

SINOTRUK
中国重汽



2023

**Environmental,
Social and
Governance Report**

Sinotruk (Hong Kong) Limited

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About this Report

This report is a true reflection of the efforts Sinotruk (Hong Kong) Limited has made in assuming economic, social and environmental responsibilities to pursue comprehensive, balanced and sustainable development. The forward-looking statements contained in the report, including business plans and development strategies, do not constitute any substantial commitment of the Group to investors.

Reporting period

This report covers the period from January 1, 2023 to December 31, 2023. Part of the content is beyond the above period.

Scope of reporting

The scope of this report is Sinotruk (Hong Kong) Limited and its subsidiaries.

Based on the actual production and sales performance, the Group is establishing and strengthening the data monitoring system of key environmental performance indicators year by year. With the principles of materiality and representativeness, the Group selected 19 major subsidiaries or divisions, which are engaged in the manufacturing of components to complete vehicles, as the entities reported under the scope of key environmental performance indicators in this report, including:

• Ji'nan Truck Company	• Ji'nan HOWO Bus Company
• Ji'nan Axle Company	• Hubei Huawei Company
• Ji'nan Engine Plant	• Ji'ning Commercial Vehicle Company
• Ji'nan Molding Plant	• Ji'nan Light Truck Company
• Ji'nan Transmission Plant	• Ji'nan Rubber & Plastic Components Company
• Chengdu Wangpai Company	• Datong Gear Company
• Ji'nan Commercial Vehicle Company	• Fujian Haixi Company
• Ji'nan Drive Shaft Company	• Liuzhou Yunli Company
• Ji'nan Fuqiang Power Company	• Chongqing Light Vehicle Company
• Hangzhou Engine Company	



Data sources

All data disclosed in this report is from official documents, statistical reports and financial reports of the Group, and for the ESG information collected, summarized and reviewed by the Group. This report is available in English and Chinese. Should there be any discrepancy between the English and Chinese versions, the Chinese version shall prevail. Unless otherwise stated, the currency unit in this report in RMB.

Basis of preparation

This report is prepared in accordance with the *Environmental, Social and Governance (ESG) Reporting Guide* in Appendix C2 of the *Listing Rules* of the Stock Exchange, with appropriate reference to the rating requirements in capital markets including the *GRI Sustainability Reporting Standards* developed by the Global Sustainability Standards Board (GSSB) and the ESG rating requirements of Morgan Stanley Capital International (MSCI), and with reference to the *Guidelines No.1 of the Shenzhen Stock Exchange for the Self-regulation of Listed Companies—Standard Operation of Companies Listed on the Main Board*, and the *Shenzhen Stock Exchange Guide on the Environment, Social and Governance Disclosure of Listed Companies (Consultation Paper)*.

Description of reference

For easy reference and reading, Sinotruk (Hong Kong) Limited and its subsidiaries are referred to as "Sinotruk", "Group", "we", "us", "our" in this report.

Access to this report

For this report and any updates about our sustainable development initiatives, please visit the "Sustainable Development" section of our websites (www.sinotruk.com) and the "HKEXnews" website of the Stock Exchange (www.hkexnews.hk).

ESG Statement from the Board

Sinotruk is keenly aware of the importance of environment, social and governance (ESG) matters to the risk management and sustainable development of the Group. We are committed to promoting a balanced economic, social and environmental development, and consistently improving competitiveness to achieve more stable and sustainable development.

A three-tier ESG governance structure featuring "the governance tier—the management tier—the execution tier", has been established as part of our efforts to safely guard the smooth implementation of the ESG work. As the highest decision-making body for ESG issues, the Board assumes full responsibility for the Group's ESG strategies, ESG-related goal setting, target progress review and ESG performance. As the strategic executor of the Group's ESG work, the Audit Committee reviews the ESG performance of the Group and implements the ESG resolutions of the Board. The Group has established the ESG Management Group within the management tier which is in charge of the management of daily ESG work and established the ESG Working Group in the execution tier which is responsible for the execution of daily ESG work.

The Group highly values suggestions and opinions of all stakeholders and continuously identifies and assesses material ESG issues. Based on the communication with major stakeholders through various channels, and with reference to disclosure-related requirements of regulators, industry policies and development trends, and the key concerns of rating agencies, we prioritize material ESG issues as important reference for ESG disclosure. The Board reviewed material ESG issues and adopted proposals to adjust the materiality of ESG issues such as development of new energy vehicles (NEVs) and tackling climate change, in a bid to ensure the timeliness and rationality of the material issue matrix.

Sinotruk persists in strengthening communication and exchanges with stakeholders, and constantly improves the identification and evaluation mechanism of ESG issues. The Group closely follows the latest industry developments and regulatory requirements to ensure that ESG practices are in line with the Sustainable Development Goals (SDGs). Furthermore, the Group will consistently improve the quality and transparency of ESG information disclosure and ensure that stakeholders are provided with comprehensive and accurate ESG information, in a bid to promote the Group's sustainable development and long-term value creation.

This report contains full disclosure of the progress and achievements of the Group's ESG work in 2023. It was submitted to the Audit Committee for consideration on March 19, 2024 and was reviewed and approved on the Board Meeting on March 25, 2024.



About Us

Group profile

The Group is one of the leading truck manufacturers in the PRC which specializes in the research, development and manufacture of HDTs, medium-heavy duty trucks, LDTs, etc. and related key assemblies, parts and components. The Group's products widely serve customer groups in various industries and fields such as logistics, transportation and infrastructure construction.

The Group mainly manufactures trucks and also produces assemblies, key parts and components such as engines, cabins, axles, steel frames, gearboxes, etc. The Group is a truck manufacturer which has its own research and development and production capability in trucks as well as the complete production chain. Our products are not only sold domestically but also exported to other countries and regions in the world. In addition, the Group provides financial services for those parties related to the production and sales of the Group's products and to the CNHTC Group.

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



I Heavy-duty trucks segment

The major source of the Group's revenue is contributed by the sales of HDTs. Its major products series include SITRAK, HOWO and Huanghe, each of which is further divided into various sub-series for different markets. The key production bases are located at Ji'nan and Ji'ning, the PRC. In addition, the Group engages in truck refitting and manufactures specialty vehicles.



II Light-duty trucks and others segment

The Group's LDT products mainly include HOWO, Haoman and Wangpai, which production bases are mainly located at Jinan, Fujian, and Chengdu, the PRC. The segment also manufactures and sells medium duty trucks, LDTs, buses and other vehicles.



III Engines segment

Although most of the engines for heavy duty trucks produced by the Group are used to satisfy our own demand, the Group also sells industrial and construction machinery engines to third parties. In addition, the Group produces other HDT key assemblies, parts and components, such as gearboxes and various types of casting and forging. The engines production bases are located at Ji'nan and Hangzhou, the PRC.

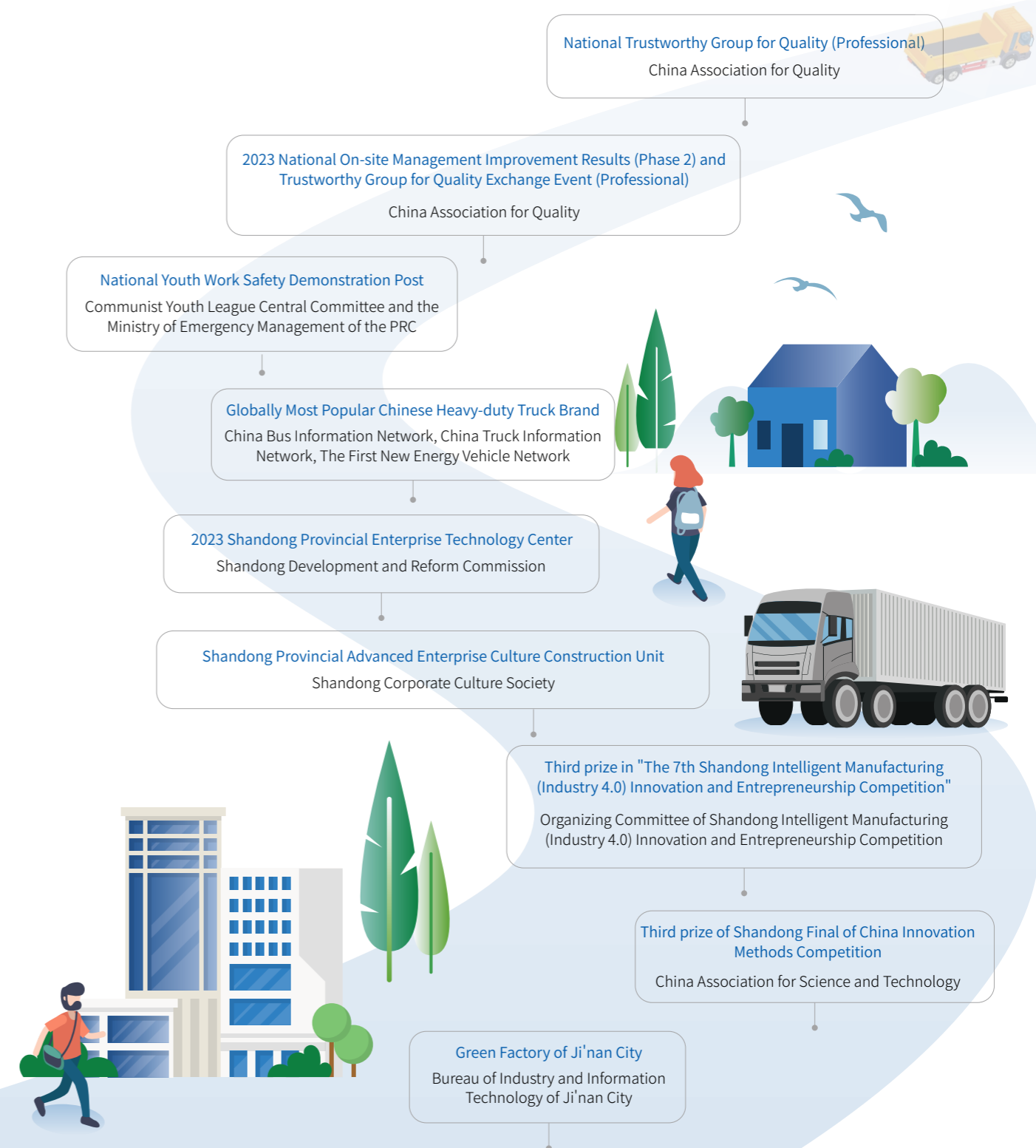


IV Finance segment

The finance segment of the Group provides various financial service to those parties related to the production and sales of the products of the Group and the CNHTC Group, including deposits taking services and commercial financing services such as the provision of loans, bill discounting services and issue of bills as well as providing auto-finance services to finance the end-users and the dealers to purchase the Group's vehicles in the PRC.

Accolades

Awards Received by the Group in 2023



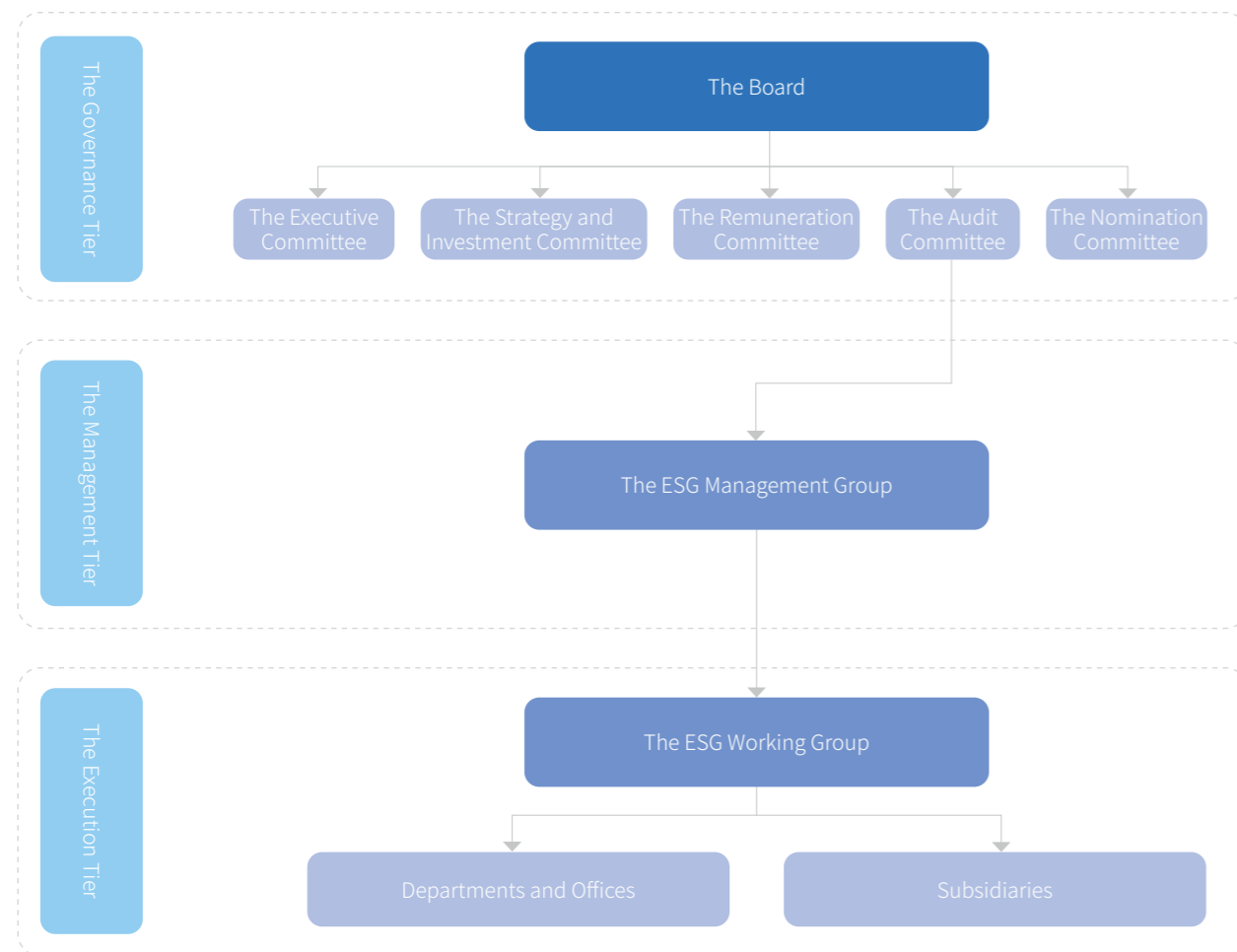
Managing Sustainable Development

Sinotruk adheres to the philosophy of sustainable development, builds a sound ESG management system, and persist in improving the sustainable development management capability. We cherish full communication with stakeholders and proactively respond to their concerns on corporate development, in a bid to advance the Group's sustainable development.

ESG Management

Sinotruk integrates the ESG philosophy into the Group's business activities, and persists in enhancing communication with each stakeholder, with the aim to improve the Group's sustainable development ability and achieve high-quality operation and development.

The Group has established an ESG management system with the Board acting as the highest decision-making body for ESG matters. We have built a three-tier ESG governance structure featuring "the governance tier—the management tier—the execution tier", to clarify the responsibilities and goals of each tier and conduct ESG governance in a systematic way. The Group follows the ESG policies, specifications and guidelines of the market where it is listed, and conducts comprehensive management on each ESG indicator, to ensure the achievement of best effect in ESG implementation.



ESG management framework of Sinotruk








Responsibilities of ESG tiers of Sinotruk



Stakeholder Engagement

The Group highly values the opinions and suggestions of stakeholders, establishes multi-channel communication mechanisms to listens to feedbacks from government and regulators, shareholders and investors, customers, employees, society, partners, and environment. By identifying and understanding their feedback and expectations, we integrate their concerns into strategic decision-making of the Group, thus jointly creating the sustainable value.

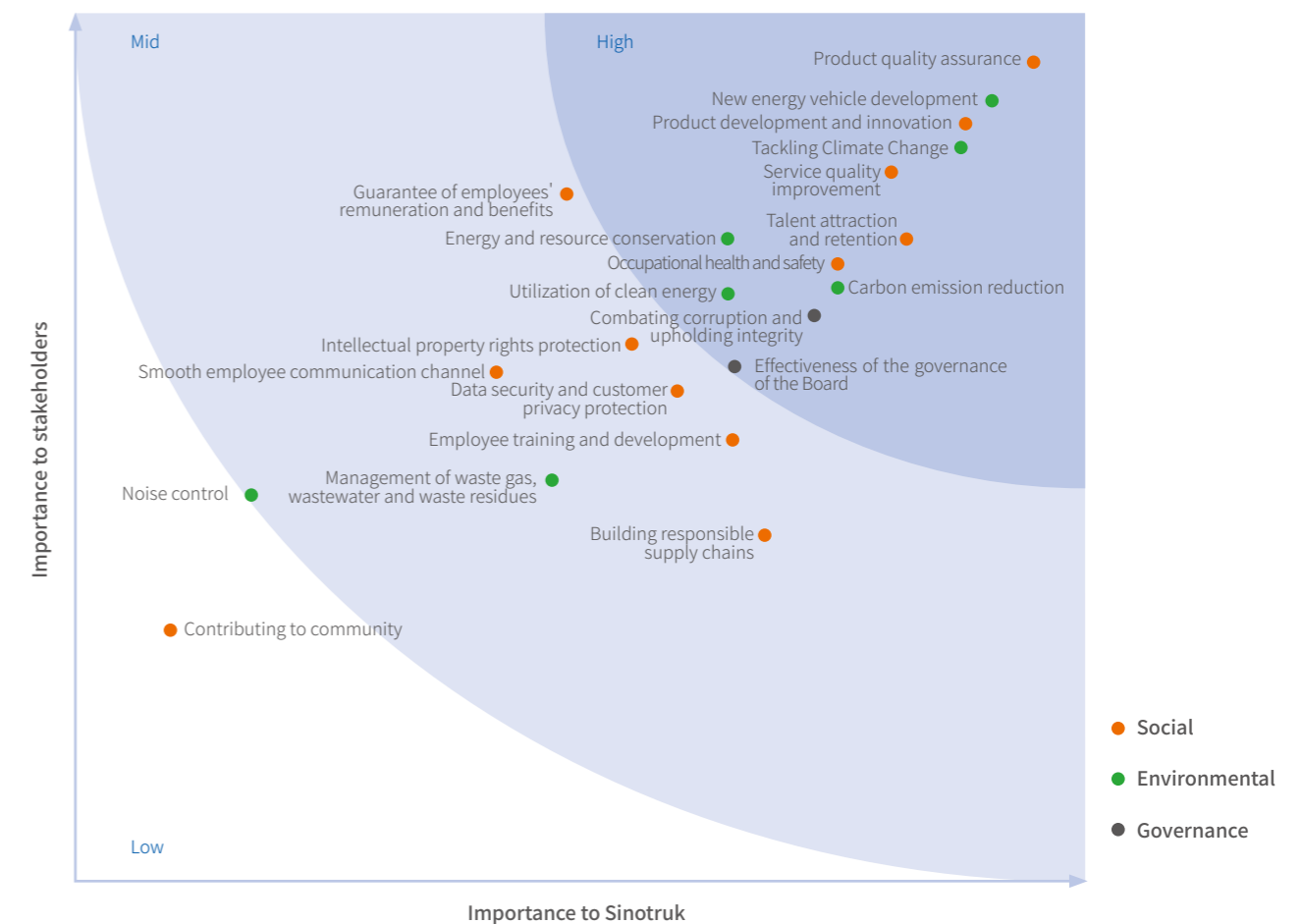
Communication with stakeholders

Stakeholders	Stakeholders' expectations	Communication mechanisms
 Governments and regulators	<ul style="list-style-type: none"> ◆ Legal compliance ◆ Compliant operations ◆ Tax payment ◆ Support local development 	<ul style="list-style-type: none"> ◆ Information disclosure ◆ Daily communication and report ◆ On-site visits ◆ Supervision and inspection ◆ Visitor reception
 Shareholders and investors	<ul style="list-style-type: none"> ◆ Sustainable development, rewarding shareholders ◆ Information disclosure, investor relations ◆ Corporate governance, risk control 	<ul style="list-style-type: none"> ◆ General meetings of shareholders ◆ Regular reports and announcements ◆ Communication meetings with investors
 Customers	<ul style="list-style-type: none"> ◆ High-quality products ◆ Excellent services ◆ Protections of rights and interests of consumers 	<ul style="list-style-type: none"> ◆ After-sale service hotline ◆ Smart Sinotruk (mobile App) ◆ Product quality assurance ◆ Customer satisfaction survey ◆ Regular communication activities with customers
 Employees	<ul style="list-style-type: none"> ◆ Salaries and benefits assurance ◆ Healthy working environment and development platform ◆ Equal promotion and development opportunities 	<ul style="list-style-type: none"> ◆ Remuneration system ◆ Performance management ◆ Staff training ◆ Daily communication
 Partners	<ul style="list-style-type: none"> ◆ Commitment fulfillment ◆ Fair, equitable and open procurement ◆ Win-win development 	<ul style="list-style-type: none"> ◆ Open tendering and bidding ◆ On-site reviews ◆ Suppliers' meetings ◆ Business conferences
 Society	<ul style="list-style-type: none"> ◆ Contributing to urban development ◆ Improving public awareness ◆ Contributing to community harmony 	<ul style="list-style-type: none"> ◆ Voluntary service ◆ Supporting cultural and sports activities ◆ Voluntary unpaid blood donation
 Environment	<ul style="list-style-type: none"> ◆ Promoting environment protection ◆ Protecting ecological balance 	<ul style="list-style-type: none"> ◆ Emissions management ◆ Resource consumption reduction ◆ New energy vehicles

ESG Reporting Principles

Materiality: In accordance with principles and requirements of the *ESG Reporting Guide* of the Stock Exchange, in combination with focuses of capital market on corporate sustainable development, through communicating with stakeholders via different channels and benchmarking the ESG issues disclosed in the ESG reports of peer companies, the Group has identified and selected the ESG issues that are highly relevant to ensure that our report conforms to standard requirements and fully responds to the concerns of the market and stakeholders.

