



**浦林成山**  
**PRINX CHENGSHAN**

**Prinx Chengshan Holdings Limited**  
**浦林成山控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1809

# PURSUE EXCELLENCE

**2022**  
Environmental, Social and  
Governance Report



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# Environmental, Social and Governance Report 2022

## SCOPE AND REPORTING PERIOD

This is the Environmental, Social and Governance (the “**ESG**”) report by Prinx Chengshan Holdings Limited (stock code: 1809) and its subsidiaries (collectively, the “**Group**” or “**Prinx Chengshan**”), highlighting its ESG performance, with disclosure reference made to the ESG reporting Guide (the “**Guide**”) as described in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and it is prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards issued by Global Sustainability Standards Board (“**GSSB**”). Climate-related disclosures are aligned with the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) framework.

This ESG report covers the Group’s overall performance in two subject areas, namely, environmental and social of the business operations in the manufacturing plant (the “**Shandong Plant**”) and the headquarters office in Rongcheng, Shandong Province of the PRC (together, the “**Shandong Operation**”), and the manufacturing plant in Thailand (the “**Thailand Plant**”) from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”), unless otherwise stated.

There is no major operational change during the Reporting Period. The operations in North America, Europe and Shanghai, China had no significant environmental and social impacts, so these subsidiaries were excluded from the reporting scope.

## REPORTING PRINCIPLES

The report is prepared in accordance with the Guide. The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of “Comply or Explain” as well as the four reporting principles of materiality, quantitative, balance and consistency required in the Guide. Combining the application of the eight reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability set out by the GRI Standards, the Group ensures the quality and proper presentation of the reported information. The reporting principles applied are consolidated as follows:

*Accuracy and Quantitativeness* — Qualitative information in the ESG Report has been reported consistent with the available evidence. Quantitative key performance indicators (“**KPI**”)s have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

*Balance* — The Group’s performance during the Reporting Period has been presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.

*Clarity* — Information presented in the ESG report is accessible and understandable, and reported concisely without omitting necessary details. A content index has been prepared for easy navigation of information.

*Consistency and Comparability* — Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

*Completeness* — Activities, events and impacts for the Reporting Period have been presented without omitting information necessary to understand the Group’s impacts.

*Materiality* — Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement, Impact Assessment and Materiality” in the ESG report.

*Sustainability Context* — Information about the Group’s impacts has been reported about sustainable development goals and conditions.

*Timeliness* — Consistency has been maintained for the lengths of reported information. The period covered by the ESG report has been indicated clearly.

*Verifiability* — Decision-making processes underlying the ESG Report have been documented to allow examination of the key decisions and processes. Internal controls have been set up and documentation has been organized to facilitate verification processes.

### ABOUT PRINX CHENGSHAN HOLDINGS LIMITED

The business of the Group started in 1976 and is headquartered in Rongcheng City, Shandong Province, the PRC. It is a modern enterprise focusing on tire research and development, manufacturing, sales and provision of tire life-cycle services. It is a leading domestic manufacturer in the commercial all steel radial tire replacement market and one of the most influential tire enterprises in the PRC. Over the years, the Group has adhered to the core strategies of “cost leadership, efficiency driven, competitive differentiation and global operation” to strive for global development, and has built two major production bases in China and Thailand, and established three major sales centres in China, North America and Europe to develop a global business operation. The Group has developed four tire brands, including Prinx, Chengshan, Austone and Fortune, and three major products of Truck & Bus Radial tires (the “**TBR tire**”), Passenger Car Radial tires (the “**PCR tire**”) and Bias tires (the “**BIAS tire**”), covering passenger, commercial, industrial, agricultural and some special vehicle tires.





## ESG PERFORMANCE REVIEW AND HIGHLIGHTS

<b>Economic Performance</b>	Revenue: RMB8,152 million Net Profit: RMB394 million
<b>Environment</b>	Certified to ISO 14001 Environmental Management System
<b>Community</b>	Donations and learning support for primary students
<b>People</b>	Total number of employees: 6,144 people Total training hours: 337,087 hours Average training hours per employee: 55 hours Total occupational health and safety training hours: 48,758 hours Certified to ISO 14001 and ISO 45001 Occupational Health and Safety (“OH&S”) Management System
<b>Operating Practices</b>	Certified to ISO 9001:2015 Quality Management System Thailand Green Industry 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> levels Certifications

## THE BOARD STATEMENT

### Sustainability Governance

Aligning with the vision and mission of “leading in tire innovation, contributing to smart travel and sustainable development, and achieving a better life”, and its core value “customer-centric, responsibility, focus on professionalism, innovation and openness”, the Group incorporates principles of sustainable development into its development strategy and daily operation. The Group adheres to the concept of people-oriented, research and development of innovative products, green, and sustainable development.

Achieving ESG goals is the cornerstone for the Group to convey its vision and business strategy, establish new markets, ensure the resources are properly managed, reduce costs and improve the relationship with various stakeholders. The board (the “**Board**”) of directors (the “**Director(s)**”) of the Group believes that by proper ESG management, the Group can develop its business and adapt to an ever-changing society and global economy.

To fulfil the new requirements and to improve the Group's ESG performance, the development strategy and risk management committee is responsible for the Group's sustainable development or ESG affairs. The Board Office assists the Board to implement ESG policy, collect data, and report to the Board and committees quarterly. The Board has discussed ESG matters and reviewed the Group's progress of achieving short-term and long-term environmental targets at the board meetings. At the meeting, the following issues were discussed:

- Introduced the new rules and guidelines of the Stock Exchange and GRI to the Board;
- Evaluated the Group's ESG status;
- Reviewed the role of the directors on ESG issues;
- Implemented ESG-related plans;
- Prioritised and managed material ESG issues;
- Reviewed climate-related risks and opportunities that have potential significant impacts on the Group; and
- Evaluated climate-related risk mitigation measures regularly to strengthen the Group's resilience towards the challenge of climate change.

The Board evaluates the Group's ESG performance by implementing independent assessments on a quarterly and annual basis, in the purpose of developing a fair and objective evaluation method for facilitating the Group's positive ESG development. The performance evaluation process includes the evaluation of ESG targets, process performance counselling and evaluation to improve working methods and skills. To improve the ESG-related knowledge, skills and experience of the Board, the domestic and international ESG-related policy trends are shared among the member of the Boards continuously, and ESG-related training is organised regularly. The senior management of the Group (the "**Senior Management**") reports the progress and performance of the ESG projects to the Board for review. Feedback and recommendations are provided by the Board after reviewing the reports, then the Senior Management is responsible for implementing improved plans and measures according to the Board's feedback.

## Governance Structure and Composition

The Board leads the Group by providing strategic and effective governance. The Chairman of the Board is also a non-executive Director. To avoid conflict of interest, all significant matters will be discussed and resolved in management meetings or the Board meetings. The Board has established 3 Board committees to oversee various aspects of the Group's affairs, including the Audit Committee, Nomination and Remuneration Committee, and Development Strategy and Risk Management Committee. The tenure of services for executive Directors and non-executive Directors are 3 years, and for Independent non-executive Director is 1 year. The competencies of the Directors relevant to the Group's impacts are described in the "Biographical Details of Directors and Senior Management" section of the 2022 annual report of the Group ("**2022 Annual Report**"). The list of Directors and their gender and roles and functions is shown below.

Name of Directors	Gender	Title	Audit Committee	Nomination and Remuneration Committee	Development Strategy and Risk Management Committee
Mr. Che Baozhen	M	Executive Director and Chief Executive Officer	—	Member	—
Mr. Shi Futao	M	Executive Director	—	—	—
Ms. Cao Xueyu	F	Executive Director	—	—	—
Mr. Che Hongzhi	M	Non-Executive Director (Chairman)	—	—	Chairman
Mr. Wang Lei	M	Non-Executive Director	—	—	—
Mr. Shao Quanfeng	M	Non-Executive Director	—	—	—
Mr. Zhang Xuehuo	M	Independent Non-Executive Director	Member	Chairman	Member
Mr. Choi Tze Kit, Sammy	M	Independent Non-Executive Director	Chairman	Member	—
Mr. Wang Chuansheng	M	Independent Non-Executive Director	Member	—	Member

The Board members with diverse backgrounds and ages bring their relevant skills and expertise to the Group's management and performance, promoting a sound corporate governance to enhance the sustainable growth of the Group.

## **Board Selection and Diversity**

Promoting Board diversity has been considered in the Board members' selection process. Some of the aspects have been considered, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

## **Remuneration Policy**

The determination process of remuneration policy relating to all the Directors and Senior Management was supervised by the Nomination and Remuneration Committee. It is an independent committee which provides recommendations to the Board on the appointment of the Directors, and the management of the Board's succession. The remuneration of the Board members and Senior Management is considered according to the individual performance of each member, the Group's performance, the remuneration level of comparable companies, time commitment and work responsibilities. The remuneration of the Board and Senior Management is determined objectively to ensure none of the Directors determine their own remuneration without fair and reasonable judgements. According to the salary policy for the Board and the Senior Management, the fixed pay includes monthly salary, meals subsidies and transportation subsidies, and the variable pay includes an annual bonus according to the annual business performance of the Group. For more detail of the remuneration policy of the Group and the annual total compensation ratio, please refer to Page 43, 68 and 156 of the Group's 2022 Annual Report.

## **The Board's Engagement**

The Board identifies the Group's actual and potential impacts on the economy, environment and people, and implements each of the Group's ESG-related policy commitments through the Board meetings, special committee meetings, and shareholders meetings. During the Reporting Period, the Group has held 11 special committee meetings, 4 Board meetings and 1 shareholders meeting. 52 issues such as the annual ESG report, business performance report, internal audit and review the terms of reference of professional committee, compliance training for directors and responsible business conduct were discussed in the meetings.

## **Due Diligence**

The Board and the senior management of the Group strive to avoid or minimise negative impacts on the economy, environment and people, including impacts on their human rights whenever possible. Upon identification of potential negative impacts, the Group will develop corresponding prevention or mitigation measures. If the Group's operation has caused an actual negative impact, the Group will spare no effort to remediate the impacts. The Group's impacts on the economy, people and the environment and their corresponding prevention or mitigation measures are described in the sections "Environment" and "Social" of the report below respectively.



## **ACCREDITATION AND CERTIFICATION**

The Group has obtained the following certificates in the Reporting Period:

- ISO 14001 Environmental Management Systems
- ISO 9001:2015 Quality Management Systems
- ISO 45001:2018 Occupational Health and Safety Management System Certification
- IATF 16949 Quality Management System
- China Compulsory Certification
- SASO Certificate
- SIRIM Certificate
- GSO Certificate
- DOT Certification
- ECE Certification
- LATU Certification
- SNI Certification
- INMETRO Certification
- The Philippine Standard (PS) Certification
- R117 Certification
- Nigeria SONCAP Certification
- SmartWay Certification
- Thai Industrial Standards Institute (TISI) Certification
- Gulf Cooperation Council (GCC) Certification
- Thailand Green Industry 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> levels Certifications
- Conformity of Production (CoP) Certification

## **AWARDS**

The Group has obtained the following awards in the Reporting Period:

- Leading Enterprise of “Top Ten” Industrial Clusters in Shandong Province
- “Provincial Green Factory in 2022” awarded by Shandong Provincial Department of Industry and Information Technology
- The new product “Prinx XNEX SPORT EV (Blade Design Edition)” won the Silver Award of the Italian A’DESIGN AWARD, the French DNA Design Competition, and the Silver Award of the American MUSE Design Award
- “Shandong Provincial Intelligent Factory in 2022” approved by Prinx Chengshan Green Tire Advanced Manufacturing Intelligent Factory
- Petroleum and Chemical Industry Energy Efficiency “Leader” Benchmarking Enterprise 2021
- Weihai Municipal 2022 Service-oriented Manufacturing Demonstration Enterprise
- First Prize of “Shandong Province Enterprise Technology Innovation Promotion Association Technology Innovation Award 2022”
- Rank 220 in “China’s 500 Most Valuable Brands”
- First Prize awarded by the “14th National Petroleum and Chemical Enterprise Management Innovation Conference”
- Rated as “Outstanding Contribution Unit for Innovation-Driven Development” by Shandong Provincial Enterprise Technology Innovation Promotion Association

- The 12 projects in “Application of Tire Evaluation System in Virtual Simulation Technology of Vehicle Handling Performance” has won the Technology Innovation Award
- “Annual Corporate Governance Award” awarded by the 7th “Gelonghui Global Investment Carnival 2023”
- “Development of High-performance Ultra-wide and Low-profile All-steel Radial Truck Tires in Latin America” and “Development of professional off-road tires for all-terrain rough road conditions” projects are included in the second batch of technological innovation project plans of Shandong Province in 2022
- Selected as a technological leader in Shandong Science and Technology Leading Enterprises and the First Batch of Science and Technology Small Giant Enterprises List Conference in 2022



## RECOGNITION

The Group has been recognised for its membership in the following associations:

- The Dynamics Collaborative Innovation Alliance
- China Rubber Industry Association (Tire Branch)
- Rubber Industry Association of the Chinese Enterprise Chamber of Commerce (Thailand)
- Shandong Rubber Industry Association
- Council of China Tire Rim & Valve Standard Yearbook
- The National Rubber and Rubber Products Standardization Technical Committee (The Carbon Black Subcommittee)
- Thai-Chinese Chamber of Commerce
- Chinese-Thai Enterprises Association (Rayong Branch)
- Thai-Chinese Automobile Association



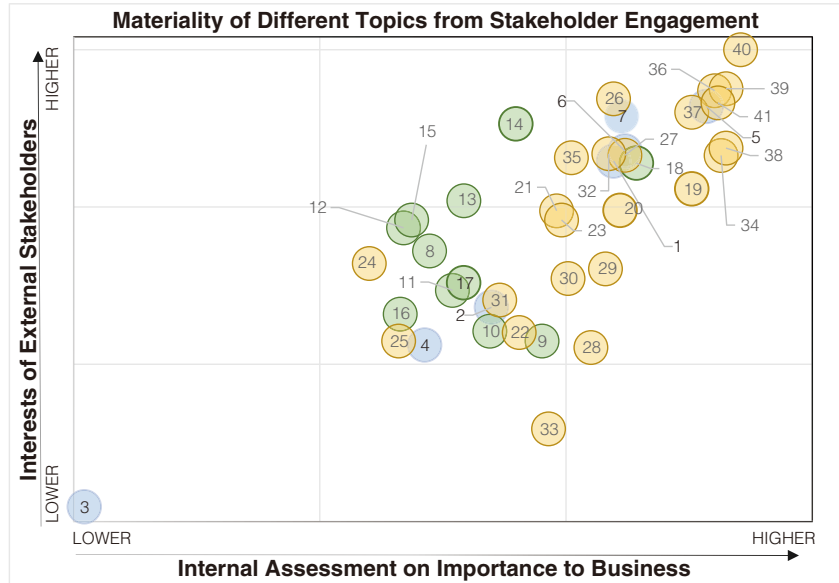
## STAKEHOLDER ENGAGEMENT, IMPACT ASSESSMENT AND MATERIALITY

The Group communicates regularly with its key stakeholders such as board members, senior management, managers, supervisors, frontline workers, customers, and suppliers through daily interactions and works closely with them to understand their needs, concerns, motivations, and objectives. Internal and external stakeholders have been involved in regular engagement activities as shown below, to share views regarding the Group's operations and performances.

