as to change product geometry, quality, performance and internal organization.



#### Engineering technology

Posts engaged in engineering technology such as product design, development, technology, quality, science and technology translation, science and technology files, computer development and application, technical services, safety and environmental protection, quota, tools, equipment, power, energy, infrastructure, project planning and design, etc.



#### Supporting service

Posts engaged in indirect production activities and supporting production activities.

## EMPLOYEES

### 4.1.4 WORKING HOURS AND HOLIDAYS

In strict compliance with applicable laws and regulations of the state, the Group has established the “Attendance Management System” to regulate the working hours and holidays of employees. At the same time, the labour union signs a “Collective Contract” on behalf of employees with the Group, which stipulates that the Group implements the working system of no more than 40 hours a week and no more than 8 hours a day on average.

Employees are entitled to statutory holidays including New Year’s Day, Spring Festival, Tomb Sweeping Day, International Labor Day, Dragon Boat Festival, Mid-Autumn Festival and National Day in accordance with relevant provisions of the State Council. According to the prevailing national and local policies and regulations, employees have been granted marriage leave, compassionate leave, home leave and maternity leave. Meanwhile, employees are entitled to paid annual leave as per the “Regulation on Paid Annual Leave” formulated by the Group.

### 4.1.5 ANTI-DISCRIMINATION

In strict compliance with national and local rules and regulations, the Group allows no bias on any employee based on personal characteristics such as race, gender, complexion, age, family background, ethical traditions, religions, physical status and original nationality, and treats employees fairly in every aspect such as recruitment, duty performing, remuneration, training, promotion, and compensation.

## EMPLOYEES

### 4.2 EMPLOYEE ACTIVITIES

The Group has always paid close attention to the needs of its employees, caring for their physical and mental health. A series of recreational, sport and cultural activities were held in 2019. Employees were organized to participate in various competitions and art performances, which greatly enriched their spare time.

#### Employee activities



► Signing activity themed "Bless Our Motherland"



► "Grassroots Chef" Cooking Competition



► "Spring Festival" activities



► Employee badminton competition



► "My country and I" Theme MV shooting



► Canteen flash event of "Striving for a new era, happy Sinotruk people"



► Chorus competition of "Singing for the new era, new responsibilities of state-owned enterprises"



► New recruits made dumplings at Food Festival

## EMPLOYEES

### 4.3 HEALTH AND SAFETY

#### 4.3.1 SAFE PRODUCTION

In strict compliance with “Labor Law of the PRC”, “Work Safety Law of the PRC” and the “Prevention and Treatment of Occupational Diseases Law of the PRC”, the Group commits itself to maintaining a healthy, safe and comfortable working environment for employees. It has been accredited by the ISO45001: 2018 (Occupational Health and Safety Assessment System) certification, formulated the “Work Safety Management Policy” and set up a robust occupational health and safety management system. The Group formulates the “Implementation Opinions on Safety, Environmental Protection and Occupational Health” at the beginning of each year for the purpose of guiding safety work. In addition, the Group has established sound emergency measures in accordance with “Emergency Rescue Plan for Major Work Safety Accidents”, “Rules for Screening for and Elimination of Hidden Risks of Major Work Safety Accidents” and “Measures for Administration of Work Safety Statistics and Rapid Reporting”.

The Group has formulated management measures, including “Administrative Measures for Fire Safety Management”, “Policy of Fire Prevention and Safety for Places with Flammable and Explosive Materials”, etc. The Safety and Environment Department take charge of fire prevention related work, including preparing monthly work plans, regularly organizing fire drills, performed unannounced inspections on each subsidiary’s fire safety work from time to time to reduce fire safety hazards.

#### Safety training and emergency exercise



► Fire escape exercise



► Safety production training of the Axle Company



► Safety and fire training of the Casting & Forging Centre



► Fire drill of Rubber & Plastic Components Company



► Limited space operation drill of the LDT Division



► Staff safety training of Chengdu Wangpai Company

## EMPLOYEES



### The Truck Company identified hidden danger on power and gas utilisation to support safety production

➤ **EXPLOIT THE ADVANTAGES OF TECHNICAL EXPERIENCE, AND SOLVE THE HIDDEN DANGER OF ELECTRICITY**

At the beginning of 2019, the Equipment Kinetic Energy Department of the Truck Company implemented full-covered investigation on hidden danger, and a special working group of business backbones checked the running state of the equipment together with electrical equipment maintenance staff from the On-site Repair & Maintenance Department. After three-week investigation, a total of over 12,000 components was tested, and a number of power supply, power equipment and facilities with hidden dangers were identified and rectified, providing a solid guarantee for safe production.