We conducted an online questionnaire survey to learn the importance that internal and external stakeholders attached to the ESG issues we had selected and then prioritized the issues accordingly. In the light of external trends and operating characteristics of our businesses, we reviewed the following material issues matrix on a regular basis and adjusted the materiality of some issues to ensure the timeliness and rationality of the matrix.



Materiality Assessment of Sinotruk in 2023

Quantitative: The Group conducts regular statistics on the quantitative key disclosure indicators ("KPIs") of the "Environmental" and "Social" subject areas stated in the ESG Reporting Guide, summarizes and discloses them at the end of the year. The ESG quantitative data are provided with related calculation methods and reference standards to assure the transparency and reliability of data. For details, please refer to related sections of the report.

Consistency: Unless otherwise noted, the scope of disclosure and the statistical method adopted in this report are consistent with those of last year.

01

Pursuing Responsible Governance

Consolidating Corporate Governance 16
Upholding Business Ethics 18

Sinotruk adheres to compliance operations, establishes a sound Board structure, continuously standardizes corporate governance and consolidates the foundation of corporate governance. On this basis, we strengthen risk management, adhere to business ethics, deepen the construction of a culture of integrity, fully ensure the legal compliance of the Group's operations, and lay a solid foundation for the sustainable development of the Group.



The Group signed the letter of commitment for "dual responsibility for one position" with

100%

of the management, and intensified integrity building



The Group organized

1 session of director integrity training

with

100% coverage



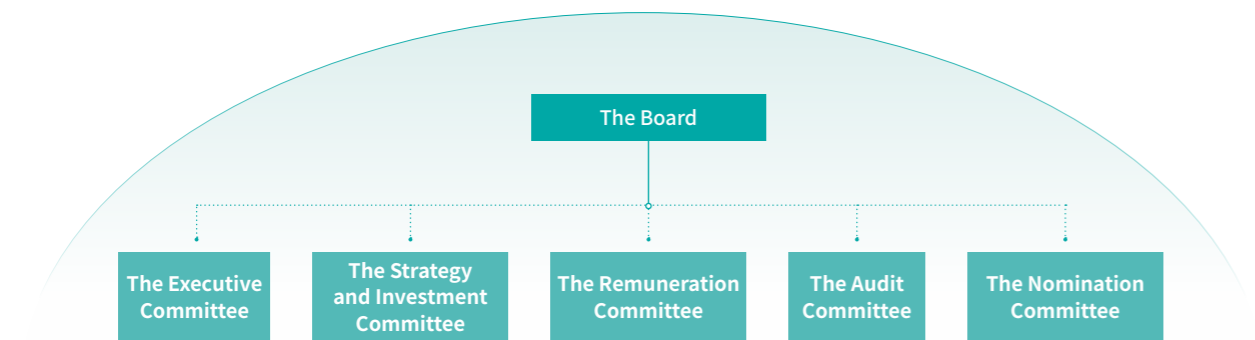
The Group signed the *Agreement on Mutual Commitment to Honesty and Integrity* with

100% of our suppliers

Consolidating Corporate Governance

Board Structure

The Group has established a corporate governance structure, with the Board as the core, to ensure professional and systematic management decision-making of the Group. The Board has set up the Executive Committee, the Strategy and Investment Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, which are responsible for comprehensively supervising and guiding the strategy implementation and business operations of the Group. By the end of the Reporting Period, the Board had 17 Directors, including 7 executive Directors, 4 non-executive Directors and 6 independent non-executive Directors, with an average tenure of 4.58 years.



The Board Structure of Sinotruk



Board Independence

To ensure the independence of decision-making by the Board, in accordance with the Listing Rules and relevant provisions of the *Articles of Association*, we select candidates of independent non-executive Directors from prominent figures and industry experts in China and beyond, and ensure that independent non-executive Directors account for no less than one third of board members, thus improving the professionalism and independence of the Board. The Group requires all independent non-executive Director to sign annual confirmation concerning their independence, ensuring that they handle the Group's affairs in the best interest of the Group, all shareholders, and investors, make independent judgments and express independent opinions based on expertise.

Board Diversity

The Group strives to promote board diversity, and formulates and implements the *Board Diversity Policy* to ensure the diversity of board members by factoring into gender, age, race, region, educational background, professional qualification and industry experience. The diversified perspectives of board members will bring broader views and deeper insights to the Group's development. Our current Directors boast diversified background and industry experiences and skills, comprehensively improving the decision-making of the Group. At the end of the Reporting Period, the Company had 2 female directors.

Remuneration and Assessment of Directors and Senior Management

Besides adopting a basic remuneration system, the Group has established a remuneration system with position value as basis, performance contribution as foundation and ability improvement as the guidance.

Remuneration decision-making

The Remuneration Committee under the Board is responsible for formulating and reviewing the remuneration-related policies and schemes of the Directors and senior management. The Remuneration Committee shall discuss and make decisions about remuneration in accordance with the *Articles of Association*, the *Terms of Reference of the Remuneration Committee of Sinotruk (Hong Kong) Limited* and the *Performance Assessment and Compensation Incentive Management Method for Senior Management and Core Employees of Sinotruk (Hong Kong) Limited*. The remuneration of personnel other than Directors and senior management is determined by the management.

ESG indicators

The Group sets annual ESG targets and incorporates ESG indicators into performance assessment. The ESG issues of our concerns include (but not limited to) production safety (safety accidents, safety penalties and contractor safety), environmental protection (greenhouse gas emissions, pollutant emissions, energy efficiency management and environmental penalties), anti-corruption, operation compliance, and risk management. The Group determines remuneration of the board members and senior management based on performance assessment, e.g. completion of ESG indicators.

The Group develops the *Measures for Controlling Individual Performance Indicators of the Management*; in case of major environmental protection event, the board members and senior management responsible for environmental protection will be subject to performance penalties.

Remuneration payment

The Group conducts comprehensive evaluation on the completion and performance of annual indicators, and pays remuneration based on comprehensive performance assessment results, to ensure that the completion of indicators is consistent with remuneration incentives.

Upholding Business Ethics

In strict compliance with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations, the Group has formulated a series of rules and regulations on business ethics, including the *Provisions on Management of Integrity Files*, the *Management Measures for Consultations and Notifications on Integrity Building*, and the *Measures for Operation and Management of "Macro Supervision" Mechanism*, and revised the *Administrative Accountability Management Measures* in 2023 to improve the system and ensure legal and compliant participation in market competition.

We have established a purpose-made, precise, and standardized system for the identification, prevention and supervision of corruption risks. We also effectively control corruption risks in the production and operation process via special inspection, daily audit, and strict supervision, striving to minimize and avoid integrity risk events. In 2023, we conducted talks for comprehensive integrity building activities by such means as integrity talks and special surveys, engaging 1,004 person-time in integrity talks, in a bid to strengthen the supervision on the Group's leadership group and young cadres, and nip the integrity risk in the bud. We also organized integrity building and anti-

corruption work conference to further deepen "dual responsibility for one position" and signed the letter of commitment for "dual responsibility for one position" with 1,187 leading cadres of the Group, with 100% coverage of the management, thus further strengthening the post target responsibility management. In addition, the Group carried out active supervision and inspection work on anti-corruption efforts and implemented integrity supervision in all business lines during internal audit.

For violations of disciplinary regulations, the Group has established diverse whistleblowing channels, including telephone calls, letters, e-mail messages, reporting in person and reporting to management. The Group encourages the employee to reveal and report any potential misconduct and handles relevant cases in a timely manner in the light of relevant procedures. We ensure confidentiality of information about whistleblowers and severely punish intentional disclosure of such information or retaliation against whistleblowers and offer necessary protection to them. During the Reporting Period, the Group did not receive any corruption-related clues and reports.

The Group attaches great importance to integrity education, and regularly organizes integrity activities covering all employees (including outsourcing staff and all suppliers), to help employees build a solid ideological line of defense to combat corruption.

In 2023, the Group's integrity compliance training sessions mainly included:



Case | Sinotruk Auto Finance Company organized director performance compliance training

In December 2023, Sinotruk Auto Finance Company organized a training session on compliance education for directors. The training provided in-depth education on professional ethics, corporate governance standards, responsibilities and obligations, and supervision compliance for the directors, in a bid to further strengthen their ideological and moral defenses, enhance their awareness of integrity and corruption and risks resistance, and improve their ability to perform duties in accordance with regulations, create an honest political environment and a good entrepreneurship atmosphere.



Director Performance Compliance Training Session

The Group attaches great importance to strictly maintain the business ethics of our partners, and has formulated the *Management Procedures of "Blacklist" for Business-related Parties*, and signs the *Agreement on Mutual Commitment to Honesty and Integrity* with suppliers. We regularly supervise and audit the implementation of anti-corruption policies of our suppliers to regulate their behaviors. We conduct exchanges with our suppliers in an active way, communicate our requirements on compliant operation by such means as supplier conference and specialized training for suppliers, and remain a "zero tolerance" attitude towards corruption and bribery, thus avoiding misconducts related to terrorism, money laundering, corruption, commercial bribery, and unfair competition to the maximum extent. In 2023, the Group signed the *Agreement on Mutual Commitment to Honesty and Integrity* with 100% of our suppliers, and reported zero business ethics lawsuit regarding corruption, money laundering and monopoly.



02

Creating High-quality Products

- Honoring Product Responsibility 22
- Innovating Product R&D 25
- Improving Service Quality 33
- Building Responsible Supply Chains 38

As one of the leading truck manufacturers in China, the Group proactively performs its duties and missions. We are committed to creating high-quality products, consistently promoting technological innovation, and developing plans for clean energy ecosystem. To honor our commitment to Customer Satisfaction is Our Purpose, we persist in improving the quality of services, building responsible supply chains, and benchmarking with world-class brands.



100%

manufacturing divisions of Sinotruk passed the IATF 16949 and ISO 9001 quality management system certifications



The Group participated in **3** national key R&D projects and undertook **1** provincial key R&D plan project

won **4** science and technology awards from national and provincial industry associations and invested **RMB 2,450 million** in scientific research



The Group obtained **4,503** valid patents, including **603** national inventive patents and **3,140** utility model patents, as well as **760** industrial design patents



The Group devoted **RMB 310 million** to R&D of clean technologies and obtained **90** patents related to clean energy technologies



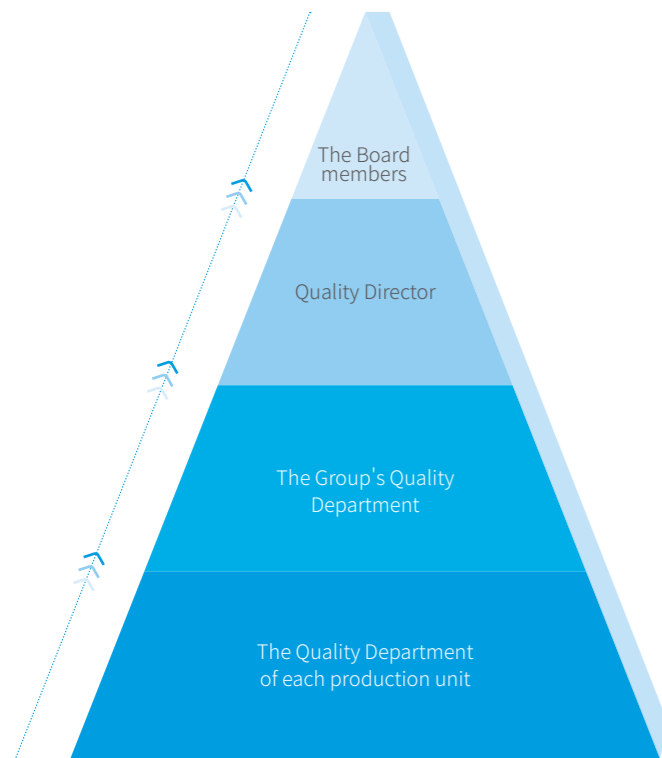
The Group's revenue in new energy product increased by **144%** compared with 2022

Honoring Product Responsibility

We rely on a sound quality management system to strictly control product quality, implement the "zero-defect" quality objective in work as well as quality management in the full life cycle of products. Furthermore, we nurture quality culture across the Group, thus promoting good quality awareness.

Quality Management System

The Group strictly complies with the relevant requirements of laws and regulations such as the *Product Quality Law of the People's Republic of China* and quality management system standards such as ISO 9001:2015 and IATF 16949:2016, and establishes an internal system consisting of documents such as the *Product Development Control Procedures* and the *Process Development Control Procedures*. We persist in improving the quality management system covering the whole process including product planning, product design, development, manufacturing, and after-sales service for Sinotruk. The Group adheres to customer-oriented philosophy and comprehensively strengthens its quality management capabilities from product planning to after-sales service based on customer needs. In 2023, all manufacturing divisions of Sinotruk passed the IATF 16949 and ISO 9001 quality management system certifications.



Quality Management System of Sinotruk



IATF 16949 Quality Management System Certificate of CNHTC (including the Group)

Focusing on quality objectives, the Group has been engaging in improving quality management. We set quality objectives from seven dimensions of R&D, procurement, manufacturing, engineering, comprehensive control, service, and quality cost, break down and assign the indicators to the relevant department and leaders, set performance indicators for quality assessment, enhance assessment and quality management responsibility system, in bid to ensure high-quality products for customers.

The Group persists in tracking the quality management system and carried out the quality management system maturity evaluation in accordance with the *Quality System Maturity Evaluation Method* from the 5 dimensions of incoming inspection, process inspection, finished product warehousing inspection, monitoring & measurement, as well as procurement control. Based on the evaluation results, we request divisions with poor results to carry out rectification and track the rectification results. In addition, the Group attaches great importance to technical risks and quality risks, we conduct risk identification and control with reference to the *System for Managing Comprehensive Risks*, in a bid to further avoid quality incidents. In 2023, "the quality objective management system maturity evaluation", "quality system maturity evaluation in inspection control (finished product inspection)" and so on, were added into the Group's evaluation, the Group completed 73 assessments of quality system maturity evaluation, covering 73.3% of manufacturing divisions.



Quality Objective System

Full Life Cycle Quality Management

The Group strictly implements quality management initiatives in the full life cycle of product and adopts diverse measures for quality audit to ensure standardized, information-based quality management in the full life cycle of products. We apply innovative technological means to build information-based quality management platform and carry out online monitoring of whole process of vehicle manufacturing, and adopt closed-loop management measures for quality issues.

Product Development

In order to ensure the quality of new product development, the Group has formulated policies such as the *Measures for Management of Quality Assessment of New Product Development*, the *Product Development Control Procedures*, etc. to control the pre-sales quality risks of new products, strengthen the quality management of product development, and ensure that the quality of products is effectively guaranteed in the development process. In 2023, the Group revised the *Special Product Development Control Procedures* and the *Application Product Development Control Procedures*, optimized new product development process, and improved the quality control ability in new product development. Beyond that, we revised the *Review and Control Procedures for International Sales and Customer Requirements* in combination with product demands in the international market and new product development process, accurately divided customers' quality requirements and determine the orientation of product development. In addition, the Group carried out 2 special internal R&D audits in 2023, to further optimize the product development process and continuously improve the effectiveness of R&D quality system.



Product Manufacturing

At product manufacturing stage, the Group has formulated management regulations such as the *Quality Gate Management Method* and the *Product Audit Control Procedures*, revised the *Process Development Control Procedures* and the *Process Development Management Measures*, as well as other systems to monitor key production links, to evaluate the quality of products and parts and monitor the features of new products and mass-produced products. We have developed the *Management Measures for Research and Evaluation of Process Capability* to present product manufacturing process flow in a more detailed way, improve the quality control ability in process development, effectively curb defective products, and comprehensively improve product quality. In 2023, the Group completed process audits for a total of 52 core production lines, and all problems have been rectified, further improving the process assurance ability of core production line in each unit.

The Group regularly improves quality audit. By focusing on process compliance, we effectively ensure product consistency through product review, process audit and reliability enhancement. Furthermore, through such means as special scheduling, on-site breakdown and monthly improvement reports, we instruct the subsidiaries on quality improvement. In 2023, the Group developed a total of 85 Group-level improvement projects and 27 quality improvement projects, and the overall failure rate of quality improvement projects was reduced by 38%.

Product Recall

The Group strictly complies with the *Administrative Regulations on the Recall of Defective Motor Vehicles* and the *Measures for Implementation of the Administrative Regulation on the Recall of Defective Motor Vehicles* as well as other relevant domestic and international laws and regulations, and has developed product recall system to clarify the management procedures regarding the recall of defective motor vehicles. In 2023, we revised the *Control Procedures for Recall of Defective Motor Vehicles* to further divide the internal product recall responsibilities and improve product quality issue early warning and solution mechanism. In line with relevant requirements of the *Integrated Information Management Platform for the Recall of Defective Motor Vehicles*, we conducted routine filing and maintenance of both corporate and product information, proactively recalled (or instructed to recall) the defective products and took the corresponding remedial and prevention measures. In 2023, the Group had 0.017% safety and health-related recall of products sold or delivered.

In 2023, the Group won 4 professional achievements of national quality management group. In the annual national site management improvement achievements and trustworthy group for quality experience exchange event, the Group won 5 demonstrational (first prize) and 13 professional (second prize) achievements, achieving new breakthroughs in basic management at production sites.



Sinotruk won Professional Achievements of National Quality Management Group

Nurturing Quality Culture

The Group gives high priority to nurturing quality culture for all employees and guides the all-round quality management improvement. In 2023, we enhanced employees' awareness and attention to quality through various quality training sessions and competition activities, created a favorable atmosphere of all employees focusing on quality, consistently optimized the quality management system, and promoted the continuous development of quality culture.

A wide variety of quality training programs

- ◆ Specialized training sessions on quality tools, quality awareness and quality policies
- ◆ Quality improvement competition
- ◆ Quality exposure meeting
- ◆ Quality meeting for internal and external suppliers
- ◆ Quality knowledge competition
- ◆ Online Q&A

Case | Sinotruk organized quality competition

In 2023, in order to strengthen the importance that employees' attach to quality work and further avoid product quality accidents, Sinotruk selected inspectors from five vehicle plants to participate in the Vehicle Warehousing Inspection Technical Competition. Through this competition, employees have a deeper understanding of the importance of quality, actively learn and master more quality knowledge and skills, thus creating a good working atmosphere where all employees value quality and pursue excellence.