Stakeholder Group	Engagement Channels
Employees	<ul style="list-style-type: none"><li>• Interviews</li><li>• Employee satisfaction survey</li><li>• Symposia</li></ul>
Suppliers and Business Partners	<ul style="list-style-type: none"><li>• Site visits</li><li>• Annual meetings/conference</li></ul>
Customers	<ul style="list-style-type: none"><li>• Networking associations</li><li>• Annual meetings/conference</li><li>• Visits</li><li>• Exhibition</li><li>• Regular contact (e.g. WeChat, email, questionnaire, telephone etc.)</li></ul>

During the Reporting Period, the Group has specifically engaged its internal and external stakeholders, including directors, senior management, frontline staff, customers, and suppliers to gain further insights on ESG material aspects they find material. In the materiality assessment, stakeholders were asked to rate a list of 41 topics in terms of their relevance and importance to the Group's business development and sustainability, as well as to the wider community. The Materiality Matrix below shows the result of the Group's materiality assessment process:

Materiality Matrix



<b>Economic and Corporate</b>		
<b>A Governance</b>	<b>C Social</b>	

- 1 Economic Performance
- 2 Market Presence
- 3 Indirect Economic Impacts
- 4 Procurement Practices
- 5 Anti-corruption
- 6 Anti-competitive Behaviour
- 7 Tax

**B Environmental**

- 8 Material Consumption
- 9 Energy Management
- 10 Water and Effluents Management
- 11 Biodiversity
- 12 Emissions
- 13 Waste Management
- 14 Environmental Compliance
- 15 Supplier Environmental Assessment
- 16 Climate Change Responses
- 17 Environmental Protection Policies
- 18 Green Product Research and Development

- 19 Employment
- 20 Labour/Management Relations
- 21 Occupational Health and Safety
- 22 Training and Education
- 23 Diversity and Equal Opportunity
- 24 Non-discrimination
- 25 Bargaining
- 26 Preventing Child Labour
- 27 Preventing Forced or Compulsory Labour
- 28 Security Personnel Practices
- 29 Rights of Indigenous Peoples
- 30 Human Rights Assessment
- 31 Community Investment
- 32 Supplier Social Assessment
- 33 Public Policy

- 34 Customer Health and Safety
- 35 Marketing and Labelling
- 36 Consumer Satisfaction and Responsibility
- 37 Customer Privacy and Interest Protection

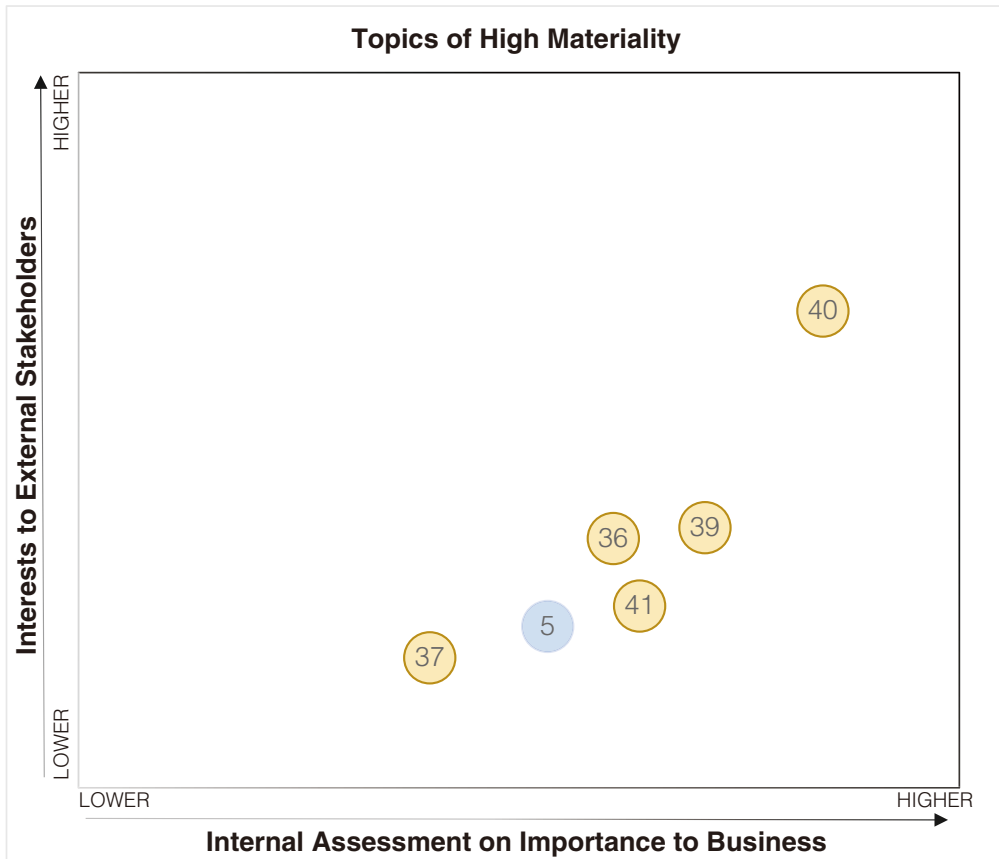
- 38 Information Security
- 39 Intellectual Property Rights
- 40 Product Quality
- 41 Socioeconomic Compliance





The following topics have been regarded as the most important by stakeholders:

**Materiality Matrix (Topics of High Materiality)**



- 40 Product Quality
- 5 Anti-corruption
- 36 Consumer Satisfaction and Responsibility
- 37 Customer Privacy and Interest Protection
- 39 Intellectual Property Rights
- 41 Socioeconomic Compliance

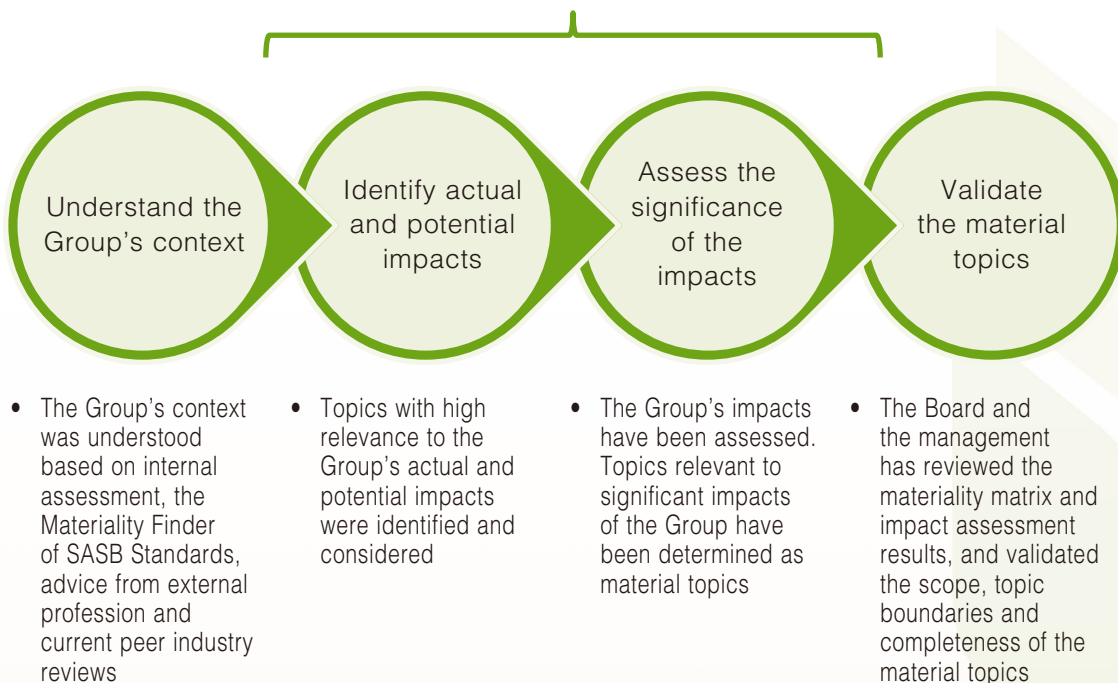
The above 6 aspects were strictly managed through the Group's policies and guidelines. Management of the aspects has been described in separate sections below. The Group is committed to conducting its business in a transparent, equitable, legal and socially responsible manner. The Group will continue to participate in meetings and gatherings with stakeholders to understand their expectations and concerned material aspects and feedback on its ESG performance.

Apart from the 6 material topics determined by the stakeholder survey result, the Group also determines the material topics by identifying the actual and potential impacts of the Group’s business context, prioritising the most significant impacts of the Group’s business, referencing from the materiality analysis of Sustainability Accounting Standards Board (“SASB”) Standards, and seeking advice from the external profession. Besides, the Group also referenced from the ESG analysis of domestic and foreign peers to grasp the mutual ESG-related concerns in the vehicle tires manufacturing industry. Concluded from the above-stated processes, the following 5 other material topics are identified in the Reporting Period:

- Energy Management
- Emissions
- Environmental compliance
- Occupational Health and Safety
- Innovation and Advanced Technology



### STAKEHOLDER ENGAGEMENT PROCESS





## **STAKEHOLDERS' FEEDBACK**

The Group is committed to the continuous improvement of its ESG management. The Group also welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group via the following channels:

Email: [investor@prinxchengshan.com](mailto:investor@prinxchengshan.com)

Tel: (852) 2887 0096

Address: Unit A-1, 19/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong

### **A. ENVIRONMENT**

The Group is aware that "emissions" and "energy management" are the top material aspects by assessing the corresponding actual and potential impacts of its business operations. The Group understands its responsibility to maintain ecological balance and protect the environment and will continue to strengthen its environmental management.

The Group has developed emission control standards and a comprehensive environmental management system in compliance with the statutory requirements, which strictly abides by the following environmental protection laws and regulations:

- Environmental Protection Law of the PRC;
- the Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- the Law of the PRC on the Prevention and Control of Noise Pollution;
- the Law of the PRC on the Prevention and Control of Water Pollution;
- the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- Environmental Impact Assessment Law of the PRC;
- Cleaner Production Promotion Law of the PRC;
- the Atmospheric Pollution Control Law in Thailand; and
- the Industrial Hazardous Waste and Non-Hazardous Waste Management Law in Thailand, as well as the water pollution and other environmental laws in Thailand.

The Group continues to pay the environmental protection tax in accordance with the chargeable emissions under Environmental Protection Tax Law of the PRC during the Reporting Period. To minimise harm to the environment and human health, the Group ensures that its business operations follow the following regulations and standards:

- Requirements for Prohibited Substances on Automobiles (GB/T30512–2014);
- the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
- Urban Drainage and Sewage Treatment Regulations;
- Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste;
- Integrated Emission Standard of Air Pollutants;
- Emission Standards for Odour Pollutants (GB 14554–93);
- Emission Standard of Pollutants for Rubber Products Industry (GB 27632–2011);
- Shandong Provincial Comprehensive Discharge Standard of Regional Air Pollutants (DB37–2376–2019);
- Emission Standard of Cooking Fume in Shandong Province (DB 37/597–2016);
- Energy Management System Requirements (GB/T23331–2012);
- General Rules for Equipping and Management of Energy Measuring Instruments for Energy Consumption Units (GB17167–2006);
- The requirements of ECE;
- The requirements of R117;
- Technical specification for application and issuance of pollutant permit (Rubber and Plastic Products Industry);
- Regulations on the Automatic Monitoring and Management of Fixed Pollution Sources in Shandong Province;
- Performance classification management specification for key industries with heavy pollution weather in Shandong Province (Trial);
- National Catalogue of Hazardous Wastes (2021 Edition); and
- Classified Management Directory of Environmental Impact Assessment of Construction Projects (2021 Edition).



There was no major non-compliance relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group during the Reporting Period in both Shandong Operation and the Thailand Plant.

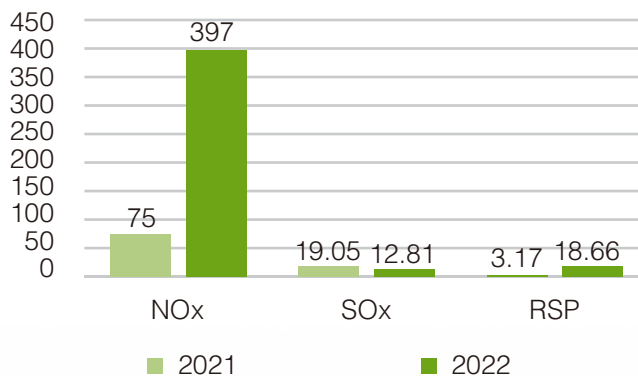
**A1 Emissions**

**A1.1 Air Emissions**

During the Reporting Period, petrol and diesel were used for Group-owned vehicles and liquefied petroleum gas (“LPG”) was used for canteen operation in both the Shandong Operation and Thailand Plant. They contributed to the emission of nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and respiratory-suspended particles (“RSP”).

Air emissions (non-GHG) from gaseous fuel consumption				
Fuel Source	Use of fuel	NOx (in kg)	RSP (in kg)	SOx (in kg)
<b>Petrol and diesel</b>	For Group-owned vehicles (e.g., private cars, forklifts etc.)	391	18.66	12.78
<b>LPG</b>	For canteen operation	6	N/A	0.03
<b>TOTAL</b>		<b>397</b>	<b>18.66</b>	<b>12.81</b>

**Emissions of air pollutants (kg)**



**A1.2 Greenhouse Gas Emissions**

There were 473,274 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group’s operation during the Reporting Period, with an overall intensity of 0.99 tCO<sub>2</sub>e/tonne of production.

## Environmental, Social and Governance Report 2022

The GHG emissions reported included the following activities and scopes:

- Direct (scope 1) GHG emissions: the consumption of stationary and mobile sources, including LPG, diesel, and petrol, and fugitive emissions from using refrigerants;
- Energy indirect (scope 2) GHG emissions: purchased electricity and steam; and
- Other indirect (scope 3) GHG emissions: municipal freshwater and sewage processing, business air travel, and waste paper landfilling.