➤ **CONDUCT COMPREHENSIVE INSPECTION ON NATURAL GAS TO SUPPORT GAS USE SAFETY**

As winter approached, the Thermal On-site Division of Equipment Kinetic Energy Department carried out inspection and leakage detection for natural gas with greater risk. The highly sensitive gas leak detector was adopted to fully check valve, nipple, pressure gauge, flange and other key parts. With the active coordination of leaders from various departments, several hidden dangers were found, and then professional maintenance personnel was arranged for maintenance to guarantee gas use safety.



## EMPLOYEES

### 4.3.2 OCCUPATIONAL HEALTH

The Group integrates the concept of “people-oriented” into all aspects of operation, attaches great importance to the occupational health of employees, and strives to prevent, control and eliminate occupational hazards from various ways, including construction of occupational health system, occupational hazard detection in the workplace, occupational health examination for employees, and epidemic prevention materials distribution, for the purposes of preventing occupational diseases and poisoning and protecting employees’ health and safety.

#### ➤ Enhancing the system construction

In strict compliance with the “Prevention and Control of Occupational Diseases Law of the PRC” and other applicable laws and regulations, the Group has formulated “Occupational Health Management System” and “Procedures of Labor Protection and Prevention and Control of Occupational Disease” and strengthened the construction of occupational health and safety management system. The Group ensures the implementation of various management systems and protects employees’ health and safety through the establishment and improvement of occupational hazard operators’ personal monitoring files, the signing of occupational hazard notification, the production of bulletin boards and warning signs, and the preparation of sufficient protective equipment, etc.

#### ➤ Conducting the detection of occupational hazards in the workplace

The Group has entrusted a qualified occupational health technical service institution to evaluate the current situation of occupational disease hazards every three years and implemented the suggestions and measures in the evaluation report according to “Provisions on the Supervision and Administration of Occupational Health at Work Sites”. In accordance with “Administrative Regulations on Periodic Testing of Occupational Hazards Factors by Employers” and the inspection cycle of occupational hazard factors, the manufacturing units in Ji’nan were organized and supervised to conduct comprehensive annual inspection of various occupational hazard factors in the workplace. In this year, a total of 2,465 occupational hazard operation points were monitored, including 339 dust operation points, 992 toxic operation points, 985 noise operation points, 52 high-temperature operation points, 21 power frequency electric fields, 76 ultraviolet radiation operation points. The compliance rate of hazardous operation points reached 93.1%, exceeding the target of 80% formulated at the beginning of the year. For the subsidiaries which have hazardous operation points exceeding the standards, the Group supervised them to formulate management plan and to take various control measures to reduce the concentration (intensity) of occupational disease inductive factors in hazardous operation posts, so as to prevent the occurrence of occupational diseases.

## EMPLOYEES



### Hubei Huawei Company installed automatic welding robot and industrial fan

Hubei Huawei Company installed a new set of automatic welding robot in semi-trailer workshop in 2019, to further lessen the disorganised emission of welding dust in semi-trailer workshop, fulfil the requirements of laws and regulations on safety and environmental protection in

China, and protect employees' occupational health and safety. It is equipped with a welding dust collection and disposal system, gathering and disposing the waste gas generated by welding, which could weaken the hazard of welding dust to employees in the workshop and its impact on the environment. Hubei Huawei Company also installed a total of 24 industrial fans in the manufacturing plant, which could prevent and reduce employees' occupational disease and create sound operating environment.



► Industrial fan



► Automatic welding robot



### Occupational health examination

Adhering to the working principle of occupational disease prevention and control featuring "Prevention First with Treatment Integrated" and according to the requirements of the "Law of the PRC on the Prevention and Control of Occupational Diseases", the Group organized employees of manufacturing units to complete the pre-post,

on-post and off-post occupational health examinations in accordance with the examination items and period specified in "Technical Specifications for Occupational Health Surveillance (GBZ188)" to ensure their legitimate rights and interests and physical health to prevent the occurrence of occupational diseases.



► Occupational health examination of Hubei Huawei Company



► Occupational health examination of Rubber & Plastic Components Company

## EMPLOYEES



## Prevention and control of COVID-19

In 2020, with the outbreak of COVID-19, the Group and its subsidiaries conducted a variety of work to prevent and control the epidemic according to local conditions. In February, in accordance with the guidance of relevant policies of the State and the local government, all subsidiaries, while arranging employees returning to work orderly, resolutely did a good job in epidemic prevention and control. We collected and analyzed employees' daily report of the physical condition and requires that all employees entering and leaving the workplace be checked for temperature. The Group and its subsidiaries also distributed epidemic prevention materials to all staff, required all staff to wear masks, gloves and other protective articles, and carried out comprehensive disinfection of the workplace every day.