2023 Vehicle Warehousing Inspection Technical Competition of Sinotruk

Innovating Product R&D

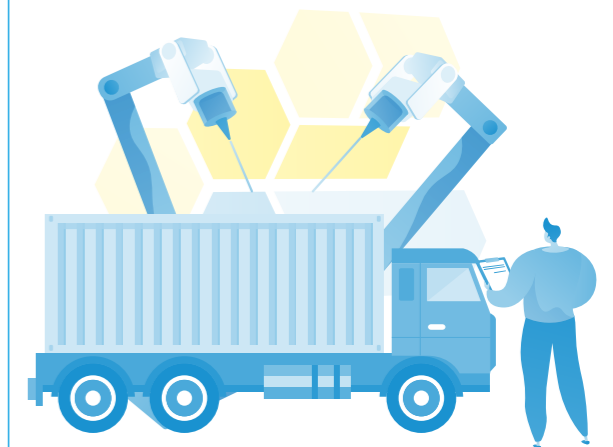
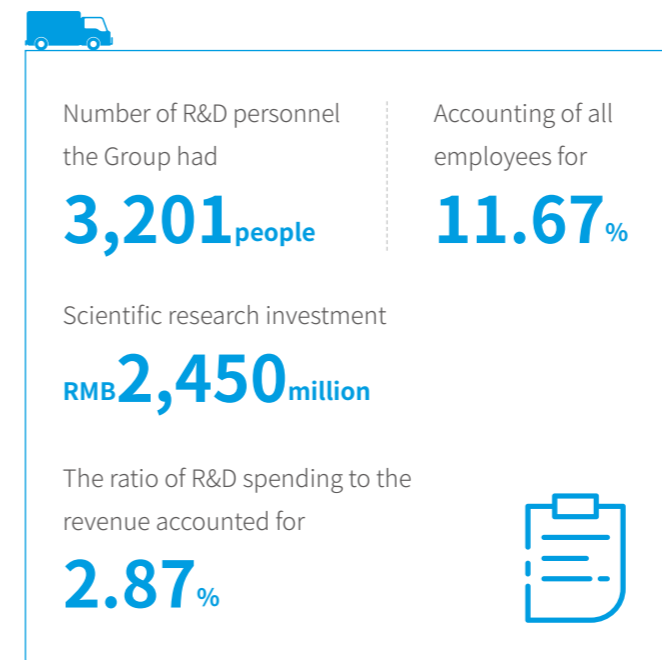
The Group closely follows up industrial development trend, meets challenges, seizes the development opportunities, constantly improves independent innovation ability and comprehensively builds a high-quality independent brand. With a diverse approach to developing new energy business, we have built a new energy R&D and manufacturing system through technological innovation to embark on green and sustainable development.

Consolidating Innovation Foundation

The Group has built a strong scientific and technological innovation system to provide support and impetus for innovative R&D. We have developed internal management documents including the *Development Demonstration Control Procedures* to strictly manage each stage of the R&D project. In terms of R&D mode, we have always adhered to systematic mindset, focused on vehicle R&D, and comprehensively optimized the coordination between performance R&D and parts assembly, thus advancing the products to reach industry leading position in performance, safety and reliability. In key areas such as vehicle manufacturing and power system, we have closely followed national strategies and market demands, continuously increased R&D spending, actively explored and applied advanced technologies.

We have formulated internal management systems such as the *Management Process for Scientific and Technological Achievement Evaluation* and the *Management Process for Science and Technology Awards* to comprehensively promote and encourage teams to carry out innovative R&D. In addition, we have set up a large-scale team to enhance the Group's independent R&D capabilities. As of December 31, 2023, the Group had a total of 3,201 R&D people, accounting for 11.67% of all employees.

To consistently advance innovative R&D, we set the goals of maintaining a ratio of R&D spending over 3% of the Group's revenue. In 2023, the Group participated in 3 national key R&D projects, undertook 1 provincial key R&D plan project, and won 4 science and technology awards from national and provincial industry associations. We also invested RMB 2,450 million in scientific research, and the ratio of R&D spending to the revenue accounted for 2.87%. In addition, the Group proactively advances the overall progress of the industry. In 2023, we developed 8 standards, including 3 national standards, 2 local standards, 1 industry standard, and 2 Group standards.



Scientific Research Innovation Awards in 2023



The third prize of the 2023 Science and Technology Progress Award of China Society of Automotive Engineers

The Development and Application of Serialized Integrated Dual-Motor Drive Axle for Commercial Vehicles

China Society of Automotive Engineers

The third prize of the 2023 Science and Technology Progress Award of China Society of Automotive Engineers

The Key Technology and Application of Post-Processing System for Heavy Duty Vehicles

China Society of Automotive Engineers

The third prize of the 2023 Science and Technology Progress Award of China Machinery Industry Federation

The Key Technology and Application of Disc Brake for Commercial Vehicles

China Machinery Industry Federation

2023 Science and Technology Progress Award of Shandong Province

The Key Technology and Application of Basic Performance for Heavy Duty Vehicles

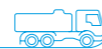
The People's Government of Shandong

The Group actively integrates resource advantages, enhances external exchanges, cooperates with well-known research institutes at home and abroad on major projects, carries out collaborative R&D with upstream and downstream enterprises, and advances industry-university-research cooperation with universities. As of 2023, the Group has successively carried out technical cooperation and exchanges with more than 30 universities and research institutes such as Jilin University, Tianjin University, Shanghai Jiao Tong University, Shandong University, Xi'an Jiaotong University, and Central South University. There are 58 research projects in progress, and 8 national, provincial and municipal key science and technology projects, including 3 national key R&D projects, 4 provincial major science and technology projects, and 1 municipal major science and technology project. The

research fields cover new materials, new energy, intelligent driving and intelligent manufacturing.

The Group consistently strengthens its innovative R&D capabilities in new energy vehicles and autopilot system, and proactively advances the R&D of intelligent trucks. In 2023, we made tremendous progress in the R&D of core controllers and strategies for new energy commercial vehicles, as well as the R&D and application of key technologies for port autopilot electric container trucks. We focus on the application of innovative achievements in products. Since the launch of the first generation of intelligent truck in 2016, we have continued the R&D in intelligent trucks. In 2023, the Group realized commercial operation in intelligent driving, and multiple models of intelligent trucks have been tested in actual scenarios or delivered for commercial purposes.

Case | New energy commercial vehicle core controller and strategy R&D



In order to further master the core technologies of new energy vehicles, the Group carried out R&D program on core controllers and strategies for new energy commercial vehicles in 2023. We successfully established a controller software and hardware platform in this program, and realized functions such as efficient driving, start assist and energy recovery through the development of core control technology for electric driving axles, thus further improving the efficiency of motor system.

Case | Key technology research and application of port autopilot electric container trucks



In order to help build smart ports and accelerate the large-scale application of port autopilot electric container trucks, the Group conducted research and application of key technologies for port autopilot electric container trucks in 2023. This project has established a new electronic and electrical architecture for commercial vehicle intelligent driving. We have also developed multiple controls, operation monitoring, and fault detection systems, and improved the safe recharging capability of autopilot electric container trucks through charging protection systems and control methods. This project has obtained 13 authorized invention patents, 7 utility model patents, and 2 software copyrights, providing advantages for the Group's port autopilot electric container trucks.

This project has obtained

13

authorized invention patents



Utility model patents

7

Software copyrights

2

Case | Sinotruk's intelligent driver system realized commercial operation



In 2023, the Group realized commercial operation in intelligent driving. The HOWO intelligent mining truck has been tested in actual scenarios in Shandong, Hunan, Liaoning, Inner Mongolia and other places. It covers diverse scenarios such as open-pit coal mines, iron ore mines and non-ferrous metal mines, which has important implications and demonstration effect on enhancing the image of mining areas, helping environmental protection, emission reduction and automation construction, reducing

operating costs, and promoting green production. More than 190 port autopilot electric container trucks have been commercially delivered, tested and demonstrated in five port groups across the country. The Yellow River high-end intelligent driving heavy duty trucks have achieved more than 1.15 million kilometers of test operation in highway logistics. In the future, we will continue to promote innovative R&D, and promote the popularization and development of intelligent driving technology.

190+

port autopilot electric container trucks have been commercially delivered

The Yellow River high-end intelligent driving heavy duty trucks have achieved more than

1.15 million kilometers

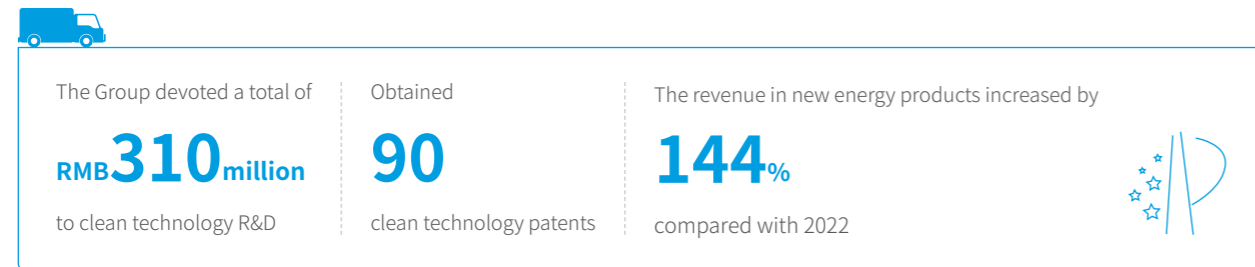
of test operation in highway logistics



HOWO Intelligent Mining Truck of Sinotruk

Layout for New Energy Vehicle (NEVs) Industry

The Group fully considers and grasps the development trend of global automobile industry, comprehensively advances intelligent manufacturing, green manufacturing and high-end manufacturing, accelerates the layout of new energy vehicle industry, and proactively responds to revolutions and developments. The Group focuses on the product planning of "One Main Leading and Two Wings Driving", comprehensively layouts three technical routes of battery electric vehicle (BEV), hybrid vehicle (HV), and hydrogen fuel cell vehicle (HFCV). Based on the core route of battery electric vehicle (BEV) and the supporting routes of hybrid vehicle (HV) and hydrogen fuel cell vehicle (HFCV), we focus on creating differentiated electric driving axles series products. We focus on eight application scenarios such as ports, steel mills and other heavy industries, spoil transportation, municipal sanitation, concrete transportation, urban logistics, coal transportation, and mining, developing a full range of new energy vehicle products, covering tractors, dump trucks, special vehicles, mixer trucks, trucks, light duty trucks. Through the "electric driving axles+ the central driving" differentiated product portfolio, we can meet the operational needs of different application scenarios of new energy vehicles. In 2023, the Group devoted a total of RMB 310 million to clean technology¹ R&D, and obtained 90 clean technology patents, the revenue in new energy products increased by 144% compared with 2022.



Clean energy R&D goal

To achieve low-carbon or zero-carbon emissions, the investment plan for clean technologies formulated by the Group will increase the R&D expenses of clean energy. In 2024, we will set the goal of increasing R&D investment in clean technologies by 50% compared with 2023, with a planned investment of RMB 570 million.

2024 goal

Increasing R&D investment in clean technologies by

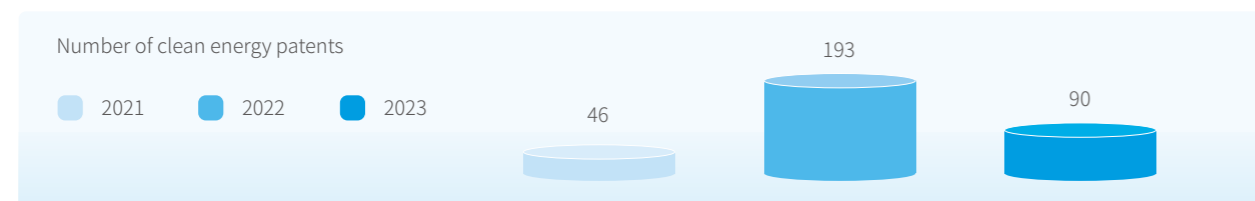
50%

compared with 2023

Planned investment of

RMB 570 million

Number of Clean Energy Patents of Sinotruk (2021-2023)



Pure Electric Technologies

In terms of pure electric technologies, the Group has mastered the core technologies for the development and testing of electric control systems for new energy vehicles. Based on in-house software and hardware R&D, two major assemblies—the electric driving axles and the central driving, have been developed, reaching domestic leading and international advanced level. Relying on our own product structure and in combination with insightful understanding of market segments, we have adopted a differentiated product portfolio strategy of "electric driving axles+ the central driving" to achieve "one strategy and one market for one model", thus truly meeting the needs of users.

¹ Clean technologies include technologies for "zero emission", "pollution control", "hybrid power", "recycling" and "clean vehicle".

SITRAK GX series

The SITRAK GX series adopt advanced electric driving axles and motor drives, with advantages and feature in terms of energy efficiency and flexibility in adjusting and controlling according to different scenarios and needs, as well as higher safety and reliability.



SITRAK GX/513kWh/tractor with electric driving axles and chassis battery-replacement



SITRAK GX/315kWh/electric driving axles sweeper truck

HOWO TX series

HOWO TX series adopt self-developed high-power motors on multiple products, featuring lightweight, energy-efficient, safe and stable performance, as well as greater kinetic energy and better quality.



HOWO TX/423kWh/central driving/rechargeable tractor



HOWO TX/350kWh/central driving/battery-replacement tractor



HOWO TX/350kWh/electric driving axles/rechargeable tractor



HOWO TX/612kWh/central driving/rechargeable dump truck



HOWO TX/423kWh/central driving/rechargeable dump truck



HOWO TX/350kWh/electric driving axles mixer truck

Key Pure Electric Vehicle Models of Sinotruk

HOWO rechargeable light duty truck

Many models are equipped with in-house controllers, featuring in long battery life and energy efficiency. The vehicle control unit is developed independently, enabling fast and precise regulation of the drive and auxiliary systems, meeting various road conditions and electronic control logic requirements, providing better performance and higher efficiency.



HOWO Tongshuai/132kWh/rechargeable light duty truck



HOWO Tongshuai/100kWh/rechargeable light duty truck



HOWO Hanjiang/86kWh/rechargeable light duty truck

HOWO light duty truck

The chassis is lightweight, highly integrated, low in energy consumption, and has high braking energy recovery power. It is highly stable and economical, with a large upper space and ultra-low speed cruise control.



HOWO light duty truck/180kWh/pure electric sweeper truck

Key Pure Battery Vehicle Models of Sinotruk

Hydrogen Fuel Cell

Sinotruk actively responds to national strategies for hydrogen energy development. We also intensify efforts in hydrogen cell vehicles. Currently, the Group has more than 10 hydrogen fuel vehicle models for demonstration operations, and hydrogen fuel cell heavy duty trucks have been applied in such multiple scenarios as ports, industrial parks, steel mills. The reputation of the Group's new energy products continues to improve. In addition, the Group strengthens external cooperation in hydrogen fuel cell, and cooperates with Toyota Fuel Cell in Japan to develop a 300kWh dual-module hydrogen fuel tractor model, which has the highest fuel cell output power in China.

The Yellow River heavy duty truck with hydrogen internal combustion engine of Sinotruk



As the industry's first hydrogen internal combustion engine heavy duty truck, this model is equipped with the 13L hydrogen internal combustion engine from Weichai Power, achieving an effective thermal efficiency of 41.8%. With low pollutant emissions and low requirements on hydrogen fuel purity, it can be widely used in special transportation scenarios such as ports, cities, power plants, steel mills and industrial parks. It can greatly contribute to the green upgrading of the internal combustion engine industry chain.

The Yellow River snow wax vehicle with hydrogen fuel cell



It is China's first hydrogen fuel cell snow wax car with fully independent intellectual property rights, and equipped with a high-performance on-board photovoltaic power generation system, to achieve zero pollution and zero emissions, fulfilling the goal of "China's first, world's leading, and fully domestically produced".

Key Hydrogen Fuel Cell Vehicle Models of Sinotruk

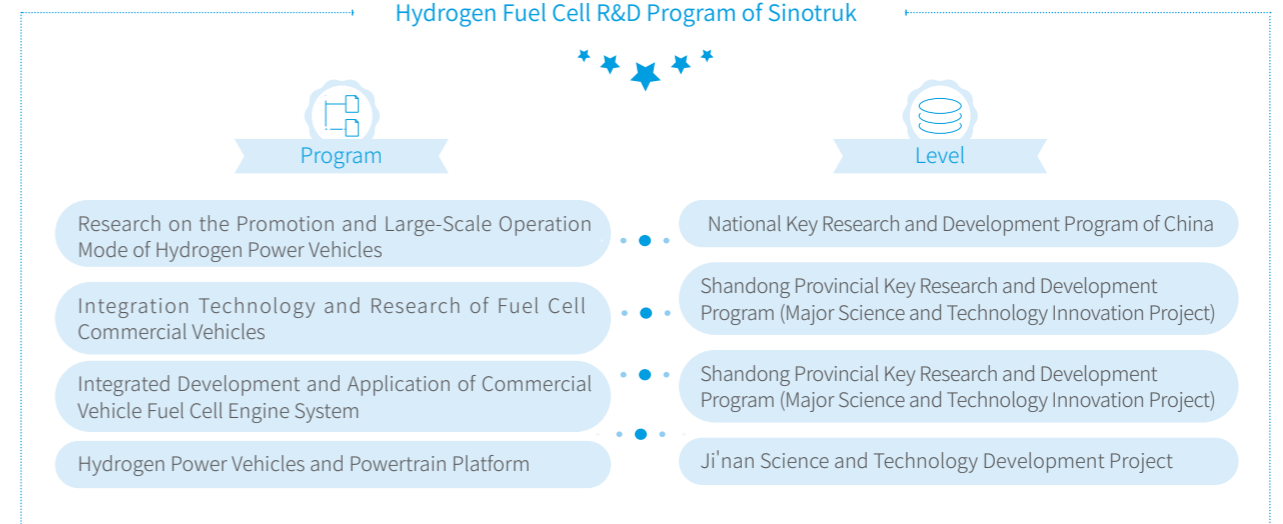


Key Hydrogen Fuel Cell Vehicle Models of Sinotruk

SITRAK G7S hydrogen fuel tractor

G7S is equipped with Weichai WEF160 hydrogen fuel cell, with rated power of 162kW, power density of 2.6kW/L, and low temperature resistance. This vehicle can achieve cold start at -30°C, with a stack life of more than 25,000 hours. It is equipped with a 10×21.0L large-capacity hydrogen cylinder with a maximum hydrogen storage capacity of 50kg and a range of up to 400 kilometers, suitable for medium and long-distance transportation conditions. It adopts Sinotruk's in-house dual electric driving axles system, with a single axle integrating dual-motor with 70kW rated power. With the transmission gearbox and transmission shaft removed, it provides high transmission efficiency with low weight. It adopts an in-house electric control system and vehicle energy management system, equipped with fuel cell system with the highest efficiency of 62%, achieving a hydrogen consumption of 12kg/100 kilometers.

Hydrogen Fuel Cell R&D Program of Sinotruk



Hybrid Power Technologies

Hybrid power technologies have a profound impact on the automobile industry. Our high-efficiency hybrid system can improve fuel economy, enhance power performance, and reduce emissions, helping China achieve the "carbon peaking and carbon neutrality" strategic goal as soon as possible. We proactively research and advance hybrid systems with various technical routes, in order to offer customers more efficient and energy-saving transportation tools.



Key Hybrid Power Vehicle Models of Sinotruk

HOWO Hanjiang hybrid truck

HOWO Hanjiang hybrid truck is equipped with Weichai high-efficiency engine WP2.5N0170E62 and DHT dual-motor power distribution structure. The motor speed regulation stabilizes the engine working point and improves the powertrain's economic performance. The vehicle realizes energy recovery during braking, long downhill and other working conditions. During frequent starts and stops in urban areas, the EV pure electric mode is initiated to further reduce energy consumption, with fuel saving rate under comprehensive working condition reaching 20%. The vehicle features stepless speed regulation without power interruption throughout the entire process; utilizes a high-speed motor, with low rotational inertia, providing a sensitive response, reduced acceleration resistance, and improved driving comfort.

Intellectual Property Right Protection

The Group strictly abides by relevant laws and regulations, such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Madrid Agreement Concerning the International Registration of Trademarks*. We put in place a sound intellectual property management system in accordance with the *Enterprise Intellectual Property Management Standard (GB/T 29490-2013)* to protect intellectual property rights. The Group conducts strict intellectual property management by formulating the *Management Procedures for the Approval of R&D Projects*, the *Patent Management Process*, the *Management Measures for Intellectual Property Rights*, and the *Management Procedures for Safeguarding Intellectual Property Rights*. For trademark management, we have formulated and implemented the *Measures for Trademarks*, which specifies the department in charge of trademark management, registration process, use, licensing, protection, file management and review of trademarks. In 2023, the Group has passed GB/T 29490-2013 intellectual property management system certification. By the end of 2023, the Group had 4,503 valid patents, including national 603 inventive patents, 3,140 utility model patents and 760 industrial design patents. In 2023, the Group was not involved in any lawsuit related to intellectual property rights.



Ji'nan Transmission Plant Passed GB/T 29490-2013 Intellectual Property Management System Certification

Application and Grant of Patents in 2023 of Sinotruk

Patent & Trademark	Units	Number of applications	Number of grants	Number of cumulative grants
National invention patent	piece	752	153	603
Utility model patent	piece	954	764	3,140
Industrial design patent	piece	360	268	760

In terms of trademark application and registration, the Group submitted 13 trademark registration applications in China in 2023, successfully obtained 70 grants and hit 521 grants in total, and submitted 131 trademark registration applications outside China, successfully obtained 137 grants and hit 2,596 grants in total.