Scope of GHG Emissions	Emission (in tonnes of carbon dioxide equivalent “tCO <sub>2</sub> e”) 2022	Emission (in tonnes of carbon dioxide equivalent “tCO <sub>2</sub> e”) 2021	Intensity (tCO <sub>2</sub> e/tonne of production) 2022	Intensity (tCO <sub>2</sub> e/tonne of production) 2021
Scope 1 Direct Emission	82,092	60,142	0.17	0.12
Scope 2 Energy Indirect Emission	390,803	462,413	0.82	0.92
Scope 3 Other Indirect Emission	379	525	0.0008	0.0010
<b>TOTAL</b>	<b>473,274</b>	<b>523,080</b>	<b>0.99</b>	<b>1.04</b>

*Note 1:* Emission factors were made by reference to Appendix 27 of the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

*Note 2:* Margin emission factors of 0.581 tCO<sub>2</sub>/MWh and 0.5146 tCO<sub>2</sub>/MWh were used for the purchased electricity in Shandong Province of the PRC and Thailand respectively.

*Note 3:* Scope 3 GHG emissions were calculated based on available emission factors referred by the Appendix 27 to the Listing Rules and their referred documentation.

*Note 4:* tCO<sub>2</sub>eq represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).

*Note 5:* Business air travel only includes air freights due to business reasons.

*Note 6:* Self-generated Photovoltaic was not included in the calculation of GHG emission.

*Note 7:* A emission factor of 0.11 tCO<sub>2</sub>e/GJ was used for the purchased steam in Shandong Province of the PRC.

*Note 8:* Scope 1 GHG emissions has been restated to reflect the actual situation in 2021. Due to the charcoal used in the self-generated steam in Thailand Plant was excluded from the calculation of GHG emissions in previous reporting period, the amount of scope 1 GHG emissions in 2021 has been changed from 4,083 tCO<sub>2</sub>e to 60,142 tCO<sub>2</sub>e.

*Note 9:* Recycled water was not included in the calculation of GHG emissions.

*Note 10:* Self-generated steam in Thailand Plant was excluded from the calculation of GHG emissions.

*Note 11:* Scope 2 GHG emissions in 2021 has been restated to reflect the actual situation. The Scope 2 GHG emissions in 2021 have been changed from 495,232 tCO<sub>2</sub>e to 462,413 tCO<sub>2</sub>e.

### **A1.3 Hazardous Waste**

The Group generated a total of 274 tonnes of hazardous waste, representing an intensity of 0.0006 tonnes/tonne of production during the Reporting Period. Types of hazardous waste included labour protection equipment waste which contains engine oil, waste oil barrels, waste chemical barrels, liquid wastes from experiments and fluorescent tubes etc. All hazardous wastes were collected and treated by government-certified, third-party solid waste handlers, or temporarily stored on-site.

### **A1.4 Non-hazardous Waste**

During the Reporting Period, 8,470 tonnes and 1,150 tonnes of non-hazardous waste were generated by the Shandong Operation and the Thailand Plant respectively. A total of 9,620 tonnes of non-hazardous wastes, with an intensity of 0.02 tonnes/tonne of production, were generated from the Group. The production waste comprised various categories, such as office wastepaper, metal scrap and wood materials, carton boxes, plastic materials and experimental wastes etc. All non-hazardous wastes were collected by recycling companies for recycling purposes.

### **A1.5 Measures to Mitigate Emission and Targets**

The Group realises its emissions bring potential impacts to the society. For instance, the discharge of sewage, air pollutants and wastes may affect the quality of the environment of villages nearby, and affect the livelihood of the villagers. In order to mitigate the potential impacts of emissions, the Group strictly complies with and stays abreast of the related national laws and regulations to ensure that it responds to the updated policies and regulations timely. The Group has formulated environmental policies and annual environmental monitoring plans, and used instruments and equipment to conduct regular inspection and testing discharged substances and wastes so as to ensure all discharges comply with the national standards.

The Group's direct air emissions from production lines were all within the permissible level set by application standards such as the Emission Standards for Odour Pollutants (GB 14554-1993), the Emission Standard of Pollutants for Rubber Products Industry (GB 27632-2011), and Shandong Province Regional Air Pollutant Comprehensive Emission Standard (DB37/2376-2020). The cooking fume emitted from the canteen operation has fulfilled the Shandong Province Emission Standard of Cooking Fume (DB37/597-2006).

The Group has set the following 3 targets in 2021 to reduce the emissions in long term:

1. By 2030, the carbon emissions per tonne of production will be reduced by 15% during tire production (including tire retreading) compared with 2020.
2. By 2025, solar power generation will grow more than three times compared with 2020.

3. By 2025, the proportion of commercial vehicle tires and passenger vehicle tires with low rolling resistance will reach 45% and 50% respectively.

In recent years, the Group has installed extra photovoltaic capacities in both Shandong and Thailand operations. During the Reporting Period, the Group has carried out a series of energy-saving and emission reduction measures, such as adopting nitrogen and heat recovery projects, replacing DC motors with permanent magnet motors, purchasing mold insulation sets and replacing energy-efficient transformers. The Group strives to develop new tire products by innovating low-rolling resistance formulas and using environmentally friendly raw materials.

The amount of GHG emission per tonne of production was reduced by 5% during the Reporting Period compared with last year. The amount of solar power generation increased by 25% compared with last year. The Group will review the progress of GHG emission reduction measures continuously and be confident to achieve the GHG emission reduction targets.

During the Reporting Period, the Group has invested in the following measures to mitigate emissions:

- Adopting a new flue gas collection and treatment system such as three-stage filtration, UV photocatalysis, and dry neutralization for removal of VOCs;
- Purchasing a new type of biomass steam boiler which low air emission in the Thailand Plant;
- Modifying the production line to reduce smoke emission and lower temperature in Shandong Plant;
- Installing online detection devices for monitoring various pollution sources;
- Checking the air quality in the boiler flue at least twice a year in Thailand Plant;
- Increasing the installed capacity of photovoltaic power in both Shandong and Thailand operations continuously;
- Inviting a third-party inspection company to monitor the emissions of pollutants;
- Conducting inspections of equipment regularly to minimize the pollution caused by the malfunction of equipment;
- Establishing effective vehicle management practice to reduce fuel consumption and associated air emissions. The Group also highly encourages employees to take public transport whenever possible and provides on-site residential units to employees to reduce their commuting demands;



- Encouraging electronic communications (e.g., online conference calls) with business partners. Applications for business air travel shall be reviewed and approved by management and all records are kept for tracking and reviewing to avoid unnecessary travel;
- Fully adopting solar power project was fully adopted by the whole Group during the Reporting Period; and
- Innovating new tire products by using low energy consumption raw materials, low-carbon design with high capability.

The Group evaluates the above-mentioned measures regularly, improves the measures, and set up new targets of emission standards according to the results of evaluations. The Group facilitates close communication with different stakeholders to encourage mutual involvement in the Group's emission policies through various channels, such as emails, notice boards and written reports.

#### **A1.6 Waste Reduction Initiatives and Targets**

Hazardous waste generated from the Group was collected by qualified collectors, and then handled by incineration and landfill. The non-hazardous solid wastes were sold to qualified recycling companies for recycling.

The Group has set the following 2 waste reduction targets:

1. By 2030, the amount of general waste generated per tonne of production will be decreased by 4.3% as compared with 2020.
2. By 2030, the amount of hazardous waste generated per tonne of production will be reduced by 18.2% compared with 2020.

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The amount of non-hazardous waste per tonne of production was reduced by 20%, and the amount of hazardous waste per tonne of production was reduced by 22% during the Reporting Period compared with 2020. The Group has achieved the waste reduction targets. The Group will review and improve waste reduction measures continuously in order to maintain good performance of waste reduction in the long term.

Indicator	Baseline Year (2020)	Reporting Period (2022)	Targets
<ul style="list-style-type: none"> <li>Non-hazardous waste intensity (tonne/tonne of production)</li> </ul>	<ul style="list-style-type: none"> <li>Non-hazardous waste intensity: 0.025</li> </ul>	<ul style="list-style-type: none"> <li>Non-hazardous waste intensity: 0.020</li> </ul>	<ul style="list-style-type: none"> <li>By 2030, the amount of general waste generated per tonne of production will be decreased by 4.3% as compared with 2020.</li> </ul>
<ul style="list-style-type: none"> <li>Hazardous waste intensity (tonne/tonne of production)</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous waste intensity: 0.0007</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous waste intensity: 0.0006</li> </ul>	<ul style="list-style-type: none"> <li>By 2030, the amount of hazardous waste generated per tonne of production will be reduced by 18.2% compared with 2020.</li> </ul>

In order to reduce hazardous waste production, the Group also reused lubricating oil whenever possible, and carried out a recycling and refurbishment project for used tires.

Responding to the government's call for "building a resource-conserving society", the Group promotes paperless offices. It has implemented the ECC automatic system for administrative procedures and encourages double-sided printing and initiatives that save paper and toner. Besides, the Group also promotes office wastepaper recycling by placing wastepaper baskets in the office area.

The Group also promotes non-hazardous waste reduction through its supply chain by encouraging the usage of reusable packaging materials.

## A2 Use of Resources

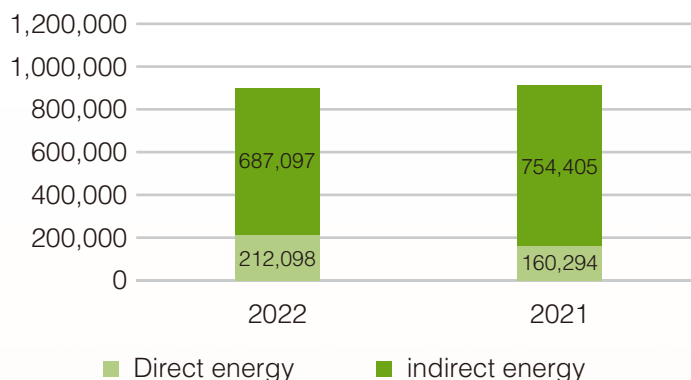
The Group recognises that its operation consumes a huge amount of energy and water resources. To reduce resource utilisation, the Group has formulated management policies regarding energy and resource use, which monitor and manage the consumption of fuel, electricity, water, and raw materials.

### A2.1 Energy Consumption

Energy Consumption Sources	Consumption	Consumption (in MWh)	Intensity (unit/tonne of production)	Intensity (MWh/tonne of production)
LPG for canteen operation	33,713 kg	470	0.07 kg/tonne	0.0009
Petrol for Group-owned vehicles	217,872 L	1,933	0.45 L/tonne	0.004
Diesel for Group-owned vehicles	594,900 L	11,532	1.24 L/tonne	0.02
Charcoal for boilers	24,182,581 kg	198,163	50.43 kg/tonne	0.41
Steam for manufacturing in the plant	381,843 tonnes	288,259	0.79 tonnes/tonne	0.60
Electricity for daily operation	384,092 MWh	384,092	0.80 MWh/tonne	0.80
Self-generated Photovoltaic	14,746 MWh	14,746	0.03 MWh/tonne	0.03

The total energy consumed by the Group was 899,195 MWh during the Reporting Period, with an overall intensity of 1.88 MWh/tonne of production.

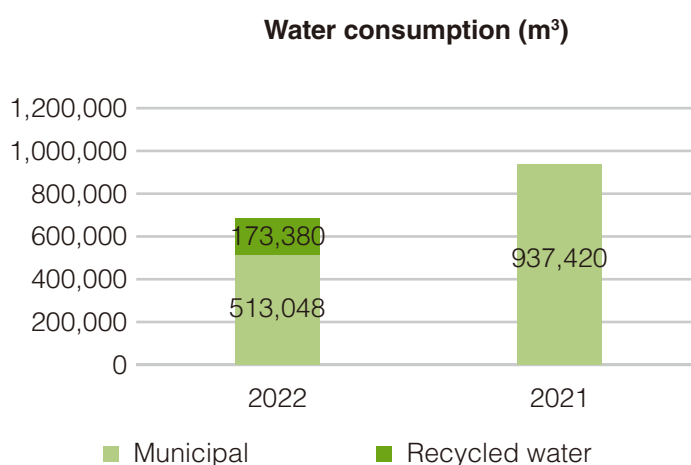
**Total energy consumption (MWh)**



Note 12: The total energy consumption for 2021 has been restated to reflect the actual situation of the year, from 820,618 MWh to 914,699 MWh.

## A2.2 Water Consumption

The wastewater generated in the factory area is discharged into the sewage treatment system in the factory. After the wastewater treatment, part of the water is reused, and the other part is discharged into a municipal wastewater treatment plant for further treatment. The Group consumed 513,048 m<sup>3</sup> of freshwater, discharged 339,419 m<sup>3</sup> of sewage and reused 173,380 m<sup>3</sup> of water during the Reporting Period, with a water consumption intensity of 1.07 m<sup>3</sup>/tonne of production and a discharge intensity of 0.71 m<sup>3</sup>/tonne of production. There was no issue in sourcing water that is fit for purpose.



## A2.3 Energy Use Efficiency Initiatives and Targets

The Group believes that effective energy use management can reduce energy consumption costs, and increase energy efficiency, which can maintain a virtuous relationship between people and the environment. The Group realises the importance to bear the social responsibility for protecting the environment. The development of new energy products and reasonable use of traditional fuel energy is the mainstream strategies of the Group's future business to maintain the balance of its competitiveness and environmental protection.

The management policy on energy and energy conservation standardises the Group's energy management and helps to enhance the efficiency of energy use. The energy management system, measurement management system, integration of information and industrialisation management system have been established. As required by the Energy Management System (GB/T 23331-2012), the Group has delegated different departments to record and report electricity, steam and water consumption to the cost management department. The energy measuring devices and measurement management system complied with the General Principle for Equipping and Managing the Measuring Instruments of Energy in Organisation of Energy Using (GB 17167-2006). The cost management department analyses and evaluates the consumption data and provides feedback to the consumption departments. Apart from energy consumption management, the Group has a management policy on heat insulation, which ensures effective insulation of various pipelines and systems and reduces energy loss due to damaged insulation layers.



In order to ensure the effectiveness of energy conservation measures, the Group has formulated the Energy and Resource Conservation Management Procedures, all employees from different departments are required to follow the procedures in their energy-saving working practices. The energy and conservation management committee is responsible for planning, synthesis, coordination and management of various energy-saving performance, actions and measures, and the evaluation of the energy consumption and energy-saving standards. Furthermore, the committee is also responsible for the arrangement of energy-saving training and promotion.

The Group actively strengthens communication with employees when formulating energy-saving policies and procedures. Feedback and comments from employees are collected before the implementation of the policies. Besides, the Group ensures employees' understanding of the updated energy-saving standards, targets, requirements and working procedures once the policies are adopted.