► Temperature check



► Distribution of epidemic prevention materials



► Epidemic prevention points at the entrance



► Disinfection of the workplace



► Production line employees wear protective gear



► Anti-epidemic activities of youth volunteer

## EMPLOYEES

### 4.4 EMPLOYEE TRAINING

The Group has attached great importance to the growth of personal qualification and professional competency of employees and has formulated the “Measures for Implementation of Employee Training”. With the support of the internal education and training center, all subsidiaries and departments, the Group provides training to its employees and has maintained records for employee training to improve the overall quality of its workforce.

The Group has established a three-level training system and provided training for middle and senior management personnel, high-level professionals, engineering technicians, marketing and management personnel, advanced technicians, on-site sub-department heads (sub-department heads directly under the Group), and workshop supervisors. The Group has cooperated with universities and made full use of their faculty and scientific research strength to train its high-level technicians. The Group has also accelerated the construction of network training institutes with the intent to achieve innovation of remote training mode by taking full advantage of network technology.



In addition, the Group has also formulated the “Internal Trainer Management Process” with the goal of fully pooling internal excellent talents and social educational resources to build a professional team of trainers, which meets the needs of development of both the enterprise and employees.



## EMPLOYEES



## Rubber & Plastic Components Company established school-enterprise joint cooperation relationship

In terms of personnel insufficiency and talent introduction difficulty, the Rubber & Plastic Components Company has established long-term enterprise-college cooperation with Taishan University and other college-level and technical secondary schools, and signed internship agreements to educate students to become practical talents with new technologies and the ability to innovate.

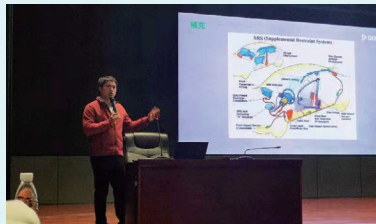
In 2019, Rubber & Plastic Components Company organised plant internship for a number of 98 students from Taishan University and other colleges.



## Diverse training systems



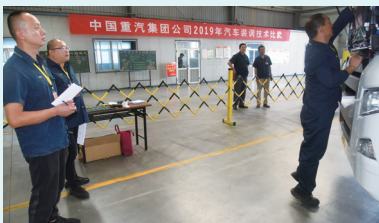
► New staff orientation



► ISO26262 functional safety standard training



► Training for internal trainers



► Training for salesman



► Vocational training



► APQP and DFMEA training



► Legal risk prevention training



► Overseas customer and personnel training



# SOCIETY

## 5.1 COMPLIANCE MANAGEMENT

### 5.1.1 LABOUR STANDARDS

In strict compliance with “Labor Law of the PRC” and “Provisions on Prohibition of Child Labor”, the Group prohibits forced labor and child labor.

The Group employs regular employees through open recruitment and verifies candidates’ ID cards, degree, diplomas and other certificates during their on-boarding process. Besides, it is stipulated in the “Measures of Employment and Management of Outsourced Laborers” that sourced laborers shall be aged over 17 years old (18 years old at least in case of positions involving heavy physical work or exposure to toxic and harmful work environment).

Overtime work is under stringent control of the Group and requires approval from supervisors. Where overtime work is required during statutory holidays, the Group pays employees or arrange compensatory leave of the same length in lieu. If the system of standard working hours is not applicable to any subsidiary due to characteristics of positions, the subsidiary could implement the system of flexible working hours. Prior to implementation, the applicable work system is examined and approved by the subsidiary and then submitted by the competent department for approval of the local labour administration department.

### 5.1.2 ADVERTISEMENT AND LABELS

In strict compliance with “Advertisement Law of the PRC” and other applicable laws and regulations, the Group implements the “Administrative Measures for Advertising” with the goal of reviewing advertisement to be released so as to ensure that all advertising and publicity the Group launches are legal and effective.

The Group has set out the “Detailed Rules for the Implementation of the Identification of Corporate Image”, “Brand Management System”, etc management system as well as, “Standards for Vehicle Product Marks”, “Standards for Vehicle Tagging and Labelling”, etc standards to regulate the identification of corporate image, brand, vehicle product marks, labels and tags on a uniform basis.