In addition, the Group attaches great importance to raising the awareness of intellectual property protection and organizes intellectual property training programs of various forms. We comprehensively nurture a culture of respecting and protecting intellectual property, improve employees' ability to apply intellectual property in actual work, thereby reducing intellectual property risks.

Case | Ji'nan Light Truck Company organized intellectual property rights training

In 2023, Ji'nan Light Truck Company organized Intellectual Property Law and Regulation Training Course (2023) for all current employees through online learning platform Sinotruk Cloud Academy, with more than 1,000 participants, and a total of 2 hours. During the training, the trainees conducted in-depth learning and discussion on patent

management, trademark management, software copyright management and other aspects related to intellectual property, thus raising the awareness of intellectual property protection among all employees and helping enhance the Group's technological innovation environment.

Improving Service Quality

The Group is committed to providing outstanding customer services to honor our commitment to "Customer satisfaction is our purpose", strengthening privacy and data security protection, establishing a responsible brand reputation, and maintain a long-term trust relationship with customers.

Customer Service

The Group spares no effort to provide the customers with prompt and professional supports, and established a sound customer service and after-sales management process system. In 2023, the Group abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Civil Code of the People's Republic of China*, the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, developed and issued the *On-site Management Measures of Service Stations*, the *Customer Follow-up Management Process* and revised the *Complaint Acceptance Management Process* and the *After-sales Service Management Procedure*, further clarifying and standardizing management in terms of service network, service scheduling, technical support, claims and service hotline, to provide objective, high-quality marketing, advertising, and sales services.



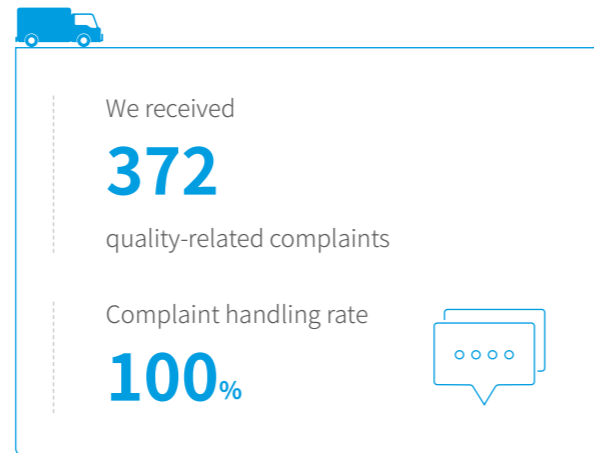
Service network	Service process	Technical support	Training support	Service hotline
<p>We establish a service network with diversified functions and extensive coverage, effectively strengthen network service management through the <i>2023 Service Network Planning</i> and other systems, promote standardized operation of the service network, and improve the overall operation quality</p>	<p>We strengthen the control of service process as well as the feedback of new vehicle quality problems, reduce the early failure rate of vehicles, track overdue work orders, and improve the handling efficiency of abnormal services</p>	<p>We establish a 24-hour technical support agent based on vehicle fault modules, provide targeted support for front-line maintenance requests, improve 258 technical documentations, standardize on-site maintenance operations, develop a new energy service warning platform, and establish vehicle health tracking files</p>	<p>We establish a training curriculum to certify the qualifications of maintenance personnel and improve their skills</p>	<p>Through the in-depth implementation of intelligent customer service program, intelligent application scenarios such as robot voice answering, robot call-out for follow-ups, intelligent quality inspection, and intelligent search for service stations have been fully launched while comprehensively strengthening the skills of customer service personnel</p>

Customer Service Improvement Measures

The Group attaches great importance to user feedback. To better meet customer demands, we have put in place a sound customer complaint handling mechanism, feedback mechanism, and rapid response mechanism. We have also established a variety of reporting channels, including 24-hour 400 manual hotline complaints, voice message complaints, as well as an online complaint submissions via the Smart Sinotruk APP. Additionally we have developed a standardized handling procedure to ensure that customer complaints are addressed in a timely, fair and professional manner. Beyond that, we have established complaint handling mechanism for major customers to ensure prompt response to the customers' feedback and solve problems in a timely manner. Complaints will be transferred to the relevant units for solution upon reception, the handling will be updated and reported in a timely manner, and the first person in charge will follow it up to ensure service quality. In 2023, we received 372 quality-related complaints, with a complaint handling rate of 100%.

The Group values customer satisfaction as an important reference for enhancing customer service management, and

has established a variety of customer satisfaction survey mechanisms such as surveys in the "Smart Sinotruk" APP and questionnaire surveys. In 2023, the comprehensive customer satisfaction score reached 96.1.



Sinotruk Customer Satisfaction Survey Measures

Questionnaire

The survey is conducted through questionnaires, and a satisfaction survey is conducted on end users once every quarter. In 2023, a total of four surveys were conducted throughout the year, with 4,000 participants with satisfaction score of 96.1. For programs with low customer satisfaction, the relevant responsible departments are instructed to develop rectification measures based on the reasons for low customer satisfaction, and follow up on their implementation. The satisfaction rate continued to improve throughout the year.

Furthermore, the Group comprehensively strengthens dealers management and strictly regulates the dealers' service processes. We have provided well-defined regulations on dealer access, daily management, punishment, and withdrawal. Meanwhile, the Group has established a three-tier training system to fully empower dealers, in a bid to provide customers with quality services, and establish a good brand reputation.

Privacy and Data Security

In 2023, the Group established a process and digital empowerment leadership group headed by the Secretary to the Party Committee to further strengthen the privacy and data security management system. Beyond that, all tier-two units have established information security committees or equivalent functional organizations according to the *Management Procedures for Information Security Organization*, appointed cybersecurity administrators, strengthened security capacity building, established collaborative mechanisms, and effectively implemented cybersecurity responsibilities. In 2023, the Group had no information security or privacy leakage incidents.

Process and Digital Empowerment Leadership Group

- Implement the cybersecurity work deployed by the state, the government and competent authority, and formulate the information-based construction planning
- Direct, coordinate and supervise daily cybersecurity matters of the Group
- Review important cybersecurity strategies and key programs for information-based construction, and supervise their implementation

Process and Digital Empowerment Office

- Implement the resolutions of the leadership group, provide specific arrangements and implement the cybersecurity and informatization-based work
- Organize the implementation of cybersecurity strategy and key programs for information-based construction approved by the Group
- Organize training and exchange on cybersecurity and information-based work

Data Security and Customer Privacy Protection Management System of Sinotruk

The Group conducts independent external audits of the current information systems at least once a year. In 2023, the Group carried out ISO 27001 information security management system certification, covering information security management activities related to the design, development, sales, and management of automobiles and spare parts (within the scope of qualification permit), involving software, systems, employees, services, etc.

The Group strictly abides by relevant laws and regulations, such as the *Cybersecurity Law of the People's Republic of China*, the *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*, and the *Measures for Security Protection Administration of the International Networking of Computer Information Networks*. We also formulate internal management regulations such as the *Management Procedures for Information Security*, the *Administrative Measures for Protecting the Confidentiality of Information Systems, Information Equipment and Storage Equipment*, and the *Management Procedures for Trade Secrets Protection*, covering 12 key areas such as safety organization, security asset and account management, 62 systems and procedures such as information security management measures, information security organization and management procedure, and privilege account management procedure. The system documents include all production units, subsidiaries and branches, suppliers and contractors, and the Group's information security management requirements are proposed in a unified manner to strictly protect customer privacy and data security.

Our information security management regulations covering

12 key areas

62 systems and procedures

ISO 27001 Management System Certificate of CNHTC including the Group

Data Security and Privacy Protection Measures of Sinotruk

Management measures

- Deploy application firewalls, intrusion defense systems, and online behavior management devices for internal and external networks, and monitor internal data traffic.
- Install antivirus software on the server and monitor major business servers.

Data encryption

- Set the account lock duration and account threshold, and enhance password complexity.
- Install the document encryption system on the end user's computer, and install the digital optical processing system for important security-related personnel.
- Strengthen access control to minimize access permission restrictions and maximize protection of secure access to the Group's business systems, thus avoiding information security risk due to excessive access permissions.

Data storage

- Adopt an all-in-one backup solution, and realize the backup and recovery of data such as database and server on virtualization platforms, and physical servers.

Security audit

- Conduct regular security audits and risk assessments, and organize a special investigation on weak passwords in the information systems across the Group in 2023.
- Conduct periodic attack detection for information systems across the Group, issue cyber security reports on a monthly basis, and report on the overall situation of cyber security.
- Conduct information security reviews during the establishment and implementation of information-based program, analyze data security requirements involved in the program in combination with actual business conditions, and provide security recommendations to conduct verification during system implementation.
- In 2023, we carried out annual self-evaluation focusing on the organization and responsibilities, principles and strategies, structure and technology, construction and operation, supervision and evaluation, and rectified the problems identified in a timely manner.

APP information collection permission

- Release two systems—the *Smart Sinotruk Service Agreement* and the *Smart Sinotruk Privacy Policy* on the Smart Sinotruk APP.
- Clearly define the scope and purpose of information collected from individual users, and clarify that customers have the right to access, correct, delete, and cancel personal information.

Technical training

- Carry out special technical training for secret-related personnel to enhance the awareness and ability of data security protection.

Case | Sinotruk organized information security training



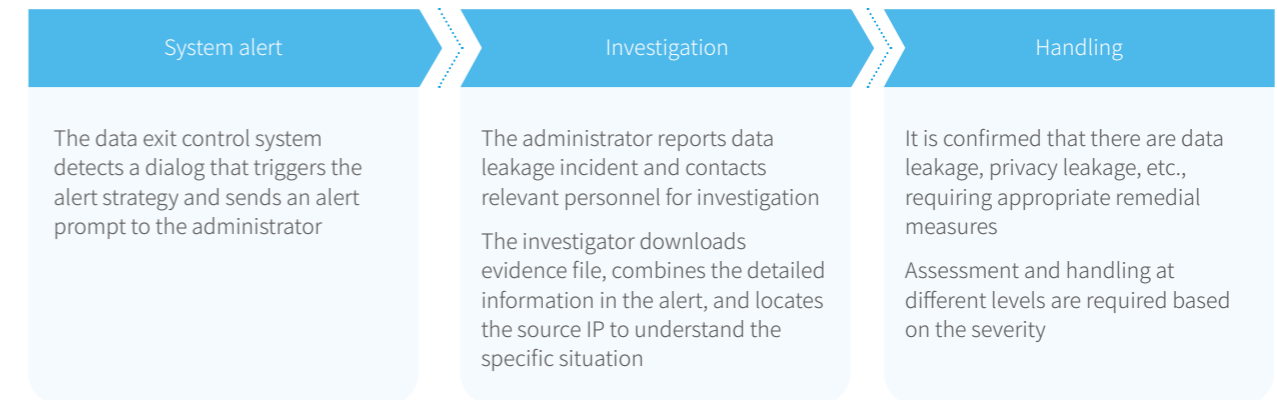
In order to raise the awareness of information security and privacy protection among all employees and enhance the Group's information security protection capabilities, the Group organized online and offline information security training in 2023. During the training, information security administrators from the Group's departments and tier-

two units participated in offline training, promoted and provided feedback on evidences tier by tier, and ensured that the training covers all employees. Meanwhile, we launched a series of information security courses through online learning platform Sinotruk Cloud Academy.



Sinotruk Organized Information Security Training

The Group enhances its emergency response capabilities for privacy and data security by developing systems such as the *Information System Emergency Response Management Process* and the *Information Leakage Incident Handling and Management Process*. We have established detailed procedures for data leakage incident alarming, investigating, and handling. In addition, we enhance our emergency response capabilities by organizing attack and defense drills, emergency drills, etc., in a bid to provide further assure privacy protection and information security.



Handling Process for Data Leakage Incident

Case | Hangzhou Engine Company organized information system attack and defense drill



In order to comprehensively enhance security of information systems, Hangzhou Engine Company organized a cybersecurity attack and defense drill in 2023. During the drill, technicians were on duty 24 hours a day, 7 days a week, and banned a total of 896 public network IP addresses, closed high-risk ports, repaired 10 system vulnerabilities and effectively defended 511 attacks during the drill. Hangzhou Engine Company also organized

and implemented a program to enhance cybersecurity perimeter protection capability. By deploying three security protection systems including web application firewall, intrusion prevention system, and situational awareness platform at the perimeter, the network traffic and system at perimeter were reinforced, thus enhancing the defense capability against external attacks.

Building Responsible Supply Chains

The Group is committed to building long-term and stable partnerships with suppliers. We have advanced full lifecycle management on suppliers and worked together with our suppliers to achieve common progress, thus promoting the sustainable development of supply chain through win-win cooperation.

Supply Chain Management System

The Group has established a multi-dimensional supplier management system. In 2023, we revised the *Supplier Management Procedures*, the *Procurement Control Procedures for Samples and Specimens*, the *Management Measures for Performance Evaluation and Grading of Auxiliary Product Suppliers*, and the *Management Measures for Rectification of Quality Problems in Product Procurement*, to classify and grade suppliers. We divide suppliers into service suppliers and material suppliers according to service categories, and propose detailed management measures based on service categories. We apply intelligent management tools for supplier management, and conduct unified management of suppliers in each business line in selection, audit, and elimination. In 2023, the Group organized a total of 181 second-party supplier audits, covering 169 suppliers.

Service supplier

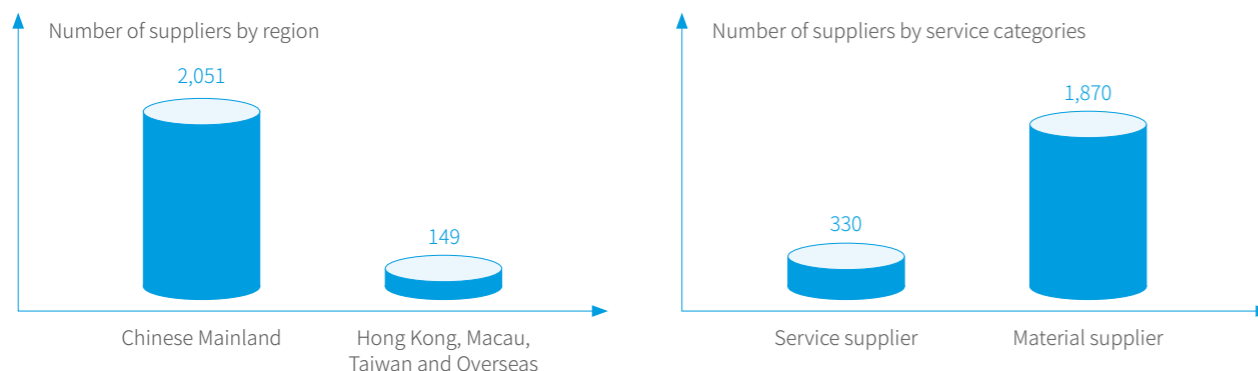
We standardize the comprehensive management of service supplier in sourcing, evaluation, access, performance evaluation, rating, exit, and resource pool establishment and maintenance, establish a three-level control mechanism composed of centralized control by the Procurement Center, categorized supervision by the business department, and implementation by the execution unit to improve supplier management efficiency and quality

Material supplier

We standardize the registration, selection, designation, access, evaluation, rating, and optimization management processes for material suppliers to ensure that the selected suppliers meet the requirements of quality management system and provide products conforming to specified requirements in a stable and long-term manner, thus continuously improving the overall supply chain

Key Management Measures of Suppliers of Sinotruk

By the end of December 31, 2023, the Group has 2,200 suppliers, as follows:



Supplier Selection

We carry out risk evaluation and access review in developing new suppliers. We formulate checklist and evaluate potential suppliers in terms of product quality, technical ability, key resource and management ability, financial ability, operational risks, and social responsibility in the stage of supplier selection and introduction in advance for supplier access.

Supplier Audit

We conduct preliminary audits, process audits and system audits, to evaluate the establishment and implementation of occupational safety, occupational health and environmental management systems of new suppliers in accordance with the internal check list of the Group. Additionally, we organize cooperative evaluations of supplier performance annually, assessing indicators such as quality, delivery, cost, and development cooperation. Suppliers that do not meet the standards are required to complete necessary rectifications within a specified time frame. For those who still fail to pass the evaluation upon rectification, a safety scoring system for suppliers is established to regularly review the safety management of suppliers, including whether to put designated or part-time personnel in charge, whether to conduct internal evaluation regularly, and whether to equip employees with safety equipment. Furthermore, we have

implemented a third-party audit mechanism to conduct two-party audits of suppliers experiencing frequent issues and to issue audit reports based on the findings.

We conduct routine audits and unannounced audits every year to launch detailed audits on suppliers. In 2023, we conducted routine audits and unannounced audits on nearly 200 suppliers, covering 8 modules such as supplier employee management, quality and improvement, product R&D, process development, production, sub-supplier management, logistics, cost management, and business. Based on the audit results, we rated all suppliers and supervised those with low ratings to carry out targeted rectification. To ensure the stability of supply chain, the Group will eliminate suppliers that still fail to pass upon rectification.

Sustainable Supply Chains

The Group constantly improves the sustainable management strategy of supply chain. We are devoted to incorporating environmental and social risks into the whole process of the supply chain management, and effectively controlling the environmental and social risks of suppliers through such means as strict incoming inspection, qualification inspection, regular assessment and audit. To further standardize the cooperative relationship with suppliers and partners, we have formulated the contract template for the *Procurement*

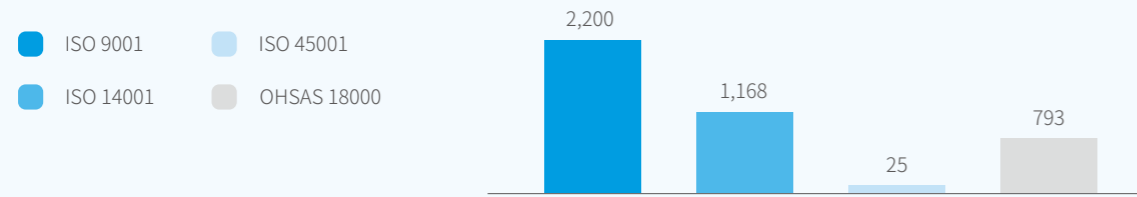
Agreement, which specifies the requirements for suppliers on working environment and human rights, health and safety, business ethics and environmental protection, to ensure the sustainability and compliance of suppliers. In addition, we convey the idea of sustainable development to suppliers by such means as relationship incentives, information sharing, technical support and joint development.



Sustainable Supply Chain Management Measures of Sinotruk

Dimension	Measure
Product quality	We require suppliers to meet all requirements for environmental permits and related qualifications, and to be certified by IATF 16949.
Environmental protection	We require suppliers to comply with all applicable environmental laws and regulations, and parts and components suppliers that have an impact on the environment also shall be certified by ISO 14000.
Occupational health and safety	The Group requires suppliers to establish applicable Health, Safety, and Environment (HSE) systems and pass third-party occupational health and safety certifications such as ISO 45001. We also require that products related to the security industry should obtain a national safety license, and that products mandated by the state should be certified by relevant authorities.
Business ethics	The Group is dedicated fostering an open and cooperative relationship with its suppliers and upholds strict standards for ethical conduct of its suppliers. Throughout the Reporting Period, 100% of suppliers have signed the <i>Agreement on Mutual Commitment to Honesty and Integrity</i> .

Supplier Certifications of Sinotruk



Empowering Suppliers

The Group gives high priority to developing with suppliers, establishes stable cooperative relationships by strengthening communication with suppliers, and helps suppliers improve their capabilities through training courses and supplier conferences of various kinds, thus ensuring stable supply chains, effectively improving product quality, and reducing potential risks. In 2023, we organized a total of 10 supplier training sessions focusing on quality awareness and quality management, with a total of 317 suppliers and 474 participants.

Case | Sinotruk organized supplier quality meeting

In 2023, the Group conducted a supplier quality meeting both online and offline and initiated a joint governance approach to product quality. The meeting served as a platform for the Group to address significant quality concerns, unveil product quality joint governance action plans, and summarized work results. Throughout the Reporting Period, a total of 250 suppliers and 380 employees attended the meeting on site, while 900 suppliers and 1,136 people joined the meeting remotely. By organizing this meeting, the Group further improved the management on suppliers and product quality.



Sinotruk Organized Supplier Quality Meeting

Case | Ji'nan Engine Plant conducted supplier assistance

In 2023, Ji'nan Engine Plant implemented a supplier assistance mechanism. The plant organized meetings with suppliers to address incoming inspection, zero-kilometer process, and customer complaints, aiming to identify and resolve specific problems with specific measures, which aided suppliers in resolving targeted problems and improving their capabilities. The supplier assistance mechanism effectively enhanced product quality stability and fostered a positive cycle of supply and demand.