The Group has set the following energy use efficiency targets:

1. Short-term target: The energy consumption of the Shandong production base in 2022 will be decreased by 4% compared with 2021, excluding self-generated photovoltaic, in which approximately 3,362 tonnes of standard coal will be reduced. The production base in Thailand is still in the process of capacity expansion and is not considered for the time being.
2. Medium and long-term goals:
  - Shandong Plant:
    - ✧ By 2025, the energy consumption limit per unit product of all steel/semi-steel tires will reach 175/226 kg standard coal/tonne qualified products.
    - ✧ By 2030, the energy consumption limit per unit product of all steel/semi-steel tires reached 168/219 kg standard coal/tonne qualified products.
  - Thailand Plant:
    - ✧ By 2025, the energy consumption limit per unit product of all steel/semi-steel tires reached 199/243 kg standard coal/tonne qualified products.
    - ✧ By 2030, the energy consumption limit per unit product of all steel/semi-steel tires reached 191/234 kg standard coal/tonne qualified products.

The energy consumption in Shandong Operation during the Reporting Period, excluding self-generated photovoltaic, decreased by 16% compared with last year. The Group has achieved its short-term target. During the Reporting Period, the Group carried out a heat recovery and utilization project, the collected heat energy was converted to cold water for cooling purposes which can reduce the consumption of refrigerants. Besides, a nitrogen sulfide recovery and utilization project was carried out to reduce electricity consumption by producing nitrogen sulfide. The Group also replaced new insulation panels to reduce steam consumption and installed a waste oil recovery device to purify and reuse waste hydraulic oil. By adopting these measures in the Reporting Period, the Group has high confidence to achieve the above-mentioned medium and long-term energy use efficiency targets.

#### **A2.4 Water Use Efficiency Initiatives and Targets**

In the Shandong Plant, freshwater is mainly sourced from municipal tap water, reclaimed water and self-produced reclaimed water. During the Reporting Period, a new sewage treatment station started its operation which can produce 1,000 m<sup>3</sup> of reclaimed water per day. The huge amount of reclaimed water production can decrease water consumption to a large extent. Besides, a water balance diagram has been established to provide a clear reference for the Group to monitor water consumption, and implement corresponding water-saving measures. The tire manufacturing operation generates industrial wastewater and domestic wastewater. The Shandong Plant follows the Emission Standard of Pollutants for Rubber Products Industry (GB 27632–2011), and discharges were real-time monitored by the Environmental Protection Bureau. Wastewater was handled by the third-party wastewater treatment plant.

The Thailand Plant has obtained legal permission from the Thai Industrial Management Authority and WHA3 Industrial Park for sewage discharge. The Group also established a sewage treatment station in the Thailand Plant, which can recycle 70% of the wastewater generated from the production, and the reuse rate of recycled wastewater reaches 40% per year.

The Group has set the following 2 water use efficiency targets:

1. By 2025, water consumption per tonne of production will be reduced by approximately 50% compared with 2020.
2. By 2030, water consumption per tonne of production will be reduced by approximately 60% compared with 2020.

The water consumption per tonne of production was reduced by 31% during the Reporting Period compared with 2020. The Group will review the progress of water consumption reduction measures continuously and be confident to achieve the water reduction targets.

Indicator	Baseline Year (2020)	Reporting Period (2022)	Targets
The water consumption intensity (m <sup>3</sup> /tonne of production)	1.56	1.07	<ul style="list-style-type: none"> <li>• By 2025, water consumption per tonne of production will be reduced by approximately 50% compared with 2020.</li> <li>• By 2030, water consumption per tonne of production will be reduced by approximately 60% compared with 2020.</li> </ul>

### **A2.5 Packaging Materials**

Packaging materials consumed by the Group are mainly specified by clients, and the Group prioritizes the selection of recyclable and/or eco-materials for packaging purposes. All the packaging materials shall pass the quality inspection before use. The disposed packaging materials are handled by qualified recycling companies.

During the Reporting Period, the Group consumed a total of 576 tonnes of packaging materials, mainly paper wrap, tape and cable tie for product packaging. The consumption intensity was 1.2 kg/tonne of production. The amount of packaging materials was decreased by 17.6% compared with last year. There was a major change in the sales area structure of the Group's products which explains the significant decrease of packaging material consumption in the Reporting Period.

### **A3 The Environment and Natural Resources**

#### **A3.1 Significant Impacts of Activities on the Environment**

The Group considers every step in the tire manufacturing life cycle and ensures that the raw materials observe the Requirements for Prohibited Substances on Automobiles (GB/T 30512-2014), REACH, the ECE R117 requirement, and other laws and regulations in Shandong and Thailand for noise and rolling resistance to reduce adverse impact to the environment.

The Group's operation does not cause significant adverse impacts on the environment. The major on-site emission is the generation of Volatile Organic Compounds ("**VOCs**") during production processes. The Group has installed VOCs control facilities to ensure minimum environmental hazards posed to workers. Verified by a third-party testing agency, the company's VOCs, non-methane total hydrocarbon emission concentration and odour concentration are far below the national emission standards.

Other major activities of the Group that pose impacts on the environment included waste discharge and noise emissions from the manufacturing process. Wastewater is discharged into the Sewage Treatment Plant through the company's main sewage outlet at which an online monitor connected to the Environmental Protection Agency is installed to monitor the discharge of pollutants. Noise is produced during the operation of company equipment, fans, and water pumps. The company reduces noise pollution by selecting low-noise equipment, installing shock absorbers on the equipment, and adopting sound insulation measures to increase the sealing effect of the plant. The company's noise emissions were lower than the national emission standards.

The Group carefully considers its impact at each stage of the tire manufacturing life cycle. In the planning stage, the rubber formula and tire structure design are fully considered to meet the requirements of REACH and ECE R117 regulations on tire noise and rolling resistance, achieving energy saving and emission reduction during utilisation. The Group has replaced traditional materials with environmentally friendly materials. For instance, the Group uses environmentally friendly oil that does not contain carcinogenic polycyclic aromatic hydrocarbon compounds, and rubber peptiser DBD with relatively low pollution, to reduce the health risk of workers during the production process and environmental impact during utilisation. The Group also apply the reclaimed rubber produced by the recycling of waste tires to tire production, realising the recycling of resources, and reducing the environmental pollution. Regular evaluation of environmental impact, from acquisition, production, transportation, sales, and use, to disposal of raw materials through Life Cycle Assessment ("**LCA**") data collection and modelling is conducted. The Group strives to make continuous improvements to the green design of tires, enhancing the eco-friendliness of tires.

## A4 Addressing Climate Change

### **Governance of Climate-related Risks Management**

The Board focuses on managing the risks brought by climate change, integrating ESG (including climate-related issues) into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the company's overall strategy. The climate-related risks management has been integrated into the responsibility scope of the Development Strategy and Risk Management Committee. The Board has the responsibility to monitor the effectiveness of its climate-related risks management, discuss, report and formulate related measures within the Development Strategy and Risk Management Committee, such as Board meetings. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section.

### **Climate-related Risks Management**

Sustainable development is at the centre of the core management principle in long-term business planning. The Group has integrated climate change-related risks into its risk management system to evaluate physical risks and transition risks caused by climate change continuously. The Group has formulated emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strived to ensure normal production and operations, and maintain the safety of public security and employees' life and property. In order to improve its overall ability to respond to extreme weather, the Group has formulated the Emergency Plan for Extreme Weather and the Enterprise Strategy under Low-carbon Transition Risks in China in accordance with the Emergency Response Law of the PRC, the National Meteorological Disaster Emergency Plan and other relevant laws and regulations. Additionally, the Group has formulated the Environment, Health and Safety ("EHS") Management Regulations in Thailand, which regulates emergency preparation and response management to prevent and handle emergencies.

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low. Risks are then classified into three overall risk levels, high, medium and low based on the possibility and impact ratings.

### **Risk levels    Definition of the overall risk levels**

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High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

**The Group’s Climate-related Risks identification**

To prepare for the accelerating climate threats, the Group has identified corresponding risks that may affect the Group’s business and measures that can be taken to reduce the adverse impact on the business. At the same time, the Group also identified opportunities to grasp the benefits of climate change.

**Physical and Transition Risks:**

Climate-related Risk	Timeframe	Potential financial impacts	Risk level	Trend
<b>Physical Risks</b>				
Extreme weather	Short term	<ul style="list-style-type: none"> <li>— Power outages and production halts due to extreme weather conditions such as typhoons and thunderstorms, failure of outdoor logistics to operate normally, affecting order delivery timeliness, and price fluctuations due to unstable raw material supply.</li> <li>— Extreme weather events may also cause physical damage to infrastructure, raw materials for production and products which incur costs on recovery and repair.</li> <li>— Employees may face safety risks during extreme weather events.</li> </ul>	Medium	Increase
Extreme weather	Long term	Continuous high temperatures may increase the risk of fire accidents, which may increase the chance of property damage and loss of life.	Medium	Increase
<b>Transition Risks</b>				
Tightening of climate-related policies	Long term	The tightening of climate-related policies such as the establishment of carbon tariffs in countries or regions where the Group’s production or markets are located may increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for noncompliance.	High	Increase
Cost to transition to lower emissions technology	Long term	Substitution of existing technology and equipment with energy efficiency and renewable energy to comply with sustainability standards may incur the cost of research and development of new tire products.	Medium	Increase
Changing customer behaviour	Short term	A change in customer or user behaviour and preferences leads to a loss in customer and income if there is a failure to meet stakeholders’ expectations on climate risk management and goals.	Medium	Increase
Reputation risk	Medium term	The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing products and services. It may affect the reputation of the Group.	High	Increase

### **Strategies to cope with the climate-related physical and transition risks**

The Group's emergency plan for natural hazards and other emergencies has been stated in the Product Supply Emergency Plan. To reduce the risks caused by climate variability, the Group reserves raw materials for production, plan and schedule production progress, and established a work process for preparing for abnormal weather changes. When a sudden natural disaster affects the company's normal production and product delivery, the production and sales planning department will contact the planning and dispatch personnel of the production site as soon as possible to understand the current capacity situation and maximize the overall arrangement of production according to the capacity and order urgency. For situations that cannot meet the order requirements and deliver on time, the marketing department will communicate with customers and orders will be adjusted.

The Group realises the market's preference for sustainable products and services, low carbon technology has been implemented in the research and production process of its business operations. The Group strives to develop high energy-efficient, and high-quality tire products for new energy vehicles in order to meet the demand of customers and the standard of environmental laws and regulations.

### **Climate-related Opportunity**

In response to the climate change problem, the Group realises its social responsibility to protect the environment. The Group strives to reduce energy and emissions which develops as a low-carbon enterprise with a high reputation in long term. As the market preference for low-carbon tire products increases, innovation and development of environmentally friendly and energy-efficient products are incentivised, which is an opportunity for the Group to develop new products for new energy vehicles in the long term.

### **Research and Development of Tire Innovation**

Under the "carbon peaking and carbon neutrality" social context, the Group has evaluated the impact on the environment from its tire production, transportation, sales and disposal. By conducting technological research and development and innovation of tire products, the Group has proposed tire ecological improvement plans to promote green tire production. The Group has led 9 upstream raw material companies, 7 tire companies, 5 automobile companies, 7 technical support companies and 6 scientific research institutes to jointly establish the Shandong Province Multi-scale Tire Full Life Cycle Manufacturing Innovation Centre. In recent years, the Group has developed tire renovation and reuse technology, reclaimed rubber and pyrolysis carbon black application technology to carry out the development of waste tire recycling technology. The current proportion of recyclable material used in tire production is 24% and it is expected to reach 42% in 2025, 50% in 2030, and 90% or more in the future.

### **Metrics and Targets**

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO<sub>2</sub>eq.), total GHG emissions (in tCO<sub>2</sub>eq.) and the GHG emission intensity (in tCO<sub>2</sub>eq./tonne of production) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this Report.

## **B SOCIAL**

### **People-Oriented**

#### **B1 Caring for Our People**

The Group strictly complies with national and local laws and regulations concerning employment and labour practices, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law on the Protection of Minors, the Law on the Protection of Disabled Persons, the Law on Labour Unions of the PRC, the Social Insurance Law of the PRC, the Regulation on Paid Annual Leave for Employees, the Regulation on Labour Security Supervision, the Labour Dispute Mediation and Arbitration Law of the PRC, the Special Provision on the Labour Protection of Female Employees, and the Labour Protection Act B.E. 2541 of Thailand.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

#### *Human Rights*

Human rights have gained increasing significance in achieving a sustainable business. The Group is aware of the rights set out in the United Nations ("UN") International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organisation ("ILO") Declaration on Fundamental Principles and Rights at Work. The Group reviews the human rights policies and procedures regularly to ensure that it conducts business in a way that reflects its commitment to supporting and respecting internationally proclaimed human rights.

It is more common that risks to human rights are discovered through the business's supply chain. Along with its employment and its value chain, the Group respects:

- Rights not to be subjected to slavery, servitude or forced labour;
- Rights to freedom of thought, conscience and religion;
- Rights to enjoy just and favourable conditions of work; and
- Rights to health.



The Group respects the rights of employees to join labour unions, and constantly convenes meetings with the labour union to discuss issues relating to employee rights and obligations. Its commitments and practices for respecting human rights are described in the sections “Creating an Inclusive Workplace” and “Eliminating Child and Forced Labours” of this Report.

#### *Employee Benefits and Welfare*

Employees are core pillars of the Group’s sustainable development. The Group is people-oriented and makes every effort in providing opportunities for its employees to thrive. The Group safeguards the legitimate rights and interests of employees and continuously improves the comprehensiveness of its human resources management.

The Group continues to provide competitive salary packages to its employees in accordance with the relevant national regulations, including but not limited to the Interim Provision on Wage Payment. The Group has also stipulated relevant internal policy, the Regulations on Salary Payment Management to ensure smooth wage payment.

The Group improves employees’ performance through the implementation of “Employee Performance Evaluation Management Measures.” The Group launched a share option scheme and a profit sharing scheme in 2019. The second share option scheme was launched in 2021. For details of the share option scheme, please refer to page 44 of the 2022 Annual Report.

Abiding by the Labour Contract Law of the PRC and the Social Insurance Law of the PRC, the Group provides statutory social insurance which includes pension insurance, unemployment insurance, work-related injury insurance, medical insurance, maternity insurance and the housing provident fund. Accident insurance or other insurance has been provided to respective employees, depending on their job nature.

Employees are entitled to statutory holidays, annual leave, sick leave, marriage leave, compassion leave, maternity leave, miscarriage leave, and industrial injury leave. Employees are also entitled to health checks, lunch allowance, laundry allowance, heating allowance and year-end performance bonus. During hot weather, employees are complemented with hot weather allowance and iced drinks. Transport allowance is also offered to employees to encourage family reunions.

### *Working Hours and Compensation*

The Group strictly abides by the relevant national regulations concerning working hours and overtime work, including but not limited to the Regulation of the State Council on Working Hours of Employees. The Group implements different working hour systems for different positions, including the following two types: 1) standard working hour system: employees shall work no more than eight hours a day and no more than 40 hours a week on average; 2) irregular working hours. Compensation is provided for staff working on afternoon and night shifts.