### 5.1.3 INTELLECTUAL PROPERTY MANAGEMENT

The Group has established a sound intellectual property management system in accordance with the “Enterprise Intellectual Property Management Standard (GB/T29490-2013)”. Keeping to the principle of “Lead the industry with innovation and safeguard the century-old foundation with intellectual property”, the Group has uniformly managed its patents, trademarks and intellectual property.

The Group has formulated “Administration Process of Patents” and other applicable control procedures in accordance with “Patent Law of the PRC”, to regulate management of patents.

In compliance with “Trademark Law of the PRC”, “Detailed Rules for the Implementation of the Trademark Law of the PRC”, “Madrid Agreement Concerning the International Registration of Trademarks and Detailed Rules for the Implementation of the Madrid Agreement Concerning the International Registration of Trademarks”, the Group has formulated the “Measures for Trademarks”, which specifies the department in charge of trademark management and its responsibilities, as well as registration process, use, authorization, protection, file management, and review.

## SOCIETY

### 5.1.4 ANTI-CORRUPTION

In strict compliance with the “Company Law of the PRC”, “Tendering and Bidding Law of the PRC”, “Anti-Unfair Competition Law of the PRC”, “Interim Provisions on Banning Commercial Bribery” and “Anti-Money Laundering Law of the PRC” and other applicable national laws and regulations, the Group has formulated a series of management policies, to specify integrity of the management.

- “Regulations on the Executives of State-owned Enterprises for Performing Management Duties with Integrity”
- “Provisions on Improving Style of Work and Strengthening Honesty and Self-Discipline”
- “Implementing Opinions on Management of Risk Prevention and Control Concerning Corruption”
- “Provisions on Management of Integrity Files of Leading Cadres” and
- “Provisions on Leading Cadres Reporting on Their Work and Efforts to Perform Duty Honestly”, etc.

The Group has signed the “Agreement on Mutual Commitment to Honesty and Integrity” complementary to business contracts with the contracting party so as to regulate the activities of both parties, and prevent the act of seeking illegitimate gains in breach of laws and disciplines.

The Group has formulated the “Administrative Measures for International Trade Commissions”, which specifies in details the payment of compensations or service fees to intermediaries in international trade businesses, and stipulates that commission payment shall obtain approvals from all levels of authorities prior to execution in prevention of commission businesses related to terrorism, money-laundering, corruption, commercial bribery and unfair competition.

## SOCIETY



## Anti-corruption trainings



► The principal leaders at or above the middle level of each subsidiary in Ji'nan attended the warning education in Ji'nan prison



► The Group leaders, directors and the principal leaders at or above the middle level of each subsidiary in Ji'nan attended special education at Dafeng Mountain Education Base in Ji'nan.



► Discipline knowledge contest arranged by the Group



► Truck Company's lecture on clean governance



► Provincial law and discipline education base visits organized by Hangzhou Engines Company



► Warning education on clean governance organized by Axle Company



► Culture demonstration base on clean governance set by the LDT Division



► Lecture themed clean occupation of contingent of cadres carried out by the Components Manufacturing Division

## SOCIETY

## 5.2 CHARITABLE ACTIVITIES

In close cooperation with Ji'nan Charity Association, the Group makes annual donations to the association. Ji'nan Charity Association has established a charity station in the Group and set up a relief fund. Both the station and the fund have been managed by the association on a uniform basis under the "Charity Station Management System". The Group has established the Employees' Mutual Aid Fund and the Employees' Mutual Aid Foundation so as to offer assistance to troubled members, and managed funds and members of the foundation pursuant to the "Administrative Measures for Employees' Mutual Aid Fund".

The Group has also been involved itself extensively in an assortment of social activities and contributed to the society by making donations in various forms for fulfilment of its corporate social responsibilities.



## Social contribution

## Volunteer services



The LDT Division arranged voluntary tree planting and green planting activities to make contributions to lucid waters and lush mountains.



In August, the LDT Division organized a comprehensive community cleaning to remove household garbage and advertising in the community.



On 13 August, the Gearbox Division organized volunteers to prepare mineral water, instant noodles and ham sausage for the typhoon victims in Zhangqiu.



In October, the Gearbox Division sent volunteers to Shunhua Road Community to offer services and household investigation and publicity activities, so as to support Jinan to pass the review of building a civilized city.

## Employees from each subsidiary actively participated in non-compensated blood donation





## SOCIETY



### Social contribution (continued)

#### CARES FOR THE ENVIRONMENT AND ADVOCATING RIDING INSTEAD OF DRIVING

In June 2019, the Commercial employees to ride shared bicycle "energy saving, low carbon distributed environmental citizens to start from their own.