03

Safeguarding Health and Safety

- Ensuring Production Safety 44
- Occupational Health and Safety 47
- Fostering Safety Culture 48

Sinotruk regards safety and health as the top priority for production and operations. Upholding the guideline of "safety first, prevention-oriented, and comprehensive governance", the Group continuously optimizes its production safety and occupational health management systems, increases overall investment in safety and health, and fosters a culture of safety and health. Our goal is to protect the health and safety of all employees in every aspect.



100%

of Sinotruk's subsidiaries passed the annual audit of the ISO 45001 Occupational Health and Safety Management System certification



The Group launched the Safety, Environmental Protection, and Health Management Platform to achieve information management of core business in safety production management



The Group signed the *Safety Management Agreement* with

100% of its contractors



The Group's annual investment in safety amounted to

RMB **95.3896** million

Ensuring Production Safety

To comprehensively ensure production safety, Sinotruk has established a sound safety management system. Moreover, the Group has formulated scientific and rigorous safety management objectives and plans to continuously improve safety management measures. Empowered by intelligent technologies, we further strengthen safety management and safety inspections to enhance our ability to prevent safety risks.

Safety Management System

Sinotruk strictly abides by relevant laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and the *Regulations of Shandong Province on Work Safety*. We have formulated various internal policies, such as the *Management Regulations on Work Safety Responsibility System* and the *Management Regulations on Contingency Plan of Work Safety Accident*. These policies are regularly updated, revised, and supplemented to ensure the smooth implementation of production safety management systems. In 2023, we revised 26 safety management system documents and over 3,600 safety operation procedures. These revisions included the *Management Process for Reporting Major Safety*, the *Environmental Protection and Fire Protection*, the *Management Measures for Production Safety Inspections*, and the *Safety Management Measures for Special Equipment and Special Operations Personnel*. This continuous improvement aims to enhance the comprehensiveness and integrity of the production safety management system. In 2023, the Group invested RMB 95.3896 million in safety work.

Production safety is paramount at Sinotruk. With the safety management system at the core, we have embedded safety production into every facet of daily production and operation. The Group has instituted a Safety Production Committee led by the chairman and designated safety directors to oversee safety management affairs. Additionally, the Safety and Environmental Protection Department aids in the management, supervision, and assessment of production safety across various production units and subsidiaries. Sinotruk continuously strengthens its competent safety management team in alignment with external standards, as part of our efforts to nurture safety management talents. The professionalism of our safety team has garnered significant recognition from affiliated companies.

To conduct safety management in an effective and timely manner, the Group sets annual safety management targets for personnel at all levels, including the Board. We have also established a performance assessment system for the safety production responsibility system to link the achievement of safety production targets with performance-based compensation. Each member is required to participate in ensuring production safety. We have also prepared the *Responsibility Letter for Safety, Environmental Protection, and Fire Safety* to clarify safety regulations and responsibilities, and required all personnel to sign the *Responsibility Letter for Safety, Environmental Protection, and Fire Safety* to guarantee safety management. In 2023, a total of 35,000 employees of Sinotruk signed the *Responsibility Letter for Safety, Environmental Protection, and Fire Safety*.



The number of safety management systems revised is

26

The number of safety operating procedures revised is

3,600



Safety Management Targets and Performance of the Group in 2023

Indicator	Target value for 2023	Actual value for 2023
Incident rate of major injuries per 1,000 employees (%)	0.12	0
Incident rate of minor injuries per 1,000 employees (%)	2.4	0.18
Fire accidents	0	0

Safety Management Measures

Sinotruk utilizes a wide range of advanced technologies such as big data, the Internet of Things (IoT), blockchain, and artificial intelligence (AI) to continuously enhance the intelligent and automated level of safety production management. We also actively promote the construction of intelligent fire protection systems. All subsidiaries of Sinotruk have established a smart fire safety IoT platform and deployed a smart fire safety APP on the mobile terminal to achieve dual supervision of fire safety at production sites. In 2023, we launched the Safety, Environmental Protection, and Health Management Platform to integrate core basic information on safety, environmental protection, and health management from all subsidiaries. This platform enables data management of the core business, network-based information exchange, integrated document management, standardized business processes, and standardized information processing. By doing so, we have further implemented scientific management of safety production and dynamic risk prevention and control.

Case | Sinotruk launches the smart transformation project for smart fire safety



Sinotruk has strived to enhance the efficiency of handling fire and other hazardous accidents while achieving comprehensive monitoring of the industrial park. To this end, we have initiated and promoted an innovation-driven smart fire safety project. We have established a smart fire safety IoT platform and a smart fire safety mobile APP to enable real-time monitoring of major fire extinguishing areas. The system includes features such as video surveillance, alarm notifications, one-click alarm, hazard or fault reporting, trend analysis, warning of fire extinguishing areas, and tracking of equipment data. This allows management personnel to oversee fire safety online and in real-time. Moreover, we consistently upload pertinent data to the smart fire safety comprehensive management platform. Through this platform, fire management personnel can remotely view video alarms in target areas, manage fire safety in real-time, and respond more swiftly to emergencies such as fires. Overall, this project is designed to bolster capabilities in fire prevention, control, and rescue.



Smart fire safety supervision platform

Case | Ji'nan Molding Plant develops the molten iron transfer system to enhance automated melting process



The melting process, which involves tasks such as molten iron transfer, slag removal, and casting, poses safety hazards due to the collision of operations and sling failures. These safety hazards include physical collisions, high-temperature burns, and the spread of smoke and dust. To solve this problem, the production workshop of Ji'nan Molding Plant planned and designed a molten iron transfer system. The system consists of equipment such as front-loading vehicles, rotating vehicles, and tilting vehicles, thus enabling the automated transfer of molten iron from the

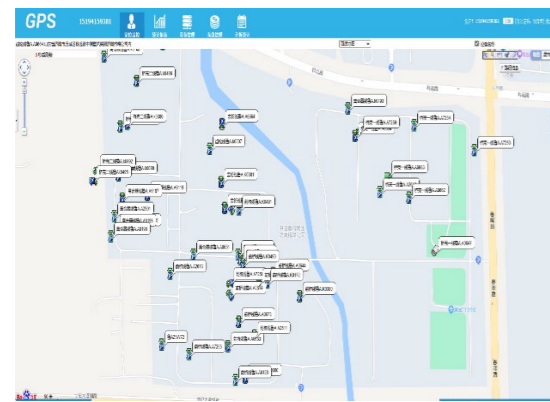
melting furnace to the casting vehicle. This system achieves fully automated operations from iron tapping to casting. Besides, smoke and dust collection devices are installed in the transfer vehicles, thus improving the on-site workplace. This project has effectively removed safety hazards posed by crane lifting of molten iron containers, thereby enhancing production efficiency of the workplace. Hence, this project has promising prospects for large-scale application. In 2023, this system was awarded as a safety highlight project by the Shandong Heavy Industry Group.

Case | Ji'nan Axle Company develops the "Person-Vehicle Binding, Intelligent Safety" management platform

In 2023, Ji'nan Axle Company aimed to address safety issues such as "unlicensed driving", "failure to wear seat belts while driving", and "leaving keys in vehicles", which frequently occur during forklift operations. The company explored the standardized, intelligent, and digitized safety management of 148 pieces of off-road mobile machinery.

Ji'nan Axle Company installed onboard positioning terminals based on the 4G BeiDou System on forklifts and other off-road mobile machinery. These terminals are able

to record data such as "historical trajectory", "mileage", and "overspeed alarm", which are transformed into key performance management indicators. This data is then uploaded to the "Smart Safety" management platform for analysis and summary. In addition, the company installed a "seat belt-fingerprint interlocking device" on forklifts. This device binds the operator's fingerprint to the vehicle's lock, thereby linking safety management responsibilities to operators. This approach also achieves the integrated evaluation of safety management performance indicators.



"Smart Safety" management platform



"Seat belt-fingerprint interlocking" device

In accordance with the *Work Safety Law of the People's Republic of China*, Sinotruk has revised the *Safety Management Measures for Relevant Production Parties*. We require all production units to sign the *Safety Management Agreement* with contractors before commencing operations. The *Safety Management Agreement* specifies the safety contact persons and their contact details to ensure that safety management responsibilities are clearly assigned to relevant personnel. Moreover, we regularly organized health and safety themed meetings to discuss key links and specific requirements of safety management. Our aim is to enhance the safety management capabilities of contractors. In 2023, Sinotruk signed the *Safety Management Agreement* with 100% of contractors.

Safety Inspection

Sinotruk has established a robust safety inspection system and continuously increased investment in resource input and risk control to nip safety risks in the bud. The Group conducts comprehensive safety inspections in a rotating manner across its subsidiaries, covering areas such as fire safety, hazardous waste management, and thermal explosion processes. These inspections include both specialized and seasonal checks, as well as nighttime inspections, ensuring that each subsidiary is inspected at least once every six months. To further enhance daily risk management, we provide channels for reporting safety hazards on a daily basis and ensure that safety hazards identified will be handled immediately. We also enforce a system aimed at putting identified safety hazards under strict supervision. Additionally, we closely monitor the progress of rectification by using intelligent tools such as electronic safety inspection systems.

Sinotruk has already developed a comprehensive emergency management system to bolster its capability to respond to potential safety incidents. Relevant efforts include enhancing emergency plans and conducting drills. The Group has devised over a hundred specialized emergency plans and on-site disposal strategies. Dedicated firefighting teams and other emergency response units have been set up to manage daily safety operations effectively. Furthermore, we also conduct comprehensive plan training and drills to empower employees to respond promptly and effectively to various emergencies. In 2023, the Group organized 1,085 emergency drills with 29,916 enrollments.

Occupational Health and Safety

Sinotruk places a high priority on the occupational health and safety of all employees. We strictly comply with relevant laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. We have formulated management systems such as the *Measures for Managing Occupational Health* and the *Procedures of Labor Protection and Prevention and Control of Occupational Diseases*. Additionally, we have revised internal policies such as the *Management Process of Labor Protection Articles* and the *Safety Management Measures for Relevant Production Parties* to continuously enhance the occupational health and safety protection systems for production personnel. In alignment with international advanced standards in occupational health and safety management systems, we regularly carry out the internal audit, management review, and third-party supervision of the

ISO 45001:2018 Occupational Health and Safety Management System. Besides, we supervise the timely rectification of unqualified projects and problems. In 2023, all subsidiaries of Sinotruk obtained the ISO 45001 Occupational Health and Safety Management System certification, with 100% coverage.

The coverage of certification is

100%



Occupational health and safety system certificate

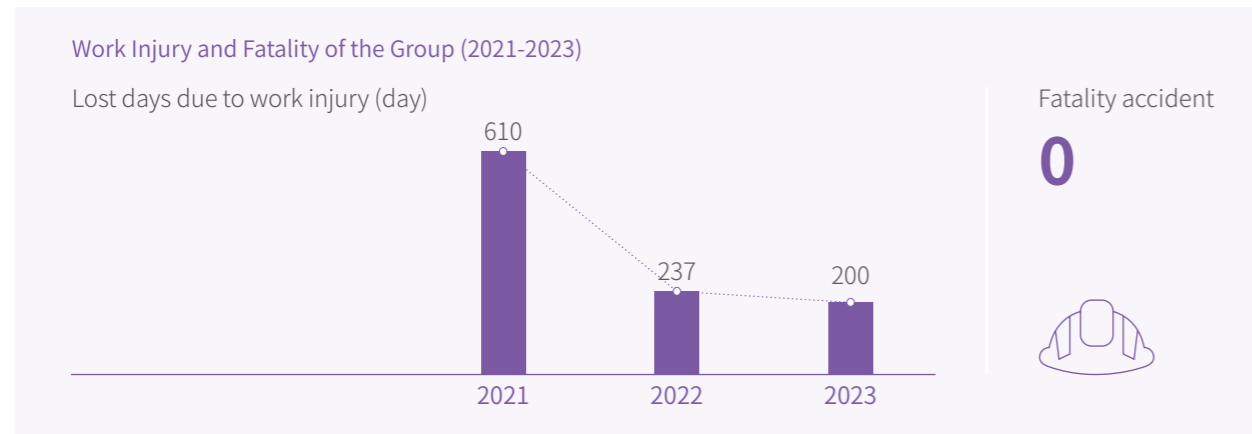


Occupational health and safety management system supervision and audit certificate



To prevent and control occupational disease hazards from the source, the Group has implemented employee occupational health and safety management from various dimensions. We organize occupational disease hazard pre-assessment tests, engage third-party agencies to conduct testing and evaluation of the production environment, as well as track the rectification and control of identified risk factors. Additionally, we establish monitoring archives for employees' personal occupational hazards, sign the notification of occupational hazards, and regularly organize health checkups against occupational disease hazards for specific posts. In 2023, we organized health checkups for 6,100 employees exposed to occupational hazard factors to protect the employees' occupational health and safety in the long term.

The Group insists on upgrading labor protection articles and production facilities to effectively ensure the occupational health and safety of all employees. In accordance with the *Labor Law of the People's Republic of China* and the *Standard of Shandong Province for Allocation of Labor Protection Articles*, we have refined the management process for labor protection articles and workwear. We have established quality inspection standards for labor protection articles and workwear to ensure that all employees have adequate access to labor protection. We have also revised the *Safety Management Measures for Special Equipment and Special Operations Personnel*, detailed safety operation procedures for special positions, and set safety assessment targets for special operations. Strict requirements are imposed on the inspection of special equipment and the qualifications of special operators to further provide reliable protection for the health and safety of employees. In 2023, the Group had five safety accidents, 200 working days lost due to work-related injury, and zero work-related fatality accidents. In accordance with relevant laws and regulations, we carried out thorough investigations and rectification of all safety accidents to reduce the risk of accidents and prevent resurgence.



Performance of Occupational Health and Safety Targets

Safety Management Measures	Target value	Actual value for 2023
Incident rate of occupational diseases (%)	0	0
Incident rate of major injuries per 1,000 employees (‰)	0.12	0
Incident rate of minor injuries per 1,000 employees (‰)	2.4	0.18

Fostering Safety Culture

The Group prioritizes safety culture as an integral part of corporate culture. Adhering to the strategic principle of "ensuring safety through education", we aim to strengthen employees' awareness of safety and health, enhance their safety skills, and ensure the fulfillment of individual safety management responsibilities. Guided by relevant laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Regulations of Shandong Province on Work Safety*, we are committed to fostering the corporate culture of safety. In 2023, all subsidiaries of Sinotruk organized approximately 1,239 safety education and training sessions, with a total of 112,814 enrollments and 432,877 hours.

Based on the actual needs of production and operation, the Group has established a diverse and comprehensive safety education and training system. We focus on enhancing the safety awareness and skills of all employees through online platforms and offline activities.

Highlights Measures for Safety Management

- Safety Manual** - We have formulated and distributed the *Safety Production Knowledge Manual of Sinotruk Group* (Second Edition). We refined the modules of production safety, fire safety, daily safety, and traffic safety in order to make safety education activities more relevant to employees' workplace.
- Safety Knowledge Popularization** - We continued the platform columns "Voice of Safety and Environment" and "Tips on Safety and Environment" to disseminate safety concepts and knowledge.
- Safety Activities** - We conducted safety production education and training such as the *First Lesson of Work* to strengthen safety awareness. In addition, we organized skill competitions for accident emergency handling and promoted events such as the "Publicity Week for Occupational Disease Prevention and Control Law", the "Publicity Week for September 28 Fire Safety", and Safety Production Month. These activities aimed to turn safety knowledge into self-protection skills for employees.
- Specialized Safety Training** - We conducted three phases of safety education and training for the main responsible persons and full-time safety management personnel from all production units. The training covers basic knowledge of safety production management, safety production skills, management of major hazard sources, and emergency management. The training had a total of 622 enrollments. After completing the training, all trainees obtained the qualification certificates, with 100% of the safety management personnel performing their duties with certificates.

Case | Sinotruk's Safety Production Month in 2023

In response to the *Notice of the Office of the Work Safety Commission of the State Council on Organizing the Safety Production Month Nationwide in 2023* and the arrangements of the Office of the Shandong Provincial Work Safety Committee, Sinotruk issued the *Implementation Plan for the 2023 Safety Production Month* in May 2023.

Focusing on the theme of "enhancing safety awareness and emergency response skills for all", the Group

organized the Safety Production Month activities across various units. During this period, the Group and all production units jointly organized 16 safety promotion and emergency drill activities under the dual themes of "Safety Production plus Emergency Management". This event has earned Sinotruk the title of "Excellent Organizational Unit" during Ji'nan Safety Production Month. While enhancing its safety production capabilities, Sinotruk has also set a good example for other production enterprises.



Safety Production Month activities

04

Upholding Low-carbon Practices

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- Implementing Green Operations 57
- Promoting Green Development 61

Upholding the vision of building a green home, Sinotruk takes proactive measures to address the risks and opportunities presented by climate change in response to the national call for "carbon peaking and carbon neutrality". We integrate the concept of sustainable development into our daily operations, prioritize environmental protection, and promote low-carbon operations. This commitment reflects our dedication to advancing towards a greener future.



100%

of subsidiaries or branches of Sinotruk obtained the annual audit for ISO 14001 Environmental Management System certification



16

Sinotruk's subsidiaries obtained ISO 50001 Energy Management System certification



The Intelligent Energy Digital System built up by the Group has come into online operation officially



In 2023, the Group established the objective of reducing wastewater and COD emissions per RMB 1 million of operating revenue compared to 2021 by

5% year-on-year

The objective was accomplished



In 2023, the Group established the objective of reducing solid waste and hazardous waste emission per RMB 1 million of operating revenue compared to 2021 by

5% year-on-year

The objective was accomplished



In 2023, the actual value for the energy consumption per RMB 10,000 of industrial output value was

14 kgce / RMB 10,000

which was lower than the target value of

22 kgce / RMB 10,000

Tackling Climate Change

Sinotruk pays close attention to the trends of global climate change. The Group regularly identifies and analyzes the impact of climate change on its business development, and formulates various action plans to enhance our ability to respond to climate change risks and seize development opportunities. We have set the goal of "building green, eco-friendly factories" and established dedicated management bodies for safety, environmental protection, and energy management. While advancing the construction of green factories, we incorporate measures aimed to enhance our capacity to address climate change.

Governance

The Group attaches great importance to climate change matters and has established a climate change governance system in alignment with the ESG governance structure. The Board is ultimately responsible for the formulation of climate change-related matters and has delegated the authority to the Audit Committee to formulate and implement climate change strategies and plans. The ESG Management Group is responsible for identifying climate change risks and opportunities and reporting to the Board and the Audit Committee on a regular basis. The ESG Working Group is responsible for the coordination and implementation of the work in relation to climate change risk identification, as well as organizing and preparing for disclosure of the Group's climate change-related information.

Strategy

Through the analysis of climate-related risks and opportunities, the Group has continuously adjusted operating strategies and optimized the allocation of resources in order to prepare for the various risks that may be brought about by climate change. The Group also seizes the various opportunities brought about by climate change, increases the investment in research and development of clean technologies, and continuously enhances the operating income from clean energy products, so as to take practical actions to help the development of the global action on climate change.

Risk Management

In alignment with the disclosure framework outlined in *IFRS S2-Climate-related Disclosures*, we have meticulously categorized and detailed the risks brought by climate change to the Group's operations. We have implemented relevant measures to enhance the Group's ability to respond to various transition risks and physical risks, as part of our endeavor to steadily promote low-carbon transformation of the Group.



List of Identified Climate Change Risks

Risk category	Specific risk	Risk description	Risk response
Transition Risk	Policy and Legal Risk	<ul style="list-style-type: none"> With the progress of the "carbon peak" and "carbon neutrality" goal, the government has further refined regulations on greenhouse gas emissions. In 2023, 11 relevant authorities, including the Standardization Administration of China, issued the <i>Guidelines for the Construction of the Carbon Peak and Carbon Neutrality Standard System</i>. According to the National Development and Reform Commission (NDRC), the "1+N" policy system for carbon peak and carbon neutrality has been completed. As a result, industries with high emissions such as heavy-duty vehicles may face higher risks of policy compliance, leading to increased hidden costs. As the international and domestic regulators strengthen control over carbon emissions, enterprises may face more strict regulatory policies on carbon emissions. If they fail to meet the relevant requirements, they will face more stringent regulatory penalties. 	<ul style="list-style-type: none"> We will keep a close eye on international and domestic climate change-related policies and regulations and the requirements of regulators. We also adjust advanced climate strategies and management frameworks to the actualities of our operations in a timely manner. We also refine internal management practices and risk response measures related to climate change accordingly. We will regularly assess our own carbon emissions and pathways, summarize the scale and distribution of our carbon emissions, and scientifically predict the most efficient greenhouse gas emission reduction methods. We establish short-term, mid-term, and long-term carbon emissions reduction goals and strategies, and regularly disclose our progress. With the goal of "building green, eco-friendly factories", we apply energy-saving and eco-friendly technologies to promote the low-carbon transformation of core products.
	Technical Risk	<ul style="list-style-type: none"> Low-carbon and green elements have gradually become mainstream criteria for assessing the modernity and practicality of transportation equipment. The existing production technology advantage of the Group is based on traditional fuel-powered vehicles, which may compete with new energy vehicles for market demand. The Group finds it challenging to devote all of its existing equipment and technologies accumulated to the development of new energy products, which may cause the risk of asset impairment. 	<ul style="list-style-type: none"> We will increase R&D investment and persist in the development of pure electric vehicles, hybrid vehicles, and fuel cell electric vehicles. We will also improve the development layout for core vehicle products to improve our R&D abilities. We will strengthen cooperation along the upstream and downstream industry chains. We will also gradually promote the low-carbon initiative during the full life cycle of automotive products. This approach not only provides a buffer period for the application of information technologies for environmental protection but also facilitates technology implementation.