### *Recruitment and Promotion*

A recruitment plan is developed annually by the human resources department based on the personnel request forms submitted by various departments. Employees are selected and recruited in an impartial, just and open manner in accordance with the management policy on recruitment. The Group provides outstanding employees with appropriate training which prepares them for career advancement. The Group has an assessment system to evaluate employees' performance, capability and recognition of the corporate culture. The Group selects employees for promotion through recommendations from departments, quality assessments, group interviews, and leadership competitions.

### *Dismissal*

A labour contract would be terminated under various conditions, including resignation, dismissal, and termination under various situations. The Group has formulated leave management measures to regulate resignation, dismissal and other related matters. The employees shall submit the resignation application forms to their department heads 30 days in advance, and the employees on probation shall submit the application forms to their department heads 3 days in advance. The Group has formulated an official dismissal procedure for all employees, and a comprehensive appeal mechanism is available for employees who are not satisfied with the dismissal.

### *Creating an Inclusive Workplace*

The Group is committed to providing equal opportunities for all employees. The Group considered the applicants fairly according to their ability, qualification and ethical attitude during the recruitment process. No employee shall be discriminated against or deprived of opportunities for recruitment, promotion, assessment, training, development or other aspects based on gender, racial background, religious belief, colour, sexual orientation, age, marital status or family status. The Group has adopted a diversity strategy for its board members. It is believed that the increased diversity at the board level is a key element to support its strategic objectives and sustainable development.

The Group employed people from different regions, ethnic minorities and deaf-mute people, and recruited interns through school-enterprise cooperation. The Thailand Plant introduces Yunnan and Guangxi translators, provides translation services to employees, implements a unified employee manual and rules and regulations for Thai workers and Myanmar workers, and arranges specific positions according to the characteristics of different personnel to conquer communication barriers.

### *Employee Communication*

Creating a vibrant workplace allows employees to work with higher productivity and a positive attitude. The Group values feedback from employees. The Group organised gathering activities in Shandong operations, such as the celebration of festivals, monthly employee birthday parties, and annual employee communication day. In the annual employee communication day, employees are encouraged to express their feelings, concerns and expectations about their daily job duties, and to provide suggestions to facilitate the Group's business development. The Group encourages employees to participate in the above-gathering activities to maintain work-life balance, relieve stress, and strengthen teamwork and cohesion. For the Thailand operation, the Group organised Corporate Culture Festival annually since 2022 in order to strengthen the sense of belonging of all the employees. An employee satisfaction survey was conducted in the Reporting Period in order to enhance the communication between employees and the Group, and collect more employees' feedback to analyse the problems reflected by the employees, evaluation and rectification measures will be adopted. During the Reporting Period, the followings are the main concerns raised by employees in both Shandong Operation and Thailand Plant:

Shandong Operation: The degree of matching between work and actual remuneration, and the ranking of income levels among similar positions in the region.

Thailand Plant: The timeliness of distribution of office and labour protection supplies in the Thailand Plant.

### *Grievance Mechanism for Employees*

The Group has established a labour union to provide a platform for employees to put forward opinions and suggestions. The Thailand Plant has also established a welfare committee to listen to the suggestions of Thai employee representatives through regular meetings. Corresponding work plans and solutions to the concerned problems are implemented after the meetings. The Group values feedback from employees. Besides, the Group conducted employee satisfaction surveys regularly, which evaluated the internal management of departments, restaurants, dormitory environment, training, etc., and encouraged employees to actively participate in problem feedback and understand their work and life needs.

Apart from the labour union, welfare committee and employee satisfaction surveys, three complaint hotlines, a corporate mailbox, a message box and a mobile business platform have also been set up for the employees to raise opinions and feedback. The employees' complaints must be handled within three working days, and the Human Resources Department cooperates with relevant business departments to conduct investigations. Finally, the investigation results are reported to the senior management.

The Group evaluates the grievance mechanism continuously to ensure the Group can identify the negative impacts through this mechanism. The Group will listen to the opinions of employees actively to ensure the effectiveness of the remediation process after the negative impacts are identified.

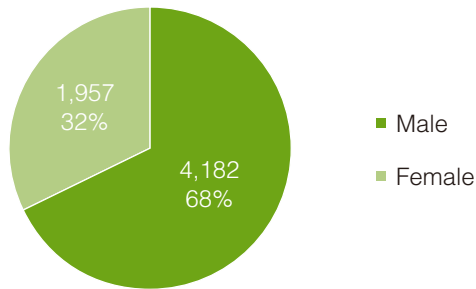
*Response to the COVID-19 pandemic*

There was no suspension of work during the COVID-19 pandemic. Employees were allowed to work-from-home if they got infected or isolation was needed. For the jobs which could not be finished in the work-from-home period, the jobs were distributed to other employees in the same department reasonably. There was no laid-off of employees or wage cut due to the COVID-19 pandemic.

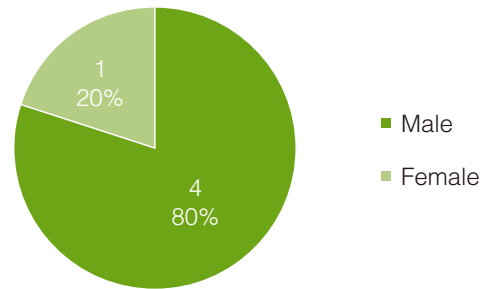
*Workforce*

As of 31 December 2022, the Group had a total of 6,144 employees, of which 99.92% were full-time employees and 0.08% are part-time employees. All part-time employees were from Mainland China. All of the employees in the Group were permanent employees. The detailed breakdown by gender, age group and employee grade is presented in the figures below.

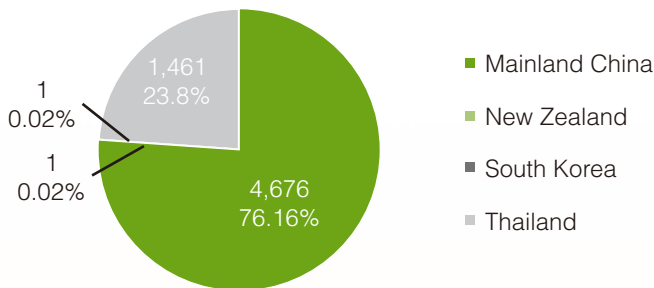
**Gender Distribution of Full-time Employees**



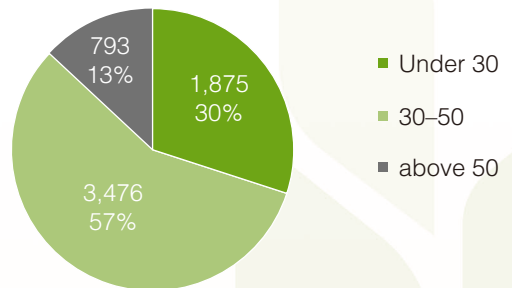
**Gender Distribution of Part-time Employees**



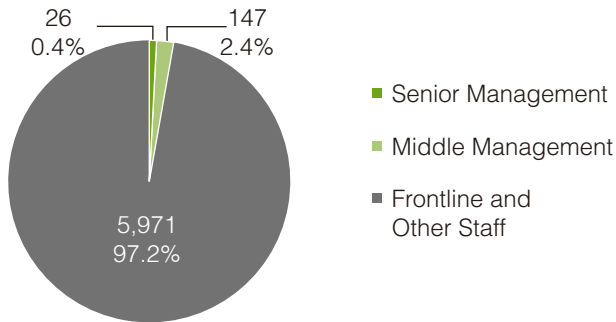
**Geographical Region Distribution of Full-time Employees**



**Total Workforce by Age**



### Total Workforce by Employee Category



#### Turnover

During the Reporting Period, the overall staff turnover rate was 37%. All employees who left the Group were full-time employees. Frontline staff had the highest turnover rate, which is a common phenomenon in the manufacturing industry. The detailed breakdown of the turnover rate by employee category, gender, age and region is presented below:

	<b>Turnover Rate</b>
<b>Overall Staff Turnover Rate</b>	37%
<b>Employee Category</b>	
Senior Management	8%
Middle Management	10%
Frontline and Other Staff	37%
<b>Age</b>	
Below 30	70%
30-50	26%
Above 50	3%
<b>Gender</b>	
Male	45%
Female	18%
<b>Region</b>	
Mainland China	24%
Thailand	71%

Note 13: Turnover Rate = The number of employees in the specified category leaving employment/Number of employees in the specified category.

## **B2 Employee Health and Safety**

### **Occupational Health and Safety**

The Group strives to strengthen occupational health and safety management and prevention of work-related hazards. Health and safety are the cornerstones of protecting both the physical and mental health of employees, increasing the Group's production ability and decreasing the costs of medical treatment and equipment maintenance. The Group strictly complies with the following occupational health and safety-related laws and regulations, including but not limited to the followings:

- Work Safety Law of the PRC, Law of the PRC on Prevention and Control of Occupational Diseases;
- Occupational Exposure Limits of Hazardous Factors in the Workplace Part 1: Chemical Hazardous Factors, Fire Protection Law of the PRC;
- Regulations of the PRC on the Prevention and Control of Pneumoconiosis;
- Measures for the Administration of Occupational Health Examinations;
- Measures for the Administration of Occupational Disease Hazard Project Declaration;
- Measures for the Supervision and Administration of Occupational Health Surveillance by Employers; and
- Order of the National Health Commission of the PRC.

In order to strengthen the safety production management, clarify safety production responsibilities, and prevent and reduce production safety accidents in construction operations, the Group also signs the safety management agreement with outsourcing construction units in accordance with the Safe Production Law. During the Reporting Period, there was no non-compliance relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group. 100% of employees are covered by the Group's occupational health and safety management system, and all of them are responsible for compliance relating to the corresponding laws and regulations. 100% of the parties which are controlled by the Group are also covered by the system and they have participated in the Group's internal audit.

The Group was certified with the ISO 14001 and ISO 45001 Occupational Health and Safety (“**OH&S**”) Management System. It has implemented policies and assigned Safety Officer to protect its employees from occupational hazards and assesses occupational risk regularly. The Group has set up an OH&S committee (the “**Committee**”) which is responsible for establishing a sound occupational safety and health responsibility system, and corresponding rules, regulations and operating procedures, conducting regular safety inspections, holding safety meetings and promoting the construction of a dual prevention system of potential hazards investigation and treatment and work-related hazards risk management. The Group has also set up an Occupational Health & Safety Department (“**EHS Department**”) which is responsible for providing employees with labour protection information, supervising the proper use methods of protective equipment, formulating occupational safety and health rules and regulations, supervising major inspections and investigations on serious accidents, organizing relevant personnel to study the rules for the occurrence of various accidents, and implementing effective measures to prevent accidents.

The Group maintains good communication with employees to mutually participate in discussions, formulation and evaluation of the Group’s occupational health and safety. In the Thailand Plant, the Safety Committee arranges meetings regularly with employees to exchange feedback and suggestions about the measures and policies. For the Shandong Plant, the OH&S-related information, including audit of occupational health and safety measures and management system, the effectiveness of reaching related targets and updated related measures and policies are communicated to employees through training, presentations and the website. All the departments can communicate safety information with the EHS Department through the Occupational Health and Safety Information Processing Record. At the end of the year, EHS Department cooperates with all the departments to formulate the Occupational Health and Safety Annual Report. The Report includes the compliance evaluation of occupational health and safety laws and regulations, the progress of achieving occupational health and safety objectives, indicators and plans, operation of the OH&S management system and results of internal and external audits, and external information exchange and complaints from relevant parties.

### **Work-related Hazard Identification**

The Group implements preventive and emergency measures according to the types and severity of safety risks. In order to implement effective safety measures, the Group has formulated a work-related hazard identification procedure. The head of each department is required to identify and assess business risks, and then report the findings to the EHS Department for further analysis and review of major safety risks of each department. The risk levels of the identified potential hazards are determined in the final stage of the procedure. The identified risk levels of the potential hazards act as the indicator to adjust the corresponding safety measures and conduct publicity and training for employees.

The risk levels are divided into 4 severities “red, orange, yellow and blue” in order. The red and orange level risks are directly controlled by the Group, the yellow level risks are controlled by departments, and the blue level risks are controlled by the teams in various departments.

The Group identifies potential work-related injuries, including high-consequence work-related injuries by assessing the potential hazardous sources of the workplace and the working procedures, regular and irregular activities in daily business operations, and the potential harm to employees while commuting. Mechanical injuries are the Group's major determined high-consequence work-related injuries. In order to minimize the risk of potential work-related hazards, the Group has formulated Occupational Safety and Health Management Plan to improve the preventive measures for identified potential risks of hazards. To protect employees from the exhaust gas, noise and other factors affecting their health during the production process, the company takes the following measures:

- Placing priority on low-noise equipment during procurement;
- Installing silencer and soundproof cover to existing equipment;
- Installing exhaust fans and air filters to improve the air quality inside the workshop;
- Providing earplugs to employees who are exposed to noise hazards, and other safety equipment such as gloves, helmets, respirators and anti-smashing safety shoes;
- Displaying warning signs in the Plant;
- Providing regular training regarding occupational hazards and fire safety knowledge;
- Assessing occupational hazards in the Plant regularly;
- Arranging occupational health checkups regularly. If employees are diagnosed with occupational diseases, treatment and transfer will be arranged;
- Ensuring the appropriate and adequate personal protective equipment (PPE) is provided to employees;
- Displaying reminders and warning signs in the plant;
- Arranging regular fire drills annually;
- Providing body checkups for employees who are exposed to hazard factors annually. If an employee is diagnosed with an occupational disease, the employee will have treatment arranged and be transferred to avoid continued exposure to harmful factors;
- Providing first aid equipment, medicines and cooling medicine in summer; and
- Installing photoelectric induction devices and emergency stop devices to minimize the risk of mechanical injuries.



**Investigation Procedures of accidents related to Occupational Health and Safety**

The parties involved in work-related accidents should report to the supervisors, the head of the department and the EHS Department immediately. The EHS Department is responsible for investigating all accidents, and preparing Accident Investigation Reports which include the time and places of the accidents, the equipment and process involved, the analysis of the cause, the corrective measures, the responsible person and the rectification period. The EHS Department is also responsible for reporting the accidents to the Human Resources Department within 24 hours after the accidents occur, and the Human Resources Department is responsible for applying for work-related injury insurance. At the same time, the cases are required to report to the government department in accordance with the national laws and organize relevant departments to prepare various report materials according to the procedures stipulated by the state. If the government department intervenes in the investigation according to legal requirements, the Group will cooperate with the implementation of relevant national reporting procedures.