### Charitable activities

#### HAND-IN-HAND AND CARES FOR LEFT-BEHIND CHILDREN

By the eve of the Dragon Boat Festival in 2019, representatives of Axle Company arrived at Beiyin Primary School in Tangwang Town to pay a visit to 8 left-behind children they partnered with. They had communications and interactive games with children, brought them school supplies, and sent their wished of a healthy and happy growth. The "hand-in-hand cares activity" is designed to provide various care and assistance for the healthy growth of special children groups such as rural left-behind children, and is of great practical significance to promote their all-round development of morality, intelligence, physical fitness, beauty and labor.



#### CARES FOR THE AGED

On 30 September, the Commercial Truck Company organized volunteers to bring the elderly in Huasen Nursing Home at Lixia District with the warmth and joy of early autumn. The volunteers chatted with the elderly, cared about their living conditions, and sent them rice, flour, cooking oil and other supplies and their warm care.



## APPENDIX I: ESG REPORTING GUIDANCE INDEX

Aspect	General Disclosure	Index
<b>A1</b>	<b>Emissions</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i> <i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i> <i>Hazardous wastes are those defined by national regulations.</i>	3.1 Pollution treatment
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	3.1.1 Waste gas emissions 3.1.2 Water discharge
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1.3 Greenhouse gas
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1.4 Wastes
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1.4 Wastes
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	3.1.1 Waste gas emissions 3.1.2 Water discharge
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.1.4 Wastes

## APPENDIX I: ESG REPORTING GUIDANCE INDEX

Aspect	General Disclosure	Index
<b>A2</b>	<b>Use of Resources</b> Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	3.2 Resources conservation
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2.1 Reduction of energy consumption
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2.2 Reduction of water consumption
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved.	3.2.1 Reduction of energy consumption
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2.2 Reduction of water consumption
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2.3 Packaging materials
<b>A3</b>	<b>The Environment and Natural Resources</b> Policies on minimizing the issuer's significant impact on the environment and natural resources.	3.1.5 Noise control 2.4 New energy vehicles
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
<b>B1</b>	<b>Employment</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Employee management 4.2 Employee activities
<b>KPI B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	4.1 Employee management
<b>B2</b>	<b>Health and Safety</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Health and Safety

## APPENDIX I: ESG REPORTING GUIDANCE INDEX

Aspect	General Disclosure	Index
<b>B3</b>	<b>Development and Training</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	4.4 Employee training
<b>B4</b>	<b>Labour Standards</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1.1 Labour standards
<b>B5</b>	<b>Supply Chain Management</b> Policies on managing environmental and social risks of the supply chain.	2.3 Supply chain management
<b>B6</b>	<b>Product Responsibility</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Product quality 2.2 Customer service 5.1.2 Advertisement and marks 5.1.3 Intellectual property management
<b>B7</b>	<b>Anti-corruption</b> Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.1.4 Anti-corruption
<b>B8</b>	<b>Community Investment</b> Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.2 Charity activities

## APPENDIX II: READERS FEEDBACK FORM

Thank you for reading 2019 ESG Report of Sinotruk (Hong Kong) Limited. In order to provide more valuable information to the Group's stakeholders and improve its ability and level of fulfilling social responsibilities, we would welcome any feedback or suggestions you might have about this report.

You can send this form to the following:

Mailing address: Sinotruk Science and Technology Building, No. 777, Huaao Road, Gaoxin District, Ji'nan City, Shandong Province, PRC (Postal Code 250101)

1. How would you rate your opinion of this report?

☐ Very High    ☐ High    ☐ Neutral    ☐ Low    ☐ Very Low

2. How would you rate your opinion of the economic, social and environmental responsibilities of the Group?

Economic responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Social responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Environmental responsibility	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low

3. Please rate the effectiveness of this report in reflecting the economic, social and environmental impact the Group has brought about through its social responsibility practices?

☐ Excellent    ☐ Good    ☐ Fair    ☐ Poor    ☐ Terrible

4. How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this report has disclosed?

Clarity	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Accuracy	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low
Completeness	<input type="checkbox"/> Very High	<input type="checkbox"/> High	<input type="checkbox"/> Neutral	<input type="checkbox"/> Low	<input type="checkbox"/> Very Low

5. Do you find this report in easy-to-read contents and formatting?

☐ Yes    ☐ Neutral    ☐ No

6. Feel free to share any comments or suggestions you may have on the Group and this report:

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Thank you very much for your gracious gesture and valuable time!



**中国重汽**  
**SINOTRUK**