Risk category	Specific risk	Risk description	Risk response
Transition Risk	Market Risk	<ul style="list-style-type: none"> With the growing low-carbon and energy-saving awareness among numerous consumers, there is a growing preference for new energy vehicles. As the demand for traditional fuel vehicles may decline, the market share and standing of the Group will be affected. The scarcity of non-renewable resources and energy leads to the gradual increase of prices, which will affect the cost and price of products and services. It will also bring additional financial burdens to the Group, including rising cost and cash flow difficulty. 	<ul style="list-style-type: none"> We will establish efficient and diverse channels for customer communication and gain deeper insights into consumer preferences and demands. We will also adjust business operation strategies in alignment with changes in market demand. We will improve customer services and enhance the brand image of our products among consumer groups while better understanding consumer preferences and needs. This approach will improve customer loyalty. We will enhance the efficiency of cross-department cooperation within the Group. We will also facilitate information sharing and cooperation between production and financial management, thus promoting the steady development of the Group. We will integrate energy-saving and consumption-reducing performance into the standards for production and operations. We will continuously increase the proportion of renewable energy usage in our production facilities to meet long-term market demands for green and low-carbon products.
	Reputation Risk	<ul style="list-style-type: none"> As a player in the heavy-duty vehicle industry, our efforts to reduce energy consumption and carbon emissions are closely watched by all stakeholders. Therefore, we need to take concrete and effective action towards low-carbon transition. Moreover, we must provide feedback on quantitative performance, enhance stakeholder satisfaction, and maintain a positive social image. 	<ul style="list-style-type: none"> We will refer to the latest international and domestic disclosure requirements and frameworks, standardize the disclosure of climate-related information such as carbon emissions, and effectively address the demands of all stakeholders. We remain committed to conducting annual internal audits and cooperating with third-party agencies to ensure operational compliance of the Group.
Physical Risk	Acute Risk	<ul style="list-style-type: none"> The occurrence of extreme weather events such as typhoons, heavy rainfall, and floods may increase the probability of damaging production equipment and accelerating depreciation, leading to economic losses. Extremely hot or cold weather will deteriorate the workplace for employees, thereby posing health and safety risks. 	<ul style="list-style-type: none"> We provide daily weather updates to our employees working at various locations, including industrial parks. Additionally, we promptly issue disaster warnings to ensure ample time for preparation in the event of extreme weather or natural disasters. We will effectively assess the damage that various "acute" risks may bring to the production facilities and employees of the Group. We also regularly update emergency response plans and organize emergency rescue drills to continuously enhance our capacity to respond to emergencies and disasters.
	Chronic Risk	<ul style="list-style-type: none"> The chronic risks associated with climate change, such as persistent high temperatures and rising sea levels, may affect the suitability of existing production and operation facilities. This could disrupt production operations and affect the stability of the supply chain. 	<ul style="list-style-type: none"> We will regularly conduct maintenance and updates of production equipment and facilities. We will increase investment in R&D to develop equipment that better meets production needs and has lower energy consumption ratio.

Indicators and Goals

The Group regards greenhouse gas emissions as an important indicator of climate change and actively embraces low-carbon operations to contribute to the fight against climate change.

Greenhouse Gas (GHG) Emissions of the Group in 2023

Greenhouse gas emission	Unit	2023
Scope 1 (Direct)	tCO ₂ e	76,629.44
Scope 2 (Indirect)	tCO ₂ e	359,754.00
Total GHG emissions	tCO ₂ e	436,383.43
GHG emissions intensity	tCO ₂ e/revenue (RMB million)	5.1



Optimizing Environmental Management

Sinotruk strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other laws and regulations and the industry-related emission standards. We have established a sound environmental management system within the Group to refine management systems, emission standards, and operational procedures. In accordance with the ISO 14001 Environmental Management System (EMS), we issue environmental management guidance to all production and operation sites and supervise all subsidiaries to conduct annual external audits of the management system. In 2023, all subsidiaries of Sinotruk passed the annual external audit of the ISO 14001 Environmental Management System certification, with 100% coverage of certification and external audits.

We ensure the stable operation and continuous improvement of our environmental management systems through sufficient investment. The Group has established a Safety Production Committee with the chairman of the Board as the top leader. The committee is responsible for overseeing safety environmental affairs and guiding all subsidiaries of Sinotruk to achieve annual safety environmental targets. We incorporate safety environmental objectives into the personal performance assessment criteria of relevant management personnel. We also clarify specific responsibilities of safety environmental protection for each post to ensure effective implementation. In 2023, the Group invested RMB 48.4117 million in safety environmental protection efforts.



Certificates of environmental management system certification

Certificate of environmental management system supervision and audit

Implementing Green Operations

The Group standardizes the prevention, control, supervision, and treatment of pollutants such as wastewater, waste gas, solid waste, and noise during the production process. We strive to minimize the negative impact of our production and operations on the environment. In 2023, the Group achieved a 100% compliance rate for wastewater discharge and waste gas emissions. 100% of the hazardous wastes were disposed of in compliance with the regulations. No major environmental complaints or penalties were received.

Waste Gas Management

The Group strictly abides by the laws, regulations, and relevant emission standards, such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*. We closely monitor and control waste gas emissions to ensure compliance with relevant regulations while minimizing their adverse impact on the environment. We rigorously control processes involving waste gas emissions during production and operations, such as coating, welding, cutting, heating, and drying. Additionally, the Group makes every effort to dispose of volatile organic compounds (VOCs²), soot and dust, waste gas from natural gas combustion, and other atmospheric pollutants. We also adopt a series of measures such as substituting toxic materials including oil-based paint, establishing new activated carbon adsorption facilities, and installing centralized oil mist treatment systems. Our aim is to continuously upgrade the equipment, facilities, and process technologies to promote the low-emission transformation during production and operations. In 2023, we established and accomplished the objective of achieving 100% compliance in exhaust gas emissions.

Case | The new powder spraying production line of Ji'nan Molding Plant

In 2023, Ji'nan Molding Plant built a new powder spraying production line, and the project had a total investment of over RMB ten million. The facility mainly consists of cleaning room, soot blowing room, robot spraying system, preheating furnace, curing furnace, antirust liquid spraying room, distribution cabinet, and transformer. This project was utilized in the core production line for cylinder heads. After being put into production, this new production line is used for powder spraying for the cylinder blocks and cylinder heads in place of the original painting production line, thus reducing the consumption of water-based primer and high-solid coatings. This technical upgrade can reduce VOCs from the source with new raw and auxiliary materials.



New project at the power spraying production line

Waste Gas Emissions of the Group in 2023

Indicator of Waste Gas	Unit	2023	2022	2021
Smoke and dust	Ton	57.71	62.42	67.97
Sulfur dioxide	Ton	4.13	2.14	5.81
Nitrogen oxides	Ton	26.80	23.08	26.75
Benzene	Ton	0.39	0.39	0.56
Methylbenzene	Ton	2.20	1.26	4.12
Xylene	Ton	3.10	6.11	12.79
Non-methane hydrocarbon	Ton	109.62	61.42	96.37

² VOC, volatile organic compounds.

Wastewater Management

The Group strictly complies with the relevant laws, regulations and standards, such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Discharge Standard of Water Pollutants*, and the *Regulations on Urban Drainage and Sewage Treatment*. With the approach of control from the source and treatment at the terminal, we implement full-process monitoring and in-depth processing of all types of sewage and wastewater generated during the production and operations. Our aim is to ensure that all types of the wastewater meet the discharge standards while minimizing the total volume of wastewater discharge and reducing the COD³ indicator. The wastewater discharged from our production and operations mainly include production wastewater and domestic sewage from the manufacturing area. In 2023, we established and accomplished a wastewater emission reduction target of more than 5% year-on-year reduction in wastewater and COD emissions from millions of revenue compared to 2021.

Highlight measures adopted to dispose of wastewater in 2023

Chengdu Wangpai Company builds a sewage treatment plant

Chengdu Wangpai Company has established a sewage treatment plant to treat all industrial wastewater and domestic sewage from the manufacturing area. The plant has a daily sewage treatment capacity of 800 tons, with an annual discharge volume of 41,900 tons. After treatment, the COD value of the discharged water is less than 50 mg/L.



Ji'nan Rubber & Plastic Components Company carries out a wastewater treatment project

To reduce various indicators of wastewater, Ji'nan Rubber & Plastic Components Company has modified its process. Through such means as changing the biochemical pool to an anaerobic tank, adding sludge, and adjusting the water treatment volume and pH value, the company has effectively lowered the indicators of COD, ammonia nitrogen, and total phosphorus while reducing the use of chemicals.



Wastewater Discharge of the Group in 2023

Indicator of wastewater discharge	Unit	2023	2022	2021
Wastewater	Ton	1,830,383.32	1,588,486.78	2,166,683.98
COD	Ton	73.17	51.04	87.64
Intensity of COD discharge	kg / revenue (RMB million)	0.856	0.861	0.939
Ammonia nitrogen	Ton	3.05	2.05	4.61
Intensity of ammonia nitrogen discharge	kg / revenue (RMB million)	0.036	0.035	0.049

Waste Management

In strict compliance with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, and other laws and regulations related to waste management, the Group has formulated special waste management systems such as the *Standardized Management of Hazardous Wastes*. We also strive to standardize the management criteria and processing procedures for all types of waste.

Considering the actuality of our production and operations, we have adopted waste management measures tailored to the characteristics of our production processes and implemented the full-process control over waste. By recycling production residues such as iron shavings generated by cutting, we have increased the proportion of materials recycled and reduced waste generation at the source, thereby alleviating the pressure on waste treatment. For hazardous waste already generated, we have established dedicated disposal mechanisms. We emphasize the reporting and registration of hazardous waste and promote the enclosed, centralized storage and professional handling to prevent secondary pollution. In 2023, we established and accomplished a solid waste/hazardous waste reduction target of reducing hazardous waste, non-hazardous waste and solid waste emission intensity by more than 5% year-on-year on a million revenue basis compared to 2021.

³ COD, Chemical Oxygen Demand

Disposal Mechanism of Hazardous Wastes

Reporting and Registration

Hazardous wastes generated in production and operation shall be reported and registered online.



Centralized Storage

A special warehouse shall be established for the storage of hazardous wastes, and the signage of hazardous waste shall be set up or pasted at conspicuous positions.



Transfer and Treatment

The transfer table system for hazardous waste shall be established in compliance with the *Measures for the Management of Hazardous Waste Transfer Manifest* and shall be strictly implemented.

Hazardous waste produced by tier-two units shall be in the charge of designated personnel for categorized management. Qualified organizations shall be chosen via tendering for the transfer and treatment of the hazardous wastes.



Waste Discharge of the Group in 2023

Indicator of Waste Discharge	Unit	2023	2022	2021
Amount of hazardous waste discharge	Ton	7,279.67	5,735.68	8,503.80
Intensity of hazardous waste discharge	Ton / revenue (RMB million)	0.09	0.10	0.09
Amount of non-hazardous waste discharge	Ton	144,310.71	109,235.76	177,487.15
Intensity of non-hazardous waste discharge	Ton / revenue (RMB million)	1.69	1.84	1.90

Case | Eliminating environmental hazards by transferring molten iron in smelting process



In 2023, to prevent accidents during the processes of iron tapping, transfer, slag removal, and ladle dumping, the Group established a special project team to identify hazardous sources and determine the main risk points. The team designed and implemented a ground rail transfer system to replace the original crane lifting method and added physical isolation measures. They successfully achieved full automation in the processes of iron tapping, transfer, and ladle dumping, eliminated potential environmental pollution hazards during transfers, greatly improved utilization and reduced waste generation, increased smoke and dust collection, thus eliminating the safety risks for workers.



The automatic molten iron transfer project

Noise Control

The Group strictly complies with relevant laws and regulations such as the *Law of the People's Republic of China on Noise Pollution Prevention and Control*. We employ various measures to avoid, promptly identify, and strictly control noise pollution. Additionally, we continuously optimize noise emission management procedures and specialized noise prevention and control plans. Noise pollution control has been incorporated into the criteria for equipment and facility upgrades. By incorporating advanced production techniques, we aim to minimize the generation of noise while ensuring production quality. Moreover, we provide employees with a workplace conducive to occupational health and foster a more community-friendly living environment in surrounding areas.

Noise control measures



- We scientifically plan the layout of production areas and equipment procurement, prepare isolation plans for high-noise areas in advance, as well as prioritize purchasing production equipment with sound elimination, shock prevention, and noise reduction features.
- We utilize information technology platforms and systems to monitor noise in real-time. This enables us to accurately identify noise hotspots and trace their sources, allowing for the development of specialized plans for persistent noise issues.
- We engage professional institutions to regularly test noise emissions in accordance with environmental management requirements. Production units found to exceed emission standards are urged to take corrective measures to ensure 100% of the noise within the factory boundary should meet the emission regulations.

Case | Ji'nan Drive Shaft Company carries out a noise control project for its coating line



From January to May 2023, Ji'nan Drive Shaft Company implemented a noise control project for its coating line. During the project period, the Company installed integrated soundproof enclosures and added silencers to waste gas collection and purification equipment such as fans and heat pump units in the area where noise was generated heavily. Soundproofing materials were applied to equipment pipelines to reduce noise. Furthermore, the Company adjusted the orientation of cooling fans to further minimize noise impact outside the factory boundary. Through the prevention from the source and strict control measures, the project has successfully reduced factory noise to 48 decibels, thus effectively mitigating noise pollution.



The noise control project of Ji'nan Drive Shaft Company for its coating line

Promoting Green Development

The Group consistently prioritizes low carbon emissions control, energy conservation, and consumption reduction as primary objectives during production and operations. We actively explore methods to enhance the efficiency of energy and resource usage. Drawing on external advanced energy management systems and aligning with our business characteristics and daily operations, we regularly update our goals of energy and water conservation and implement low-carbon operations according to the plan.

Energy Use Targets of the Group

Energy	Unit	Actual value for 2023	Target value for 2023	Target value for 2024
Electricity	10MWh / vehicle	0.18	0.42	0.38
Natural gas	10,000 m ³ / vehicle	0.01	0.24	0.21
Water	Ton / vehicle	12.67	15.83	14.83
Heat	Million kJ / vehicle	1.34	2.52	2.45

Target for the Energy Consumption per RMB 10,000 of Industrial Output Value

Indicator category	Indicator name	Unit	Indicator explanation	Calculation Method	Actual value for 2023	Target value for 2023	Target value for 2024
Energy	Comprehensive energy consumption per RMB 10,000 of revenue	kgce/RMB 10,000	Energy consumed by the enterprise per RMB 10,000 of industrial revenue (kgce)	Comprehensive energy consumption / Industrial revenue of the Group	14	22	21

Energy Use


In strict compliance with the *Law of the People's Republic of China on Conserving Energy*, the *Management Measures for Energy Conservation of Major Energy-Consuming Units*, and other relevant laws and regulations, the Group adheres to the operation principle that combines law-based energy conservation, planned control and technical advancement with potential exploitation of existing resources. We continuously improve our energy use management system. To this end, we comprehensively sort out energy management business processes, streamline operations, clarify management responsibilities, and standardize management requirements. This effort results in a comprehensive management system consisting of process charts and management documents. In 2023, in addition to revising the *Energy Management Measures*, we introduced seven new management measures including the *Substation Management Measures* and the *Management Measures for Sewage Treatment Plant Operation*. Additionally, we established five new management processes including the *Management Process for Energy Equipment and Facilities Planning* and the *Management Process for Energy Emergency Planning and Management*.

We insist on improving our energy management system. Relying on a three-tier energy management framework, we have formed energy management teams at various levels from the Group to its subsidiaries. Under the leadership of

the chairman of the Board, the general manager leads the Production and Manufacturing Department to implement energy management policies and plans. Furthermore, we require each subsidiary to establish an energy-saving leading group and appoint personnel such as team administrators for energy management. The Group also takes energy use into consideration while evaluating the operations of all subsidiaries. By doing so, we encourage them to engage in energy-saving transformation. In 2023, 16 subsidiaries of Sinotruk obtained ISO 50001 Energy Management System certification, with a certification coverage rate of 84% and an external audit coverage rate of 84%.

On the path to green and low-carbon operations, the Group is committed to increasing investment in the R&D of low-carbon technologies and energy-saving technological innovation. Each year, we allocate special funds for energy-saving R&D, technological improvements, and equipment upgrades. Furthermore, we advance the R&D and application of low-carbon technologies in the heavy-duty vehicle industry. We have established an intelligent information system to enable precise management of energy resources. To enhance awareness of energy conservation and environmental protection within the Group, we enhance knowledge training for employees on energy management.

Highlight Measures for Carbon Emission Reduction and Energy Conservation in 2023

Performance	Main content
<p>01 Green Innovation</p>	<p>We continuously increase R&D investment in energy-saving technological innovation. We also carry out energy-saving technological innovation projects, including retrofitting air compression equipment, updating energy-efficient motors, and constructing photovoltaic power stations. This initiative aims to promote the rational utilization of information systems and new energy sources in heavy-duty vehicle manufacturing plants.</p> 
<p>02 Smart Platform</p>	<p>We launch the intelligent energy information system to enable real-time monitoring of energy use and achieve precise and automated management of energy resources.</p> 
<p>03 Energy Training</p>	<p>We organize training sessions on energy-related topics such as energy technology and energy management systems. These sessions aim to educate employees on the principles and skills of operating energy supply equipment, energy-saving techniques for industrial heating and cooling systems, as well as knowledge about energy storage technology and energy metering. These efforts aim to bolster the talent pool for energy management.</p> 

Case | The Group launches the intelligent energy digital control platform



From January 1, 2023, the Intelligent Energy Digital System built up by the Group has come into online operation officially to enhance digital energy management. The platform integrates features such as automatic energy data collection, real-time monitoring, autonomous analysis, and threshold warning. The platform provides a real-time three-dimensional display of energy status across all factories and workshops, aiming to achieve lean energy management and energy conservation. Moreover, the system is able to automatically collect, record and analyze equipment operation status, energy efficiency, energy consumption, equipment health, and fault warning. It can also adjust the operation status of cooling equipment based on environmental conditions and operating conditions, thus ensuring safe, energy-efficient, and high-efficiency operations.

This project was awarded as a demonstration project for industrial internet applications in Ji'nan in 2023, and it also won the second prize for excellent technological innovation projects in the 2023 Ji'nan Mass Technological Innovation Competition themed "Fighting for Ideals and Making Greater Contributions".

While advancing energy-saving production, we also vigorously optimize the energy usage structure and promote the development of clean energy. In 2023, Ji'nan Light Truck Company and Laiwu Plant jointly implemented a photovoltaic power generation project. This project utilized an advanced energy management system to monitor and optimize the photovoltaic power generation in real-time, thereby maximizing the efficiency of energy utilization. The photovoltaic power station of Ji'nan Light Truck Company generated approximately 3.5 million kWh of electricity each year, effectively reducing reliance on traditional energy sources.

Energy Consumption of the Group in 2023

Energy indicator	Unit	2023
Direct energy		
Natural gas	m ³	29,871,834.00
Gasoline	Ton	9.31
Diesel	Ton	3,716.11
Liquefied petroleum gas	Ton	108.70
Kerosene	Ton	0
Indirect energy		
Electricity	MWh	590,782.63
Steam	Ton	82,542.30
Purchased heat	GJ	125,009.20
Total comprehensive energy consumption	tce	125,966.24
Energy consumption intensity	tce / revenue (RMB million)	1.47



Water Conservation

The Group abides by relevant laws and regulations such as the *Water Law of the People's Republic of China*. We continuously improve our water resources management system by revising water resource management regulations and processes. We also strengthen water management in all subsidiaries, requiring them to update annual water conservation targets based on their operational conditions. Moreover, we develop relevant action plans and put these plans into practice. After fully considering the impact of construction, production, and operation processes on local water resources, we actively adopt water-saving and eco-friendly processes, equipment, and technologies to avoid the negative impact on the local water resources environment. Our goal is to improve the utilization of water resources and become a model enterprise in the automobile industry for water conservation.