**Fatality Rate and Work-related Injuries**

	The Shandong Plant	The Thailand Plant	Total
Total lost days due to work-related injuries	2,430	180	2,610
No. of cases of work-related injuries	5	4	9
	<b>2022</b>	<b>2021</b>	<b>2020</b>
No. of fatalities	0	0	0
Work-related fatalities rate	0%	0%	0%

### Health and Safety Training

The Group has implemented annual occupational health and safety training to improve the response capacities of all employees in different emergency accidents and improve communication among employees during emergency conditions. The Group has organized various occupational health and safety-related training for different departments during the Reporting Period, including double safety prevention system, occupational health and safety related laws and regulations, safety production responsibility system, production operating procedures, fire safety knowledge training, cardiopulmonary resuscitation and trauma first aid and the use of protective equipment. Some of the training required examinations and assessments to ensure employees understand the contents of the training.

### Emergency drills

To strengthen the ability of the Group to cope with the emergency accidents effectively, various emergency drills have been organized during the Reporting Period, including drills for chemical accidents, firefighting, special equipment and dust explosions.



### Food Health and Safety

Quality and safety of food has a direct impact on the health and safety of employees and guests. The Group has developed a food safety management plan and abides by the Food Safety Law, Regulations on the Implementation of the Food Safety Law and the Measures for the Supervision and Administration of Food Safety in Catering Services of the PRC. It has also established a contingency plan and dedicated task force for food safety incidents. Employees working in the catering operation are required to undergo health checkups at least once a year. The Group maintains traceable records of the purchase orders including food source, food supplier quality and inspection results. Relevant certificates and receipts should be provided with the incoming food materials. The Group conducts regular and random food safety assessments to ensure the implementation of the food safety management plan. Kitchen utensils and tableware are cleaned and sanitised according to its management system of cleaning and disinfection of kitchen utensils.

### **The COVID-19 Prevention Control Measures**

During the COVID-19 pandemic, the Shandong Operation formed an emergency leadership group and formulated the COVID-19 Prevention and Control Emergency Plan. Anti-epidemic items such as masks, alcohol, disinfectant, etc., are regularly distributed to employees. All the factories and offices were cleaned and disinfected according to company requirements. The Group also employed a professional disinfecting service team to clean and sanitise the plants and office. Employees are required to measure body temperature and scan a QR code before entering the workplace. If any case of abnormal body temperature is discovered, it will be reported to the pandemic emergency leading group and quarantine measures will be taken immediately. Besides, online meetings are preferable so as to avoid frequent social contact. The Group keeps on updating the latest information about pandemic prevention to the employees and reviewing the pandemic control measures according to the latest pandemic situation.



For the Thailand operation, a pandemic emergency group was formed to manage pandemic prevention measures. Fences were installed in the rest area and canteen in order to maintain social distance among employees. In addition, anti-epidemic items were distributed to all employees regularly, including personal protective equipment (“PPE”), rapid antigen test kits, gloves, masks and sanitisers. The employees who develop the symptoms of COVID-19 and their close contacts will be quarantined to avoid the transmission of the disease.

### **B3 Development and Training**

The Group attaches great importance to employee development and training. It believes that training not only strengthens employees’ vocational skills, professional knowledge and management skills but also improves employees’ overall quality and ability such as perception, attitude and learning skills. The Group’s management policy on training encourages employees to improve their management skills and professional knowledge, thus enhancing their competitiveness.

The Group has updated its internal Training Operation Management System in the Reporting Period, which contains the terms, guidelines and processes of the Group's training operation management. The Group formulates training plans annually. The training plans can be divided into company-level training and departmental training, the company-level training is organised by the Training Institute of Prinx Chengshan, and the departmental training is organised by different departments in the Group. The Training Institute of Prinx Chengshan integrates the principles of the "531 Rule" and the "Combination of Training and Practice" into its curriculum. The trainees can make use of the theoretical knowledge for their practical job duties, which facilitates them to learn actively. During the Reporting Period, various company-level training projects have been organised. The topics of the training included interviewer training, training camps, management nurturing, etc.



### ***New Employee Training***

The Group provides training to the new employees according to the terms and guidelines of the New Employee Induction Manual. Mentors are assigned to different departments, and they are responsible for guiding new employees to perform their job duties. Additionally, training camps are arranged for the new employees in order to build up their cooperation skills.

### ***Specialised Training***

The Group hires qualified teachers from external organizations to conduct training for special positions and evaluates whether employees have reached the training goals through examinations or practical operations. At the same time, the Group arranges the update of certificates and skills and training promptly if new, updated, or modified training is needed.

**Identification of Training Needs**

Before implementing the training plans, the Group needs to identify the training needs of its employees. The Group uses a variety of methods to consult employees about their training needs, including questionnaire survey, performance analysis, interviews and observation, group discussions, expert guidance, leadership instructions, employee applications, etc. After the training needs are analysed and identified through these processes, the Group formulated a targeted training plan and implemented it accordingly to ensure effective training regime. The Group evaluates each training in two aspects, namely theoretical knowledge and performance improvement so as to understand the trainees’ expectations and gains on training and improve the effectiveness of training according to different training needs of each employee.

During the Reporting Period, the Group has organised a total of 337,087 training hours for accumulative participants of 7,910 employees, among which 260,494 training hours were provided for 5,428 employees accumulatively in the Shandong Operation, and 76,593 training hours for 2,482 employees accumulatively in the Thailand Plant. The average number of training hours completed per employee was 55 hours. The detailed breakdown of percentages of employees trained and average training hours per employee is shown in the following table.

	% of employees trained	Average training hours per employee
<b>By Employee Category</b>		
Senior Management	119%	52
Middle Management	240%	109
Frontline & Other Staff	126%	54
<b>By Gender</b>		
Male	156%	67
Female	70%	28
<b>By Age</b>		
Under 30	149%	58
30–50	122%	54
Above 50	110%	52

*Note 14:* The percentage of employees trained = (the total number of employees who took part in training/the total number of employees as of 31-12-2022)\*100%

**B4 Eliminating Child and Forced Labour**

The Group strictly observes laws and regulations including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour, the Law of the PRC on the Protection of Minors and the Labour Law in Thailand.

The Group's policy on recruitment management stipulates that all recruiting processes shall follow the Labour Law of the PRC. All employees are required to undergo a security background check during the recruitment process to make sure that all engagement processes are compliant with applicable laws and internal regulations. The Human Resources Management Department verifies the applicants' identity cards to make sure the age of applicants is above 18 years old. If child labour or forced labour is found, the employment shall be terminated. The Group evaluates the performance of the labour dispatching company regularly and renews the contract annually according to the result of the evaluation. This act can enhance communication between the Group and the labour dispatching company, and protect labour rights by avoiding the withholding of wages and delayed wage payment.

No child labour, forced, or compulsory labour was reported and/or identified within any sites of the Group during the Reporting Period. There are no major risks associated with incidents of child labour or forced or compulsory labour within the Group's operation sites.

## **C OPERATING PRACTICES**

### **B5 Supply Chain Management**

To provide products of the highest quality to its customers, the Group has developed a supplier management system. New suppliers are required to provide background information, and environmental, quality and safety certifications in order to ensure the quality of the suppliers. Other criteria for selecting suppliers, including checking suppliers' registered capital, brand value, management systems, safety certifications, production capacity and technical capacity, etc.

Meanwhile, the Group has established a supplier risk management system to comprehensively track the supplier's quality, delivery time, environmental protection, legal affairs and other aspects, and takes necessary preventive measures and conducts emergency management for problematic suppliers. If a supplier modifies or changes its information, such as name, address, legal representative, etc., the legal and internal control department must conduct an audit to ensure that there are no disputes in environmental protection, finance and ownership.

The Group has produced the Supplier Handbook, stating the environmental and social responsibilities that suppliers must fulfil. Suppliers shall sign and ensure compliance with ISO4001 and ISO45001. The Group conducts monthly supplier audits to ensure requirements are met. The audits are conducted by comprehensive reviews and on-site visits. During the Reporting Period, the Group reviewed the suppliers according to their quality, delivery, cost and other aspects, and visited 13 factories or suppliers to review their wastewater handling, biogas and deodorant facilities to ensure they have met the environmental standards. For social responsibilities, the Group places importance on the prevention of corruption in its supply chain. All procurement contracts and all orders require suppliers to abide by all applicable laws on prohibiting corruption and bribery which included but are not limited to the Foreign Corrupt Practices Act of the United States, the Bribery Act 2010 of the United Kingdom, and the applicable laws and regulations in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Any offer or receipt of undue advantage among the Group, suppliers and dealers is strictly prohibited.

The Group recognises its responsibility to promote the green procurement of materials and services. All the contracted suppliers are required to comply with all the relevant environmental laws and regulations in order to minimise the environmental impacts brought by the operations of the suppliers. The Group inspects the materials frequently and evaluates the environmental management performance of the suppliers so as to ensure they have met the environmental standards. Besides, the new suppliers are required to provide third-party testing reports of their raw material products to ensure they have met the standards of environmentally friendly products.

During the Reporting Period, the Group has engaged suppliers worldwide. Detailed distribution is presented below:

Type of suppliers	Country/region	Number of suppliers for the Shandong Plant	Number of suppliers for the Thailand Plant
Raw materials	Mainland China	190	117
	Korea and Japan	6	7
	Europe and America	14	9
	Thailand	3	35
Equipment	Mainland China	338	226
	Hong Kong, Macau and Taiwan	1	1
	Korea and Japan	1	1
	Europe and America	4	4
Equipment	Mainland China	421	73
Components	Thailand	0	28
<b>Total number of cooperated suppliers of each subsidiary</b>		<b>978</b>	<b>501</b>
<b>Of which, the total number of mutual suppliers in Shandong Plant and Thailand Plant</b>			<b>303</b>
<b>The overall Group total number of suppliers</b>			<b>1,176</b>

All suppliers followed the supply chain management practices during the Reporting Period.

## **B6 Product Responsibility**

In terms of product design, the Group customises designs for customers from various geographical regions and cultural backgrounds. It strives to incorporate the latest industrial design concepts to create the most advanced products that align with customer needs, as well as the Group's mission and core values.

During the Reporting Period, the Group strictly abides by and fulfils its product and service commitments. There are no cases of violation of laws and regulations regarding the health and safety of products and services, advertising, labelling and privacy matters, which has a significant impact on the Group.

### **Quality Assurance and Product Recall**

#### *Understanding the Customers*

The Group provides comprehensive before-sales, sales and after-sales services to its customers to maximize the protection of customers' rights and interests and to reduce potential safety hazards and social impacts. The Group continues to understand the concerns and needs of the customers and makes appropriate decisions to fulfil customers' satisfaction and good business performance. The Group believes that the market demand for tires increases with high customer satisfaction with the products. Facing the increasing demand for low-carbon and highly efficient tire products, the increasing social concern on environmental protection, and keen competition in the market, the development and innovation of green tires will become the mainstream business of the Group in the future.

The Group has formulated 400 Complaint Handling Process and Rules, Complaint Handling Management Regulations and Unqualified Product Recall Procedures which provide clear guidelines for the customer feedback handling process and the responsibilities of different departments, including actively collecting and digesting customers' opinions and suggestions on product quality and services for improvement, tracking and enhancement, and following up on the use of the improved products in the market to verify the quality of the products and services.



The Group attaches great importance to maintaining clear lines of communication with customers. It allocates service engineers to regularly visit and communicate with customers to meet their service needs. Product repair and replacement are guaranteed if product defects are found. Customers or dealers who wish to lodge an enquiry or complaint can reach the Group through its customer service hotlines and WeChat. Enquiries or complaints will be diverted to the responsible department, which will provide customers or dealers with solutions. Customers or dealers will be invited to take the satisfaction survey on the phone after the enquiry or complaint has been resolved. The detail of the communication channels with customers is shown in the following table:

<b>Communication Channel</b>	<b>Customers/clients served</b>	<b>Complaints received</b>	<b>Follow-up on the complaints</b>
Service hotline 400-618-8899	End-consumers and dealers	A total of 137 complaints were received, regarding shipping and packaging, delivery, and market regulation	Departments involved in the complaint have completed the handling processes, and customer satisfaction surveys have been completed for all complaints.
Service email CS400@ prinxchengshan. com	End-consumers and dealers	N/A	N/A
Market service specialists and technical engineers conduct customer visits	End-consumers and dealers	N/A	The Group has visited customers 334 times, and visited service station 302 times during Reporting Period.
Sales and after-sales visits to off-site suppliers and Original equipment manufacturers (OEMs)	Suppliers and OEMs	N/A	The Group has visited OEMs 106 times during Reporting Period.

During the Reporting Period, a total of 137 complaints were lodged by customers or dealers through the general service hotline and email. The received complaints are resolved by all the responsible departments with satisfaction surveys collected from the complainers. There was no product sold or shipped subject to recall due to safety and health reasons.

### *Product Quality Assurance*

The Group realises the importance of maintaining high quality products. It is believed that product quality is a main element to increase the Group's competitiveness in the industry in long term, and customers' confidence towards the Group's products. Furthermore, high quality product also represents the national performance of the economy, development of technology, education level and quality of management. The Group believes that maintaining high product quality can develop a good national image, and it is the base to promote macroeconomic growth.

The Group has implemented a comprehensive and strict product quality control and production management system to ensure strict compliance with national and local laws and regulations, continuously promotes lean production and improves internal operational efficiency. The Group has implemented IATF16949 Standard in order to formulate the quality control goals and procedures. With the assistance of smart systems such as APS intelligent Production Scheduling, SPC Process Capability Monitoring and MES Manufacturing Execution System, the Group has realized real-time data collection and reasonable allocation of equipment, completed intelligent daily monitoring, traceability, data analysis and maintenance in the production process, strengthened automation and intelligence of the production process, and greatly improved production efficiency and product quality control capabilities.

The Group evaluates the effectiveness of the product quality control and production management system continuously. It reviews the quality of products, quality control procedures and management methods to monitor and analyse the performance of each procedure of the system. Additionally, the Group formulates the targets of product quality control annually in order to ensure compliance with quality standards, including the passing rate of diagonal tires, semi-steel and all-steel radial tires, "0" km Part Per Million, cost of poor quality ("**COPQ**") and customer satisfaction. The Group strives to communicate with different stakeholders to collect feedback and concerns about the quality control system. For example, various communication channels have been set up for employees to voice out their concerns, and regular meetings were arranged to encourage employees to discuss the existing quality control system. For communication with other stakeholders, the Group conducted meetings with business partners, and shareholders, and arranged site-visit to ensure different stakeholders' right to participate in the discussion of the Group's quality control policy.



### *Intellectual Property Rights*

The policy on knowledge management identifies the Group's best practices on research, design, manufacturing, quality control, etc. Intellectual property rights protect the Group's innovative products and core technology which can further strengthen the Group's ability to develop high-quality and energy-efficient innovative tire products continuously. The corresponding policy is formulated in accordance with the related national laws and regulations, including but not limited to the Tort Liability Law of the PRC, the Patent Law of the PRC, and the Decision of the State Council on Further Strengthening the Protection of Intellectual Property Rights and Intellectual Property Law of the PRC. The company had formulated the "Enterprise Intellectual Property Management System" in accordance with GB/T29490-2013 to regulate the company's management and protection of intellectual property rights. This system contains the procedures of intellectual property rights declaration and protection. The Group reviews its knowledge of best practices regularly and improves its performance, and ensures the effectiveness of the policies continuously. The Group has registered patents for its utility models, industrial designs and inventions. The policy on trademarks management regulates domestic and foreign registration of the Group's trademarks and safeguards legitimate rights and interests of the Group. If any infringement is found, the relevant department shall report to the legal department and the research and development management department, and legal actions will be taken to protect the Group's legitimate rights and interests.

The Group has always given priority to intellectual property rights protection when purchasing raw materials and designing equipment. For instance, the Group investigates the owner of product intellectual property rights when purchasing products, and the Group applies the intellectual property rights for protecting its core technologies in order to enhance the Group's ability to develop innovative products.

To strengthen the employees' understanding of intellectual property rights, internal training regarding intellectual property rights is arranged in the Reporting Period. Furthermore, the Group ensures all employees, suppliers and business partners agree with the terms and conditions of intellectual property rights while signing contracts.

During the Reporting Period, a total of 166 new utility model patents, 16 invention patents and 148 new design patents have been granted by the State Intellectual Property Office of the PRC. Accumulatively, a total of 330 intellectual property rights were granted by the end of the Reporting Period.

### **Information Security**

The Group always attaches great importance to protect information privacy and data security, and strictly complies with the related national laws and regulations, including but not limited to the Cyber Security Law of the PRC, Personal Information Protection Law of the PRC, the European Union's General Data Protection Regulation ("GDPR"). The Group strives to avoid the loss, misuse and mismanagement of sensitive data of employees and customers. The Group needs to protect the rights of people not to disclose their privacy as the Group believes that people have less confidence to contribute their efforts to benefit society if their privacy is not being protected. To safeguard confidential information and trade secrets, the Group has formulated the internal management regulation on confidential work, including but not limited to the Information Security Management System, IT Equipment and Applications Management Regulation, E-mail Management Regulation, Shared Folder Standardisation Management Regulation and Internet Access Management Regulations. All employees shall not disclose the Group's confidential information obtained in the course of work such as the Group's business secrets and confidential matters related to intellectual property rights, to any third party for any reason or any purpose, whether during the term of the labour contract or after its termination. Employees violating the policy can be dismissed or be held legally liable.

The Group signs up a confidentiality agreement with all business partners, especially for strategic cooperation, technical cooperation negotiations and initial contact. The information confidentiality agreement will remain valid until the relevant secrets are legally disclosed. Both parties shall keep applicable business information confidential and shall only use such information for the purposes specified in the contract. Visits conducted by external parties are regulated under the management regulation on plant visits and visitors are required to sign a site visit agreement. The loss and damage shall be borne by the external parties in breach of the policy or relevant agreement.

The Group has formulated an information management policy to guide information technology management, network security, and data security. The information technology department is responsible for procurement, standardisation, installation, training delivery, recording, and maintenance regarding the usage of software and hardware. It is also responsible for ensuring network security, stability and the safe storage, backup, and recovery of data. The Group has the following process to ensure data security:

- Data storage and processing:
  - o Various physical, electronic and management measures are implemented to safeguard and secure confidential data, which shall be only stored in a safe location of the local file server with password protection; and
  - o Use data backup software to back up relevant key data. The backup includes regular backup-retained for 2 weeks; monthly backup — retained for 1 year; and yearly — retained for 3 years. After the user leaves, his/her account will be disabled, and the data will be deleted after 2 weeks.



- Prevention of data leakage:
  - o Employees in key departments have installed encryption software on their computers to prevent data leakage. Internet firewalls and anti-virus software are installed on network servers and computers to prevent attacks;
  - o The information technology department will perform a regular audit to maintain robust security systems to prevent unauthorised access to data;
  - o Anyone who needs data access shall first fill in the “Information System Resource Application form”, and each applicant will be granted limited data accessibility;
  - o Regular training for employees;
  - o The Employee Code stipulates that the data user is responsible for protecting the relevant working data to ensure no data leakage, otherwise, the company has the right to punish employees for their actions and reserves the right to pursue accountability through legal means;
  - o Established a hybrid cloud data centre with a three-level structure of mobile cloud + local cloud + Alibaba Cloud, gradually reduced information security risks, and regularly conducted vulnerability detection and rectification by third parties; and
  - o All the information and data of applicants, resigned workers and business partners who have withdrawn their relationship with the Group will be deleted and destroyed after 1 month of their withdrawal from the Group.
- Data leakage processing:
  - o When the system is hacked, the anti-virus system will notify the users and the person in charge, who will deal with the problem accordingly, such as blocking the corresponding IP device and disconnecting the network, etc.

Apart from the implementation of information technology management to protect sensitive data, the Group also provides network security training to its IT technical personnel and general employees. Furthermore, all employees are required to obtain prior approval from supervisors and IT supervisors when they apply for IT software installation. Additionally, the Group has formulated the Information-related Risk Emergency Plan and IT Emergency Management Regulation to provide emergency remediate response guidelines to IT technical personnel when major network failures and sudden disasters occur. The Group reviews the effectiveness of the information privacy policy continuously. In order to improve the corresponding policy and ensure the effectiveness of the policy, the Group evaluates the procedures and practices of information protection and collects feedback about the current information protection policy from employees. No complaints of network security and data leakage received from outside parties and substantiated by the organization and regulatory bodies were identified during the Reporting Period.

### **Advertising and Labelling**

The Group raises brand awareness through online networks, traditional media advertisement and printed materials. It ensures that a unified branding message is delivered to its audiences. Requirements have been set out for using copyrighted content (including trademarks, fonts, pictures and videos) for advertising.

During the Reporting Period, all promotional contents were reviewed by the corresponding personnel for communication monitoring to ensure compliance with the Advertising Law of the PRC.

### **B7 Ethical Culture**

The Group regards honesty, integrity, and fairness as its core values. Maintaining fair competition can contribute to a harmonious society, and economic initiative and creativity will be effectively enhanced. Ethical culture in the workplace is also an important element for people's right to be treated equally and fairly. The Group strictly complies with the laws and regulations, such as the Anti-Unfair Competition Law of the PRC, Anti-Monopoly Law of the PRC, Law of the PRC on Anti-money Laundering and Criminal Law of the PRC, and prohibits any acts of corruption, money laundering, extortion, fraud, blackmail, bribe-taking and bribery to avoid unfair competition and market manipulation. Its policies on anti-corruption, such as Anti-fraud Operation Guidelines, Whistle-blowing Policy, Anti-fraud Reward Mechanism and Anti-fraud Confidentiality Mechanism standardise conduct and discipline of the board of directors, middle and senior management, other general staff and business partners. The Group also publicised anti-fraud-related information, policies, rules and guidelines when signing business contracts with customers or suppliers. All members of the Group and business partners are responsible for preventing corruption. The breakdown number and percentages of different employment categories of the Group's anti-corruption policies and procedures have been communicated to, are shown in the following table.





	Number of people		Total	Percentage
	Shandong	Thailand	number of people	%
Total number of the Board members	5	5	10	
Total number of the Board members that the Group's anti-corruption policies and procedures have been communicated to	5	5	10	100%
Total number of employees	4,489	1,655	6,144	
Total number of employees that the Group's anti-corruption policies and procedures have been communicated to	4,489	1,655	6,144	100%
Total number of business partners	1,176		1,176	
Total number of business partners that the Group's anti-corruption policies and procedures have been communicated to	1,176		1,176	100%

In order to ensure the effectiveness of the Group's anti-corruption policies, its internal audit department has formulated, evaluated and updated the detailed procedures for the Whistle-blowing Policy. The cases will be handled strictly by investigation and collection of evidence if any cases are received. For detailed information, please refer to the "Whistle-blowing Policy" section. Furthermore, the Group has also established an effective internal control mechanism which conducted 10 special audits during the Reporting Period, including on the areas with high fraud risk, and implemented corresponding preventive measures.

#### *Whistle-blowing Policy*

The Group advocates the necessity of ethics and encourages whistleblowing. The following report procedures were stipulated:

- 1 Any alleged violations can be reported to the Audit Committee or the General Manager, the Legal and Internal Audit Department through formal channels, including the Audit Committee's mailbox or the General Manager's mailbox, the Legal and Internal Audit Manager's mailbox, the hotline, or the Company's online management platform.

- 2 After discovering or receiving the report of any suspected violations, the Legal and Internal Audit department shall make a detailed account of the violations in the report log, which shall be submitted together with relevant supporting materials to the general manager. A special investigation team may be set up for the investigation of any suspected cases of corruption.
- 3 The general manager will either lead the case investigation or appoint relevant personnel for investigating the case independently. The investigation will be carried out internally or together with external governmental authorities depending on its nature.
- 4 After the completion of the investigation, the head of the Legal and Internal Audit department will submit a final report to the internal audit committee. Any recommendations, if approved by the committee, will also be submitted to the board of directors for adoption.
- 5 The Legal and Internal Audit department is responsible for any follow-up activities, implementing recommended measures, and evaluating the effectiveness of preventative measures. All follow-up activities will be reported to the board of directors promptly and will be archived properly.

#### *Risk Management of Anti-corruption*

The Group regularly conducts risk assessments to reduce the risk of fraud. Through special anti-fraud and corruption audits, the Group identifies risks related to procurement and sales, regulates business behaviours, safeguards the company's legitimate rights and interests, and establishes a good corporate image to ensure the company's continuous, stable and healthy development. The Group protects all employees who have lodged complaints legally or have been involved in corruption-related investigations. All the information of the reported cases and the detail of the investigation are kept confidential, and any discrimination against such employees is prohibited. Employees engaging in encroachment, embezzlement, corruption, fraud and other malpractices listed on the management policies regarding anti-corruption and employee discipline can be dismissed.

#### *Anti-corruption Training*

During the Reporting Period, Anti-corruption and integrity training was provided to the employees of different departments, aiming to enhance their alertness to corruption, conflict of interest and integrity issues.

In July 2022, the Group arranged anti-corruption training for the employees from the Logistics Management Department, Purchasing Centre, Sales Centre and Research and Development Centre ("**R&D Centre**"). In October 2022, the Group organised anti-corruption training for the employees from the Shandong Factory, Thailand Factory and North American Office. 785 employees participated in the training, which was 78% of all the employees in the corresponding departments.



The contents of training included anti-fraud operation guidelines, the identification of corruption, reporting channels and procedures. To strengthen employees' understanding on anti-corruption, the Group encouraged employees to participate in the "Prinx Chengshan Anti-commercial Bribery Examination". 708 employees passed the examination.

In the Thailand Plant, the training of the basic knowledge about anti-corruption is arranged for the new employees and requires them to follow the guidelines of proper working practices which are stated in the Employee Handbook.

During the Reporting Period, the Group and its employees have not violated or engaged to violate any law relating to corruption. The Group has not been involved in any money laundering, nor aided, abetted, assisted or colluded with an individual who has committed, or conspired to commit any unlawful activities. No public legal cases and confirmed incidents of corruption had been identified, no employee was penalised and dismissed, and no termination of contracts with business partners due to non-compliance with relevant laws and regulations relating to corruption, bribery, extortion, fraud and money laundering during the Reporting Period.

## B8 Care for the Community

The Group understands the importance of its corporate social responsibility to contribute to the welfare of society. The Group focuses on contributing to the community environment, health and recreation, and creating a healthy and harmonious community. The Group has also provided significant support for local economic development and contributed to social security by offering attractive job positions.

The detail of the charity and voluntary activities and services organised in the Reporting Period is shown in the following table:

Focus Area	Activities	Organisations	Resources contributed	Business Operation
Community Order	Community security patrol	Seaview Pavilion, Lily Bay	Volunteers: 65 people	Shandong
Environmental Protection	Beach clean-up	Ellian Bay Ocean Ranch	Volunteers: 65 people Hours: 136	Shandong
Community Health	Set up community COVID-19 nucleic acid testing station, and community sanitation work	People's Government of Shandong Province	Volunteers: 136 people Hours: 2,850	Shandong

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Focus Area	Activities	Organisations	Resources contributed	Business Operation
	World No Tobacco Activity Day	World Health Organisation	Organised employees to clean up smoking area	Shandong
Charity Donation	Temple Donation Event	Thai Industrial Standards Institute	Donation: THB 30,000	Thailand
		Lat Nam Khem Temple	Donation: THB 10,000	Thailand
	Donation of school supplies in the Children's Festival	Tacham Primary School	Donation: THB 6,000	Thailand
	Daily Resource Donation Activity in Songkran Festival	Changwat Chon Buri and Nong Yai	Donation: 50 bags of rice 50 packs of instant noodles THB 9,100	Thailand
	Donation of first aid resources for flood disasters	Rayong Industrial Zone	Donation of first aid resources worth THB 10,800	Thailand
Learning Support for Primary School	Fire drill training for primary school students, and renovation of school facilities	Tacham Primary School	Donation of 1,000 face masks	Thailand
Community Support	School renovation	Tacham Primary School	Paint: 18 buckets The number of employees: 4 people	Thailand



## APPENDIX I — PERFORMANCE DATA SUMMARY

### Environment

	2022	2021
<b>Resource consumption</b>		
Electricity (MWh)(Including self-generated photovoltaics)	398,838	401,939
Diesel (Litres)	594,900	915,321
Petrol (Litres)	217,872	283,908
LPG (kg)	33,713	144,318
Charcoal (kg)	24,182,581	17,898,000
Total water consumption (m <sup>3</sup> )	513,048	937,420
Steam (tonnes)	381,843	468,210
Total energy consumption (MWh)	899,195	914,699

### Emissions

	2022	2021
<b>GHG emissions</b>		
Total GHG emissions (tCO <sub>2</sub> e)	473,274	523,080
Scope 1: Direct emissions (tCO <sub>2</sub> e)	82,092	60,142
Scope 2: Energy Indirect emissions (tCO <sub>2</sub> e)	390,803	462,413
Scope 3: Indirect emissions (tCO <sub>2</sub> e)	379	525
<b>Air emissions (non-GHG)</b>		
Sulphur oxides (kg)	13	19
Nitrogen oxides (kg)	397	75
Respiratory suspended particles (kg)	19	3
<b>Sewage</b>		
Sewage discharge (m <sup>3</sup> )	339,419	461,326
<b>Waste</b>		
Hazardous waste (tonnes)	274	601
Non-hazardous waste (tonnes)	9,620	14,887
Packaging materials (tonnes)	576	700