The water supply of the Group is mainly municipal water. The Group does not have any issue in sourcing water that is fit for the purpose.

Requirements for water-saving management for all production units

- We implement a water-saving responsibility system, adopt multi-level measurement, and water use ledger. We also analyze and summarize water use to prevent waste of water resources.
- We develop scientific water use targets and plans based on the actual production and operation conditions. We also break down monthly target. According to the water-saving reward and punishment system, we link the completion of water use targets with the performance of management personnel to effectively implement water-saving plans and achieve water-saving targets.
- We organize regular and irregular inspections of water use, analyze water data by stages, and maintain main control valves and pipelines of tap water. We also take measures to monitor and address waste of water resources, such as leaking and dripping.
- We implement water-saving planning in advance for new construction and expansion projects, utilize water-saving equipment and facilities, and organize technological transformation projects aimed at improving the efficiency of water use.





Water Consumption of the Group in 2023

Indicator	Unit	2023	2022	2021
Municipal water	Ton	3,248,853.26	2,188,626.00	3,742,993.15
Underground water	Ton	881,559.00	1,371,032.34	1,282,673.00
Total consumption	Ton	4,130,412.26	3,559,658.34	5,025,666.15
Water consumption intensity	Ton/revenue (RMB million)	48.31	60.04	53.83

Packaging Materials Use

The Group primarily utilizes packaging materials such as plastic, wood, iron boxes, and cardboard in its production and daily operations. These materials are mainly used for the manufacturing and sale of components. Based on the current usage of packaging materials in the production process, we continuously promote the reduction of packaging materials. We also take account of the environmental and economic benefits of different types of packaging materials and actively engage in recycling packaging materials at various stages of production and operations. In 2023, the Group adopted recyclable packaging for 21 types of products.

Main Measures for Packaging Materials Management

-  **R&D:** We keep a close eye on market trends, learn best practices of the peers, and conduct R&D of reusable packaging materials. We also explore methods for packaging recycling and reuse.
-  **Production:** We adopt reusable packaging methods, products and components. We also summarize the technical challenges in practical applications to facilitate the comprehensive promotion of reusable packaging.
-  **Transportation:** We analyze the transportation characteristics of different business and products, offer feedback on packaging need, and maximize the use of various packaging materials to promote lightweight and reusable packaging.
-  **Daily Operations:** We enhance the spread of lightweight and reusable packaging concepts and promote successfully cases of reusable packaging for greater reference value.

The Use of Packaging Materials of the Group in 2023

Packaging material indicator	Unit	2023	2022	2021
Plastic	Ton	1,612.19	1,416.32	1,846.37
Wood	Ton	6,165.89	3,771.72	2,808.80
Iron box	Ton	0.00	0.27	0.00
Corrugated paper	Ton	3,166.09	3,173.15	1,138.42
Paperboard	Ton	468.20	510.44	14.00

Join Hands for the Future

Protecting the Rights and Interests of Employees	68
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Contributing to Community Building	80

Sinotruk firmly believes that talents are the cornerstone of enterprise development. We are committed to safeguarding the rights and interests of our employees, supporting their personal growth and development, and fostering a corporate culture of diversity and equality. In addition to attracting a diverse pool of talent, we strive to ensure mutual growth for our employees and the Company. Furthermore, we are dedicated to fulfilling our social responsibilities as a state-owned enterprise by actively participating in public welfare initiatives and contributing to the creation of a better world through goodwill.



The Group established a share incentive mechanism for selected Directors, senior management, and key employees occupying or involved in research and development, technical, sales and management roles within the Company or any of its subsidiaries



"Sinotruk Cloud Academy" of the Group offered

7,210 online courses

including

2,510 internal courses

with the employee online learning coverage rate of

100%



A total of

392 employees

participated in the master's and doctoral degree enhancement program,

with

150

of them obtaining their degrees



The voluntary service hours of Group's employees totaled

29,087.5 hours

Protecting the Rights and Interests of Employees

Sinotruk consistently regards outstanding talent as the primary competitive advantage for business development. We prioritize safeguarding the legal rights and interests of employees, standardizing recruitment, and hiring procedures, and enhancing employment management systems. We also avoid all forms of discrimination or harassment. Through these efforts, we cultivate a diverse, equitable, and inclusive workplace for our employees.

Employment Compliance

Sinotruk strictly adheres to relevant laws and regulations, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China*, and the *Regulations on the Prohibition of Child Labor*. We also comply with the provisions of the *United Nations Global Compact* and core conventions of the International Labour Organization (ILO). Upholding the principle of employment compliance, we have established a comprehensive human resources management system within the Group. We have formulated a series of talent recruitment management systems, including the *Administrative Measures for Social Recruitment*, the *Administrative Measures for the Reception and Placement of PhD Graduates*, and the *Measures for the Introduction of Talents in Short Supply*. According to the development needs and job requirements of the Group, we conduct diversified recruitment and selection processes. We ensure that no one is discriminated by their educational background, beliefs, nationality, political affiliation, marital status, gender, health status, or race.

The Group strictly prohibits any form of child labor and forced labor and has implemented concrete measures to prevent such occurrences. During the recruitment process, we conduct thorough verification of candidates' identities and refrain from hiring those who do not meet employment requirements, thus preventing child labor at its source. In the event of any violations, the Group takes immediate action to terminate such practices and imposes appropriate penalties in accordance with relevant laws and

regulations. We avoid overtime work, which is under stringent control of the Group and requires approval from supervisors. Where overtime work is required, the Group pays employees or arranges compensatory leave in lieu. For the employees in the subsidiaries where the system of standard working hours is not applicable due to characteristics of positions, the system of flexible working hours can be implemented. Prior to implementation, the applicable work system is examined and approved by the subsidiary and then submitted by the competent department for the approval of local labor administration departments.

In 2023, the Group signed labor contracts with 100% employees and there was no forced labor or child labor incidents occurred. Throughout the year, we continued to deepen industry-university-research cooperation on a global scale. We promoted strategic cooperation with a number of renowned universities and top research institutes worldwide. We recruited outstanding graduates from universities and colleges in China included in the "Double First-Class" initiative and overseas prestigious universities to provide talent guarantee for the Group's sustainable development. During the Reporting Period, we adhered to a high-quality, large-scale talent recruitment strategy. We recruited 992 high-quality talents in various fields such as R&D and technology, including 26 doctorates and 377 masters. We have a total of 3,201 R&D personnel.

In order to further strengthen employment management, we have paid more attention to employee turnover. We have summarized and analyzed the causes of employee turnover, and put forward improvement measures accordingly in a bid to retain talents.

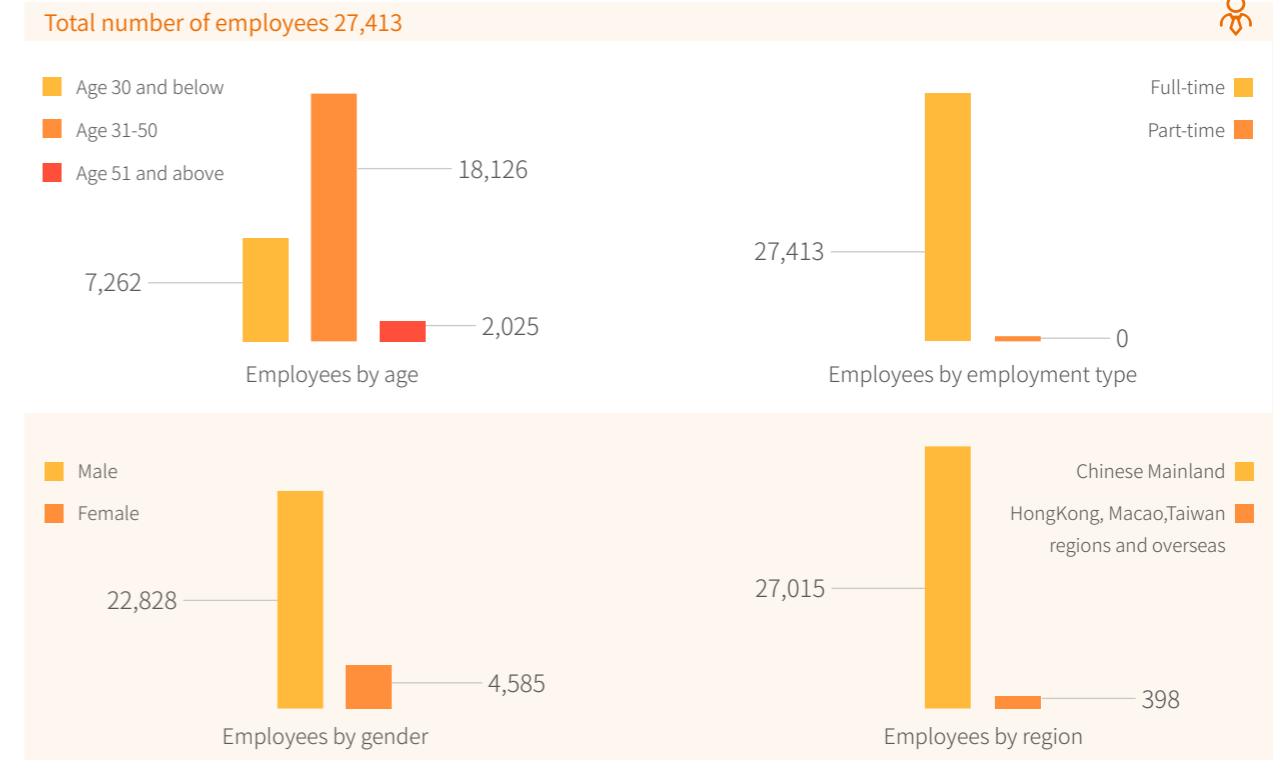
Case | Doctorate recruitment event

In 2023, we organized four doctorate recruitment events and one large-scale doctorate open day to meet the urgent need for doctoral talents within the Group. At these events, we presented corporate culture and development vision, as well as providing detailed information about job roles, prospects for personal development, and opportunities for cross-departmental exchanges. These efforts successfully captured the interest of numerous outstanding doctoral candidates. As a result, we received over 300 high-quality resumes and established recruitment intentions with more than 50 doctoral candidates. This effectively enriched our talent reserves.

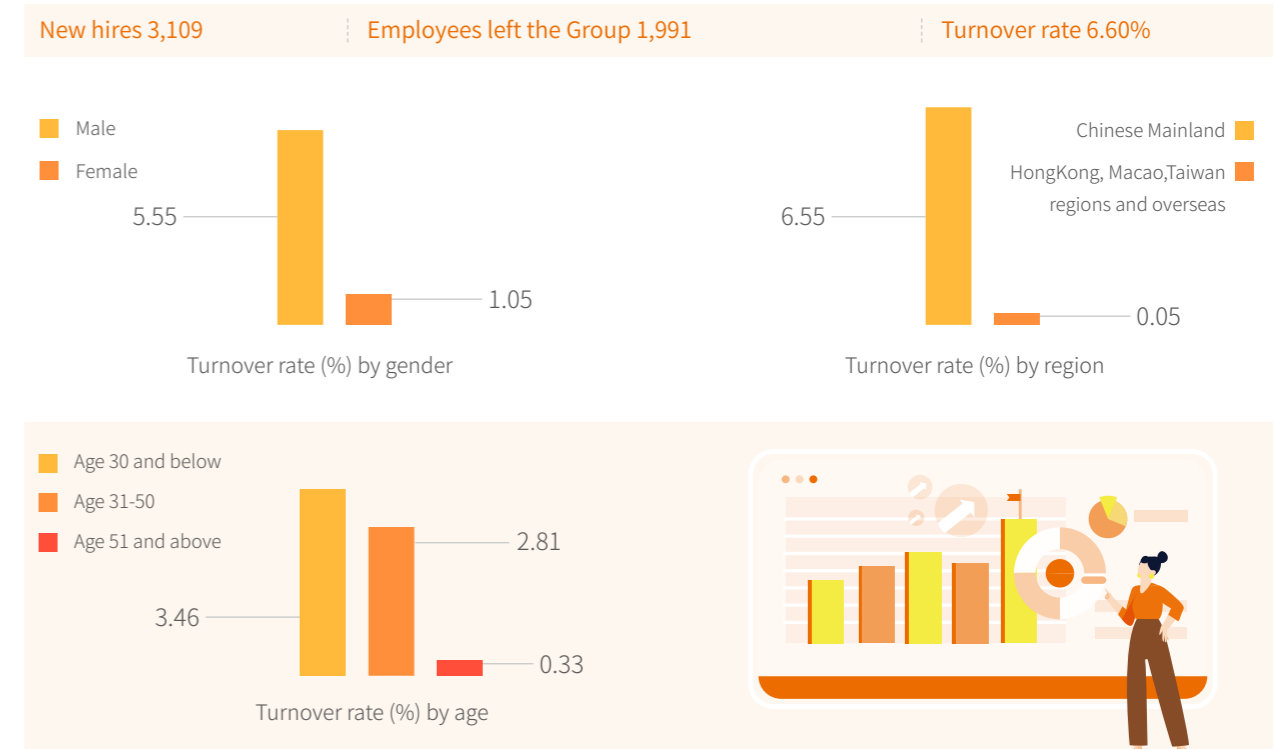


Doctorate recruitment event

Employee Data of the Group in 2023



In 2023

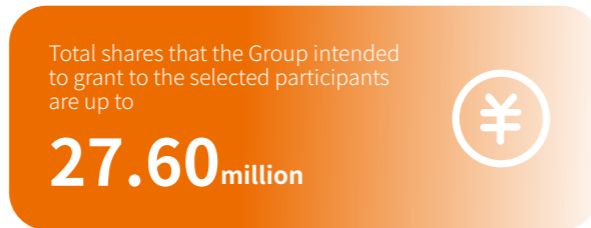


Remuneration and Performance

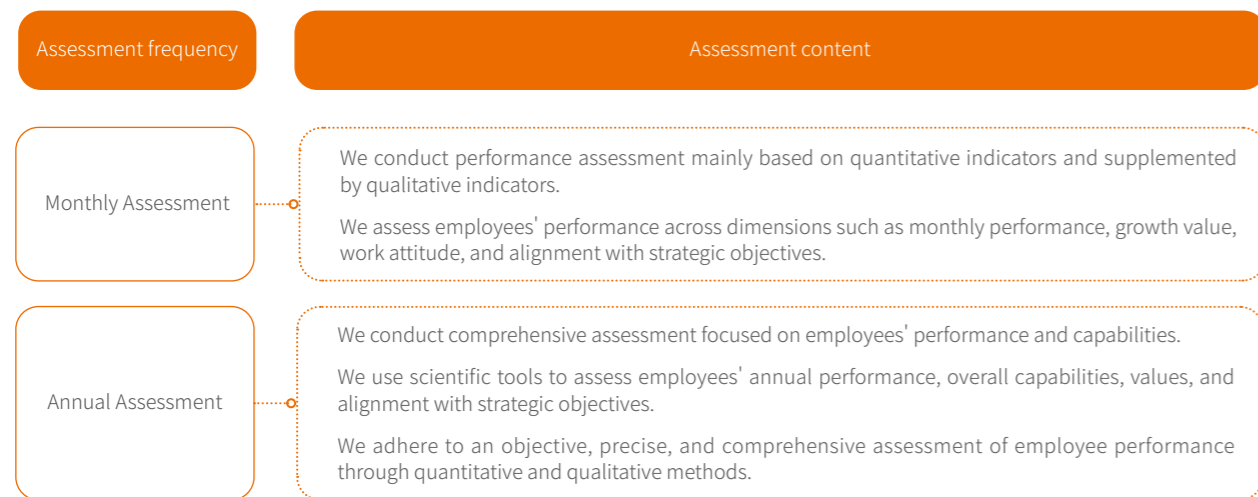
As the Group cultivates and sustains a competent talent pool, it has developed a fair, equitable, and competitive compensation, benefits, and incentives system, which includes both basic salary and floating wage. In 2024, to incentivize employees effectively, the Group has implemented a share incentive mechanism and formulated the *Administrative Measures of Sinotruk for Restricted Share Award Scheme*. This program offers share incentives to selected Directors, senior management, and key employees occupying or involved in research and development, technical, sales and management roles within the Company or any of its subsidiaries. The Group anticipated to grant up to a total of 27.60 million shares to the selected participants.

To ensure the objective and fair assessment of employee performance, the Group has implemented a comprehensive performance management system and mechanism that covers all employees. This system evaluates employees on a monthly and annual basis across various criteria, including work performance, attitude, overall capabilities, development potential, and values. Decisions regarding promotions and

performance bonuses are made based on these evaluation results. To ensure the timeliness and effectiveness of the assessment process, the Group conducts performance feedback sessions following the annual assessment. During these sessions, leaders engage in detailed discussions with employees regarding their past performance, achievements, and future development directions as indicated by the assessment results. Together, they formulate plans for personal growth and work objectives for the upcoming year, clarify action plans, and provide necessary support.



Performance Assessment System of the Group



The Group provides employees with diversified, reasonable, and competitive benefits. In accordance with the *Social Insurance Law of the People's Republic of China*, the *Administrative Rules for the Filing for and Payment of Social Security Premiums* and local rules and regulations, we pay social insurances, including the basic pension fund, basic medical insurance, unemployment insurance, work-related injury insurance, and childbirth insurance, as well as housing provident fund in full for each employee. Employees are entitled to such statutory holidays as the New Year Holiday, the Spring Festival, the Mid-Autumn Festival, and marriage, funeral, and maternity leaves. Meanwhile, employees are also entitled to paid annual leave. In 2023, we further refined the *Administrative Measures for Welfare and Leave of Overseas Employees* by adding staggered leave for overseas staff, flexible attendance upon returning home, coverage of accommodation expenses for family visits, and various insurance benefits for overseas employees. These efforts aim to motivate overseas employees at work and ensure their well-being in life.

Empowering Employee Growth

The Group is dedicated to establishing a comprehensive talent cultivation system to offer employees diverse career development opportunities. We place great importance on the personal growth and career advancement of our employees. By implementing systematic training programs and building smooth promotion channels, we enable all employees to enhance their professional skills and overall capabilities.

Talent Cultivation System

The Group is fully aware that talent is the "primary resource" for sustainable development. Embracing the philosophy that "everyone is talent, and everyone can become talent", we prioritize continuous learning and progress among employees and offer a diverse range of training opportunities.

To improve the talent development system, the Group refined the *Employee Training Implementation Measures* in 2023. We also revised the *Procedures for Training Management*, the *Internal Trainer Management Process*, the *Management Process for On-the-job Employees Studying for Postgraduate Degree and High-level Training*, and the *Employee Outbound Training Management Process* to further standardize talent development management. Meanwhile, we adopt a three-tier training management model for employees to provide all-round training covering macro strategies and specific skills. This training model consists of the education and training Center, management departments of subsidiaries, as well as production and work sites.



The Group places great emphasis on employee training and development. We provide a rich array of online courses through the "Sinotruk Cloud Academy" platform. These courses cover a wide range of topics including general knowledge, professional skills enhancement, management, and leadership development, aiming to meet the diverse learning needs of employees. By 2023, the "Sinotruk Cloud Academy" developed 7,210 online courses, including 2,510 internal courses, with the employee online training coverage rate of 100%. Besides ensuring that all employees receive high-quality training, we offered a series of offline training courses to enrich the learning experience of employees and enhance teamwork and practical skills. This combination of online and offline training effectively promotes the all-round development of employees and the realization of the Group's development strategy. During the Reporting Period, the Group organized 2,664 training sessions, with 131,944 participants, 1.99 million training hours, and the average training hours is 60 hours per employee.

The Group has collaborated with universities such as Shandong University, Tianjin University, and Shanghai Jiao Tong University to develop a master's and doctoral degree enhancement program, which is open to all employees. This program aims to promote the academic and professional growth of employees. In 2023, we selected outstanding employees through internal recommendations and selection exams and provided them with full tuition support. By the end of the Reporting Period, a total of 392 employees had participated in this program, with 150 of them obtaining their degrees.

Orientation Training

The Group believes that fresh talent can contribute to our continuous progress, so we place great importance on the training of recent graduates and new employees. Through courses, competitions, assessments, and other methods, we aim to cultivate the communication skills, problem-solving abilities, and efficient work habits of these individuals. Additionally, we facilitate their smooth integration into the workplace, aiding their transition from campus to professional roles.