## Social

### Workforce distribution

	2022	2021
The total number of employees	6,144	6,450
<b>By employment type</b>		
Full-time	6,139	6,450
Part-time	5	0
<b>By employee category</b>		
Senior management	26	26
Middle management	147	133
Frontline and other employee	5,971	6,291
<b>By gender distribution of full-time employees</b>		
Male	4,182	5,126
Female	1,957	1,324
<b>By gender distribution of part-time employees</b>		
Male	4	0
Female	1	0
<b>By geographical region distribution of full-time employees</b>		
Mainland China	4,676	4,733
New Zealand	1	N/A
Thailand	1,461	1,677
South Korea	1	N/A
<b>By geographical region distribution of part-time employees</b>		
Mainland China	5	0

**Turnover rate**

	<b>2022</b>	<b>2021</b>
The total number of employee turnover	2,254	2,556
The overall employee turnover rate	37%	40%
<b>By employee category</b>		
Senior management	8%	4%
Middle management	10%	8%
Frontline and other employee	37%	41%
<b>By gender</b>		
Male	45%	38%
Female	18%	48%
<b>By Geographical region</b>		
Mainland China	24%	34%
Thailand	71%	55%

**Employee training**

	<b>2022</b>	<b>2021</b>
Total training hours of employees	337,087	327,722
Average training hours per employee	55	51
<b>Average training hours per employee (By gender)</b>		
Male	67	53
Female	28	41
<b>Average training hours per employee (By employee category)</b>		
Senior management	52	62
Middle management	109	109
Frontline and other employee	54	50
<b>Percentage of employee trained (By gender)</b>		
Male	156%	132%
Female	70%	115%
<b>Percentage of employee trained (By employee category)</b>		
Senior management	119%	131%
Middle management	240%	250%
Frontline and other employee	126%	126%

**Employee health and safety**

	<b>2022</b>	<b>2021</b>
Number of work-related injuries	9	25
Lost days due to work-related injuries	2,610	1,796

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Number of work-related fatalities	0	0	0
Work-related fatality rate	0%	0%	0%

**Supply chain management**

	<b>2022</b>	<b>2021</b>
The total number of suppliers	1,176	1,167

**Percentage of total products sold or shipped subject to recalls for safety and health reasons**

	<b>2022</b>	<b>2021</b>
	0%	0%

**The number of products and service related complaints received**

	<b>2022</b>	<b>2021</b>
	137	151

**The total number of intellectual property rights obtained**

	<b>2022</b>	<b>2021</b>
	330	273

**The number of concluded legal cases regarding corrupt practices**

	<b>2022</b>	<b>2021</b>
	0	0

## APPENDIX II — HKEX ESG REPORTING GUIDE INDEX

### General Disclosures and KPIs

#### Description

#### Section(s)

### Environmental

#### Aspect A1: Emissions

General disclosure	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.	<ul style="list-style-type: none"> <li>• A Environment</li> </ul>
KPI A1.1	The types of emissions and respective emissions data.	<ul style="list-style-type: none"> <li>• A1 Emissions</li> </ul>
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	<ul style="list-style-type: none"> <li>• A1.2 Greenhouse Gas Emissions</li> </ul>
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	<ul style="list-style-type: none"> <li>• A1.3 Hazardous Waste</li> </ul>
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	<ul style="list-style-type: none"> <li>• A1.4 Non-hazardous Waste</li> </ul>
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• A1.5 Measures to Mitigate Emission and Targets</li> </ul>
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• A1.6 Waste Reduction Initiatives and Targets</li> </ul>

#### Aspect A2: Use of Resources

General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	<ul style="list-style-type: none"> <li>• A2 Use of Resources</li> </ul>
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	<ul style="list-style-type: none"> <li>• A2.1 Energy Consumption</li> </ul>
KPI A2.2	Water consumption in total and intensity.	<ul style="list-style-type: none"> <li>• A2.2 Water Consumption</li> </ul>
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• A2.3 Energy Use Efficiency Initiatives and Targets</li> </ul>
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• A2.4 Water Use Efficiency Initiatives and Targets</li> </ul>
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	<ul style="list-style-type: none"> <li>• A2.5 Packaging Materials</li> </ul>
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	<ul style="list-style-type: none"> <li>• A3 The Environment and Natural Resources</li> </ul>
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> <li>• A3.1 Significant Impacts of Activities on the Environment</li> </ul>



**General Disclosures and KPIs**

**Description**

**Section(s)**

**Aspect A4: Climate Change**

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	• A4 Addressing Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• A4 Addressing Climate Change

**Social**

**Employment and Labour Practices**

**Aspect B1: Employment**

General Disclosure	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.	• B Social • B1 Caring for Our People
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	• B1 Caring for Our People — Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• B1 Caring for Our People — Turnover

**Aspect B2: Health and Safety**

General Disclosure	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.	• B2 Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• B2 Employee Health and Safety — Fatality Rate and Work-related Injuries
KPI B2.2	Lost days due to work injury.	• B2 Employee Health and Safety — Fatality Rate and Work-related Injuries

**General Disclosures and KPIs**

General Disclosures and KPIs	Description	Section(s)
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>• B2 Employee Health and Safety</li> <li>• Occupational Health and Safety</li> <li>• Work-related Hazard Identification</li> <li>• Investigation Procedures of accidents related to Occupational Health and Safety</li> <li>• Health and Safety Training</li> <li>• Emergency Drills</li> <li>• Food Health and Safety</li> <li>• The COVID-19 Prevention Control Measures</li> </ul>
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<ul style="list-style-type: none"> <li>• B3 Development and Training</li> </ul>
KPI B3.1	The percentage of employees trained by gender and employee category.	<ul style="list-style-type: none"> <li>• B3 Development and Training</li> <li>• Identification of Training needs</li> </ul>
KPI B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> <li>• B3 Development and Training</li> <li>• Identification of Training needs</li> </ul>
<b>Aspect B4: Labour Standards</b>		
General Disclosure	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 or forced labour.	<ul style="list-style-type: none"> <li>• B4 Eliminating Child and Forced Labour</li> </ul>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<ul style="list-style-type: none"> <li>• B4 Eliminating Child and Forced Labour</li> </ul>
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<ul style="list-style-type: none"> <li>• B4 Eliminating Child and Forced Labour</li> </ul>

**General Disclosures and KPIs**

**Description**

**Section(s)**

**Operating Practices**

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	• B5 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	• B5 Supply Chain Management
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	• B5 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	• B5 Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• B5 Supply Chain Management

**Aspect B6: Product Responsibility**

General Disclosure	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.	• B6 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	• B6 Product Responsibility • Quality Assurance and Product Recall — Understanding the Customers
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	• B6 Product Responsibility • Quality Assurance and Product Recall — Understanding the Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• B6 Product Responsibility • Intellectual Property Rights

**General Disclosures and KPIs**

	<b>Description</b>	<b>Section(s)</b>
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> <li>• B6 Product Responsibility</li> <li>• Quality Assurance and Product Recall — Understanding the Customers</li> </ul>
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>• B6 Product Responsibility</li> <li>• Information Security</li> </ul>
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	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.	<ul style="list-style-type: none"> <li>• B7 Ethical Culture</li> </ul>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	<ul style="list-style-type: none"> <li>• B7 Ethical Culture</li> </ul>
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>• B7 Ethical Culture</li> <li>• Whistle-blowing Policy</li> </ul>
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> <li>• B7 Ethical Culture</li> <li>• Anti-corruption Training</li> </ul>
<b>Aspect B8: Community Investment</b>		
General Disclosure	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.	<ul style="list-style-type: none"> <li>• B8 Care for the Community</li> </ul>
KPI B8.1	Focus areas of contribution.	<ul style="list-style-type: none"> <li>• B8 Care for the Community</li> </ul>
KPI B8.2	Resources contributed to the focus area.	<ul style="list-style-type: none"> <li>• B8 Care for the Community</li> </ul>

## APPENDIX III — GRI STANDARDS CONTENT INDEX

Statement of use	Prinx Chengshan Holdings Limited has reported in accordance with the GRI Standards for the period (1-1-2022 to 31-12-2022)
GRI 1 used	GRI 1: Foundation 2021
Application GRI Sector Standard	N/A

GRI Standard/ other sources	Disclosure	Location	Omission	
			Requirement(s) Omitted	Reason/Explanation
<b>General Disclosures</b>				
<b>The organization and its reporting practices</b>				
GRI 2: General Disclosure 2021	2-1 Organizational details	<ul style="list-style-type: none"> <li>• Scope and Reporting Period</li> <li>• About Prinx Chengshan Holdings Limited</li> </ul>		
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li>• Scope and Reporting Period</li> </ul>		
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>• Scope and Reporting Period</li> <li>• Stakeholders' Feedback</li> </ul>		
	2-4 Restatements of information	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	Yes	No change of reporting scope, nature of the business, methodologies in previous reporting periods
	2-5 External assurance	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	Yes	No external assurance has been sought for this report
<b>Activities, value chain and other business relationships</b>				
GRI 2: General Disclosure 2021	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>• About Prinx Chenshan Holdings Limited</li> <li>• Operating Practices — B5. Supply Chain Management</li> </ul>		No significant changes in the Group's value chain and relevant business relationships
	2-7 Employees	<ul style="list-style-type: none"> <li>• B. Social — B1. Caring for Our People — Workforce</li> </ul>		No significant fluctuations in the number of employees during the Reporting Period
	2-8 Workers who are not employees	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	Yes	No workers who are not employees, GRI 2-8 is not applicable

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
<b>Governance</b>				
	2-9 Governance structure and composition			
	2-10 Nomination and selection of the highest governance body			
	2-11 Chair of the highest governance body			
	2-12 Role of the highest governance body in overseeing the management of impacts			
	2-13 Delegation of responsibility for managing impacts			
	2-14 Role of the highest governance body in sustainability reporting			
	2-15 Conflicts of interest			
	2-16 Communication of critical concerns			
	2-17 Collective knowledge of the highest governance body			
	2-18 Evaluation of the performance of the highest governance body			
	2-19 Remuneration policies			

- Governance Structure and Composition
- Board Selection and Diversity
- Governance Structure and Composition
- Remuneration Policy
- Sustainability Governance
- Due Diligence
- Sustainability Governance
- The Board's Engagement
- Stakeholder Engagement, Impact Assessment and Materiality
- Sustainability Governance
- Stakeholder Engagement, Impact Assessment and Materiality
- Governance Structure and Composition
- The Board's Engagement
- Governance Structure and Composition
- Board Selection and Diversity
- Sustainability Governance
- Sustainability Governance
- Remuneration Policy





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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> <li>• Remuneration Policy</li> </ul>		For detailed information of the process to determine remuneration, please refer to Page 43 and 68 of the Group's 2022 Annual Report
	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> <li>• Remuneration Policy</li> </ul>		For detailed information of the annual total compensation ratio, please refer to Page 68 and 156 of the Group's 2022 Annual Report
	<b>Strategy, policies and practices</b>			
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>• Sustainability Governance</li> </ul>		
	2-23 Policy commitments	<ul style="list-style-type: none"> <li>• Human Right</li> <li>• The policies descriptions in the "A. Environment", "B. Social" and "C. Operating Practices" sections</li> </ul>		
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> <li>• Corporate Governance — Sustainability Governance, Due Diligence, The Board's Engagement</li> <li>• The policies descriptions in the "A. Environment", "B. Social" and "C. Operating Practices" sessions</li> </ul>		
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> <li>• Grievance Mechanism for Employees</li> </ul>		
	2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> <li>• Grievance Mechanism for Employees</li> <li>• B7 Ethical Culture — Whistle-blowing Policy</li> </ul>		
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> <li>• A Environment</li> <li>• B1 Caring for Our People</li> <li>• B2 Occupational Health and Safety</li> <li>• B4 Eliminating Child and Forced Labours</li> <li>• B6 Product Responsibility</li> <li>• B7 Ethical Culture</li> </ul>		
	2-28 Memberships associations	<ul style="list-style-type: none"> <li>• Recognition</li> </ul>		

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	<b>Stakeholder engagement</b>			
	2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Stakeholder Engagement, Impact Assessment and Materiality</li> </ul>		
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	<ul style="list-style-type: none"> <li>N/A</li> </ul>	Yes	Not applicable
	3-1 Process to determine material topics	<ul style="list-style-type: none"> <li>Stakeholder Engagement, Impact Assessment and Materiality</li> <li>B7 Ethical Culture</li> <li>B2 Employee Health and Safety</li> <li>B6 Product Responsibility — Understanding the Customer, Product Quality Assurance, Intellectual Property Rights and Information Security</li> <li>A1.5 Measures to Mitigate Emission and Targets Targets</li> <li>A2.3 Energy Use Efficiency Initiatives and Target</li> </ul>		
	3-2 List of material topics	<ul style="list-style-type: none"> <li>Stakeholder Engagement, Impact Assessment and Materiality</li> </ul>		
	<b>Anti-corruption</b>			
Topic Disclosures	3-3 Management of material topics	<ul style="list-style-type: none"> <li>B7 Ethical Culture</li> </ul>		
	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>B7 Ethical Culture</li> </ul>		
	205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>B7 Ethical Culture</li> </ul>		







GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	<b>Occupational Health and Safety</b>			
	3-3 Management of material topics			
Topic Management Disclosures	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety</li> </ul>		
	403-2 Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety — Work-related Hazard Identification, Investigation Procedures of accidents related to Occupational Health and Safety</li> </ul>		
	403-3 Occupational health services	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety — Work-related Hazard Identification</li> </ul>		
	403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety</li> </ul>		
	403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety — Health and Safety Training</li> </ul>		
	403-6 Promotion on worker health	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety — Work-related Hazard Identification</li> </ul>		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety</li> </ul>		
Topic Disclosures	403-8 Workers covered by an occupational health and safety	<ul style="list-style-type: none"> <li>B2 Employee Health and Safety</li> </ul>		

GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	<b>Customer Satisfaction and responsibility</b>			
	3-3 Management of material topics		• B6 Product Responsibility — Understanding the Customer	
	<b>Information Security</b>			
	3-3 Management of material topics		• B6 Product Responsibility- Information Security	
	<b>Intellectual Property Rights</b>			
	3-3 Management of material topics		• B6 Product Responsibility — Intellectual Property Rights	
	<b>Product quality assurance</b>			
	3-3 Management of material topics		• B6 Product Responsibility — Product Quality Assurance	
	<b>Emissions</b>			
	3-3 Management of material topics		• A1.5 Measures to Mitigate Emission and Targets	
Topic Disclosures	305-4 GHG emissions intensity		• A1.2 Greenhouse Gas Emissions	
	<b>Energy</b>			
	3-3 Management of material topics		• A2.3 Energy Use Efficiency Initiatives and Targets	
Topic Disclosures	302-3 Energy intensity		• A2.1 Energy Consumption	