Case | Orientation training – Intensive training for new graduates under the theme of "Rising Stars for a Smart Future"

In July 2023, the Group held the opening ceremony of the orientation training for new graduates at Laiwu Vocational and Technical College. Under the theme of "Rising Stars for a Smart Future", the event aimed to provide pre-employment training for over 800 newly hired employees. We introduced the Group's products

to the new employees and cultivated their market insights and professional skills. We also helped them gain a better understanding of the company culture, clarify job objectives, and foster teamwork skills. This event has laid a solid foundation for their future career development.



Orientation training for newly hired graduates

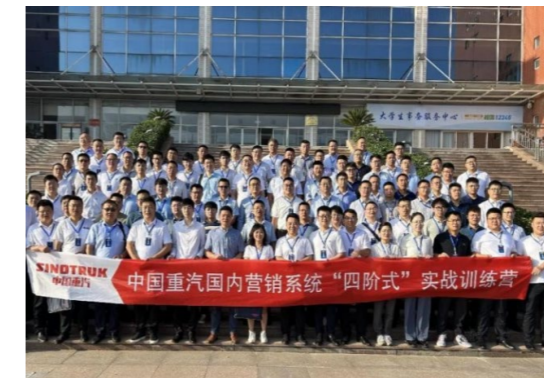
Employee Capability Training

To comprehensively enhance employees' professional capabilities, the Group organizes systematic professional training for all employees. The training includes skillful operations, marketing management, and general knowledge. We develop training plans for relevant job-specific knowledge and skills training based on the business characteristics and job responsibilities of different departments. We provide employees with a series of online and offline educational and training activities to promote their overall development.

Case | Skill training – Marketing system "four-stage" practical training camp

In 2023, we organized a series of comprehensive training sessions tailored for domestic marketing systems, taking into account the needs of core business units and key customers. The objective of these sessions was to enhance the business skills and overall quality of the marketing team. This series of training sessions integrated both internal resources and external professional courses, covering various key areas such as product knowledge,

market analysis, marketing techniques, customer development, and overall capability enhancement. Throughout the training period, we conducted a total of 16 sessions, with over 1,400 participants. These sessions resulted in a significant improvement in the professional knowledge and market responsiveness of our marketing team.



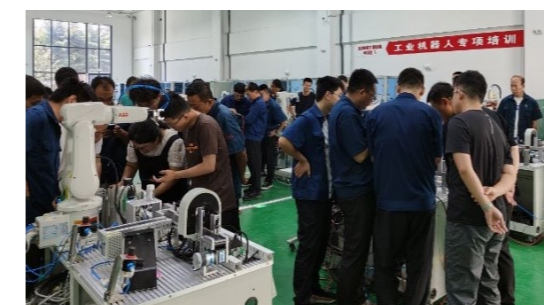
Marketing system "four-stage" practical training camp



Case | Skill training – Training on industrial robotics

In August 2023, the Group launched a specialized training program on industrial robotics at the workshop of Ji'nan Engineering Polytechnic. The training curriculum covered various aspects of industrial robotics, including basic knowledge, programming skills, vision software applications, and an introduction to industrial robot competitions. The training adopted a model of "training + assessment + evaluation", allowing trainees to directly engage in skill assessment upon completion of the training. Those who passed the assessment

obtained skill certificates for intermediate or advanced industrial robot system maintenance personnel. The training attracted 310 skilled talents from various production units within the Group. 236 trainees obtained intermediate certificates, while 63 trainees received advanced certificates for industrial robot system maintenance personnel. This training not only enhanced the professional competence of skilled talents, but also provided strong talent support for the Group's development in the field of intelligent manufacturing.



Training on industrial robotics



Case | Skill training - English training



The Group arranges IELTS English training for over 120 employees aimed at enhancing the English proficiency of young leaders and key business personnel, thereby supporting its internationalization strategy. Two classes are delivered per week, each lasting two hours. With flexible scheduling and immersive teaching methods, we offer personalized training to each trainee.

The Group arranges IELTS English training for **over 120** employees

Leadership Training

The Group conducts training tailored to leaders at various levels to improve the leadership skills and professional management knowledge of the management team.

Case | Leadership training - Leadership training course



In 2023, the Group organized eight leadership training sessions for 355 leaders at the assistant level and above. This training program aims to strengthen corporate culture, promote coordinated development, and broaden the industry perspective of the management team. We also offered a 6-day leadership training program titled "Harnessing Wisdom, Inheriting Power" at Weichai

University. The training covered practical business knowledge, international market trends, leadership development, and management skills enhancement. Through diverse teaching methods, we improved the professional knowledge, leadership management skills, and strategic planning abilities of all trainees.



Leadership training course



Employee Training of the Group in 2023



The Group values talent incentives and actively supports employees in applying for talent honors and subsidies. In 2023, eight employees of the Group received provincial and ministerial-level honors, two of whom were awarded the title of National Machinery Industry Operator Expert. Furthermore, we actively applied for various high-level talent subsidies, talent subsidies, and training subsidies. During the Reporting Period, the Group received a total of RMB 24.2959 million in the form of various subsidies, with approximately RMB 22.27 million directly distributed to talents.

Employee Promotion

Sinotruk attaches great importance to the career development and promotion of all employees. We have established a fair and just talent cultivation and promotion system. Based on the performance assessment mechanism, the Group has implemented a point-based promotion system to ensure fairness in internal promotions. Additionally, we have formulated the *Regulations on the Selection and Appointment of Leaders of the CPC Committee of Sinotruk*. We also select and appoint leaders through open competition and organizational inspection.

We have created multiple career advancement channels for different categories of employees. For professionals in management and technology, we offer them a channel to be promoted as management and technical experts. For employees in operational posts and auxiliary operation posts, we provide them with two channels to grow into a "skilled specialist" or a "gold-and-blue-collar worker". We also have a promotion mechanism tailored for research personnel. In 2023, 8,784 employees of the Group were promoted under the point-based system, facilitating their professional development.



We have established selection criteria and development mechanisms for reserve leaders across different systems and positions. We have also formed a dynamic closed-loop management system, which covers the selection, cultivation, exit, and promotion of leaders. Through this mechanism, we can effectively identify and nurture talents with potential and provide them with ample opportunities for growth and promotion. Besides, we ensure the continuous renewal and optimization of our talent pool, thereby supporting the long-term development of the Group.

Caring for Employees

Employees are the driving force behind enterprise development, and caring for their well-being is fundamental to fostering a harmonious corporate culture. Embracing a people-centric philosophy, the Group practices democratic management. We prioritize the physical and mental health of our employees and strive to create a warm working and living environment that fosters a sense of belonging, identity, and happiness. With state-of-the-art facilities, we organize a variety of recreational, cultural, and sports activities, as well as holiday celebrations, to balance between work and life for our employees. For those employees in need, we provide care and support through the Employee Relief Fund. We also prioritize showing care for female employees, safeguarding their rights and interests, and supporting their development. The Group will continuously adopt improvement measures to enhance the satisfaction and work efficiency of all employees.

Employee Communication

The Group places great importance on the organizational development of the labor unions. The labor unions serve as a bridge for communication with employees and fully leverage their role in democratic management, participation, and supervision. We listen to the voice of employees through the labor unions, and understand and respond to the expectations and demands of employees through the column "Voice of Employees". Every employee can offer feedback to various functional departments through interviews, emails, and other means, thus ensuring smooth channels for employee complaints. The labor unions at all levels actively promote the supervision of the labor law and the resolution of various disputes. The Labor Dispute Mediation Committee is also established and tasked with mediating labor disputes and safeguarding the legitimate rights and interests of workers to promote harmonious and stable labor relations.

Every year, we carry out employee satisfaction surveys to promptly understand their needs and demands. In 2023, we organized employee satisfaction surveys for all employees, which covered seven dimensions such as organizational atmosphere, team building, and holiday benefits. The participation rate reached 86.62%. The overall employee satisfaction score was 87.69. These surveys provided directional guidance to further enhance employee satisfaction.

Employee Care

The Group cares for the work and life of every employee and organizes a variety of employee care activities. We have formulated the *Management Measures for Employee Relief Fund* to provide assistance for employees in need. During traditional Chinese festivals such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, we distribute holiday gifts to employees. We also organize large-scale social activities online and offline with hospitals, schools, and other organizations. These efforts aim to broaden the social circles of all employees. Additionally, we offer support to employees with special needs, aiming to comprehensively enhance their sense of happiness.



Employee Care of the Group in 2023

Employee category	Measures
<p>Front-line production employees</p>	<p>We organized the "Employee Care in Summer" activity for front-line production employees. We distributed heatstroke prevention and relief food and drugs such as watermelon, ice cream, and Huoxiang Zhengqi Shui to the front-line production employees during hot weather in summer in Ji'nan. The supplies totaled RMB 127,000.</p> <p> We organized the "Employee Care in Winter" activity. We distributed ginger tea, warming patches, honeysuckle, scaphium scaphigerum, and other warming supplies, as well as immunity-boosting Chinese herbal medicine, to 16,286 employees of 826 front-line teams in Ji'nan. The supplies totaled RMB 522,000.</p> <p>We conduct monthly inspections on the medication consumption of the "Medicine Box for Employee Care", replenish supplies, and replace expired medicines in time. These efforts ensure that front-line workers are always in good health and ready to engage in safe production.</p>
<p>Female employees</p>	<p>We have formulated and implemented the <i>Management Measures for the Protection of Female Employees and Minors</i>.</p> <p>We organize two sessions of special lectures and training courses to popularize legal knowledge on protecting the rights and interests of female employees from multiple perspectives.</p> <p> We organize selection and amusing activities to celebrate International Wo-men's Day on March 8. We send holiday gifts to all females and purchase special disease insurance for them.</p> <p>We regularly cooperate with local health departments to organize cervical and breast cancer screenings for eligible female employees. We also invite gynecological experts to provide specialized training and answer questions regarding gynecological health for all female employees.</p> <p>We hold 3 seminars on mental health for female workers and help them cope with stress scientifically and improve their psychological adjustment abilities.</p>
<p>Employees in need</p>	<p> We have established the Employee Relief Fund to help employees facing difficulties due to accidents or major illnesses. In 2023, the labor union helped 866 employees in need with RMB 1.17 million granted.</p> <p>We pay regular and holiday visits to employees experiencing marriage, bereavement, childbirth, or hospitalization each month to offer comfort and support.</p>



Employee Care in Summer



Employees' families visit Sinotruk

Case | Liuzhou Yunli Company shows care during the Mid-Autumn Festival

In September 2023, Liuzhou Yunli Company extended care and wishes to nine employees facing difficulties as the Mid-Autumn Festival approached. Besides bringing rice, cooking oil, and milk, the personnel communicated deeply with these employees about their needs and family conditions. They also listened to the employees' opinions and suggestions, encouraged them to stay optimistic, and wished them good health and a joyful Mid-Autumn Festival.



Presents in Mid-Autumn Festival

Recreational, Sports and Cultural Activities

The Group actively organizes a variety of recreational, sports, and cultural activities to help employees balance work and life. We regularly carry out a variety of activities, such as singing competitions, poetry recitations, ball games, tug-of-war contests, bulletin board design competitions, as well as calligraphy and painting exhibitions. These activities showcase the talent and charm of employees, help to create a positive and united workplace, and contribute to the construction of spiritual civilization in the new era.

Case | Hangzhou Engine Company holds cultural and sports activities

In 2023, Hangzhou Engine Company organized 21 cultural and sports activities, including "Chess Competition", running around the factory themed "Running for the Asian Games, Striving for the Future", "Youth Basketball Friendship Match", "Mid-Autumn Festival Park Tour",

"Funny Sports Meeting", and "Employees Shopping Festival". These activities enriched the recreational cultural life of employees and enhanced their sense of satisfaction and happiness.



Cultural and sports activities of Hangzhou Engine Company



Contributing to Community Building

The Group places great emphasis on creating social value and actively engages in public welfare and charity endeavors. As part of our efforts to fulfill corporate social responsibility, we carry out a wide range of public welfare and volunteer activities to contribute to the construction of a socialist harmonious society.

Rural Revitalization

The Group actively responds to the national call for rural revitalization and rural prosperity. We also fulfill our social responsibility and mission through concrete actions. We have implemented six initiatives to care for left-behind children during important holidays such as the Spring Festival, Lei Feng Day, and Children's Day. Additionally, we have established volunteer stations for the first secretary and carried out activities under the theme of "Doing Practical Things for the People".

Case | Ji'nan Drive Shaft Company visits children in need

Ji'nan Drive Shaft Company, as a recognized civilized unit in Ji'nan City, has always been committed to fulfilling social responsibility. On the afternoon of May 30, 2023, on the eve of International Children's Day and the Dragon Boat Festival, young volunteers from the Youth League Committee of Ji'nan Drive Shaft Company visited Caiyuan Village in Shengjing Sub-district, Zhangqiu District. They paid a visit to children from disadvantaged families in the village, bringing them gifts such as zongzi, peanut oil, as well as school supplies including schoolbags, brushes, drawing books, and storybooks. The young volunteers always keep in mind the spirit of "walking hand in hand, warming each other's hearts. They spared no efforts to help those in need and spread the concern and care of the company. This initiative contributes to China's poverty alleviation efforts.



Photo of charity visits

Community Welfare

The Group has formulated the *Interim Rules for Sinotruk's Voluntary Service Management*, the *Interim Implementation Rules for Sinotruk's Star Volunteer Assessment*, and other measures. We have also established the "Sinotruk Group Volunteer Service Alliance". This initiative aims to carry out voluntary activities such as blood donation, charity clinics, book donations, educational charity, and care for the elderly. In response to extreme weather conditions such as cold waves, heavy snow and ice, freezing on roads, and extreme low temperatures, the Group actively mobilizes youth volunteers to bravely fight on the front lines against natural disasters. They play a pioneering role in emergency actions such as snow and ice removal. In 2023, several employees of the Group have been awarded the title of "Advanced Individuals in Youth Volunteer Service in Ji'nan City", and the voluntary service hours of the Group's employees totaled 29,087.5 hours.

Case | Employees' participation in voluntary blood donation

In September 2023, the Group organized a voluntary blood donation activity themed "Sinotruk Devoted to Public Welfare and the Party". This event aimed to vigorously promote the volunteer spirit of dedication, friendship, mutual assistance, and progress while continuously enhancing the brand of voluntary blood donation activities. The Blood Donation Office of Shandong Province presented the Group with a banner of appreciation, bearing the words "Boundless Love in Voluntary Blood Donation, Sincere Dedication of State-Owned Enterprise". In 2023, voluntary blood donation activities were held at the Group's headquarters and subsidiaries, with a total of 560 participants voluntarily donating blood. The cumulative volume of blood donation reached 181,600 milliliters. The Group fulfilled social responsibility as a national civilized unit and expressed heartfelt love for the Party, the country, and the people through tangible actions.



Voluntary blood donation on site

Case | Ji'nan Axle Company initiates book donation

As the Children's Day approached in 2023, Ji'nan Axle Company initiated a charitable book donation campaign to strengthen the construction of civilized units. The Ji'nan Axle Company's Party Committee, in collaboration with partners, launched the "Childhood to the Party, Praise for the New Era" book donation campaign on the campus. A total of 137 books were donated to the Lixuan Primary School in Tangye Sub-district, Licheng District, Ji'nan City. The donated books covered a wide range of topics including classic Chinese literature, children's legal knowledge, and popular science, aiming to empower the children with knowledge.

137 books

were donated to the Lixuan Primary School in Tangye Sub-district, Licheng District, Ji'nan City



"Childhood to the Party, Praise for the New Era" book donation

Case | Ji'nan Light Truck Company helps students with financial difficulties



To effectively promote thematic education and fulfill corporate social responsibility, Ji'nan Light Truck Company visited Zaoyuan Centre Primary School. On the day, young volunteers from Ji'nan Light Truck Company, dressed in uniform volunteer attire and holding stationery, encouraged the students with financial difficulties warmly. The volunteer team held a brief yet solemn ceremony at the school auditorium. During the ceremony, representatives from Ji'nan Light Truck Company delivered speeches, expressing their care and wishes for the students in need. They also encouraged the students to establish correct outlooks and values on life, learn knowledge to fight for a better future, and pursue their dreams.



Photo of educational charity

Case | Liuzhou Yunli Company carries out volunteer services for the elderly during the Double Ninth Day



In October 2023, Liuzhou Yunli Company organized a volunteer service activity themed "Our Double Ninth Festival" in Shangzhai, Gaolu Village, Yangxi Township, Sanjiang Dong Autonomous County. This event aims to carry forward the excellent tradition of respecting and caring for the elderly in the Chinese nation and further promote targeted volunteer services for the elderly. Volunteers visited elderly residents aged 65 and above, wished them health, longevity, family reunion, and gave them holiday gifts.



Photo of care for the elderly

Case | Sinotruk International encourages employees to engage in environmental protection



In response to the call of the Municipal Civilization Commission, International Company mobilized volunteers to assist the community twice in environmental improvement efforts. This event aims to beautify the surrounding areas and cultivate employees' awareness of environmental protection. During the Arbor Day in 2023, the company mobilized volunteers to participate in tree-planting activities in Ji'nan. Through initiatives such as environmental concept advocacy and the establishment of a Green Volunteer Service Team, the company encouraged employees to engage in various environmental activities and promote the concept of green ecology.



Tree-planting activity

Definitions

In this report, the abbreviation below shall have the following meanings unless the context indicates otherwise.

Abbreviation	Reporting Specification
"China" or "PRC"	The People's Republic of China, and for the purpose of this report, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"CNHTC"	China National Heavy Duty Truck Group Co., Ltd., a state-owned enterprise organized under the laws of the PRC with limited liability, being the holding company and the controlling shareholder (as defined in the Listing Rules) of the Company
"Company" or "Sinotruk (Hong Kong)"	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03808)
"Group" or "Sinotruk"	Sinotruk and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Board"	The Board of Directors of the Company
"ESG"	Environmental, social, and governance
"HDT(s)"	Heavy duty truck(s) and medium-heavy duty truck(s)
"LDT(s)"	Light duty truck(s)
"Ji'nan Truck Company"	Sinotruk Ji'nan Truck Co., Ltd., a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares are listed on the Shenzhen Stock Exchange (stock code: 000951)
"Ji'nan Axle Company"	Sinotruk (Ji'nan) Axle Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Ji'nan Engine Plant"	Engine plant of Sinotruk Ji'nan Power Co., Ltd.
"Ji'nan Molding Plant"	Molding plant of Sinotruk Ji'nan Power Co., Ltd.
"Ji'nan Transmission Plant"	Transmission plant of Sinotruk Ji'nan Power Co., Ltd.
"Chengdu Wangpai Company"	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Chongqing Light Vehicle Company"	Sinotruk (Chongqing) Light Vehicle Co., Ltd., a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company

"Sinotruk Automobile Finance Company"	Sinotruk Automobile Finance Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Ji'nan Commercial Vehicle Company"	Sinotruk Ji'nan Commercial Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan Drive Shaft Company"	Sinotruk (Ji'nan) Transmission Drive Shaft Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan Fuqiang Power Company"	Sinotruk Ji'nan Fuqiang Power Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Hangzhou Engine Company"	Sinotruk Hangzhou Engines Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan HOWO Bus Company"	Sinotruk Ji'nan HOWO Bus Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Hubei Huawei Company"	Sinotruk Hubei Huawei Special Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Ji'ning Commercial Vehicle Company"	Sinotruk Ji'ning Commercial Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan Light Truck Company"	Sinotruk (Ji'nan) Light Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan Rubber & Plastic Parts Company"	Sinotruk Ji'nan Rubber & Plastic Components Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Datong Gear Company"	Sinotruk Datong Gear Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Fujian Haixi Company"	Sinotruk Fujian Haixi Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"Liuzhou Yunli Company"	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company (and Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. is its subsidiary.)
"International Company"	Sinotruk International, a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company

HKEX ESG Reporting Guide

Subject Areas	Aspects	KPIs	Page Number	
Environmental	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.	P56-58; P61	
		A1.1 The types of emissions and respective emissions data.	P55; P57-59	
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P55	
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P59	
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P59	
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	P57-59	
		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.	P57-59	
		A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	P61; P64-65
			A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P63
			A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P64
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.		P61	
	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.		P64	
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P65		
	A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	P56	
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P62	
	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.	P52-54	
		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.	P52-54	


Subject Areas	Aspects	KPIs	Page Number
Social	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.	P68; P70
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P69
		B1.2 Employee turnover rate by gender, age group and geographical region.	P69
		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.
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		P48
	B2.2 Lost days due to work injury.		P48
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.		P48-49
	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P71-74
		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	P75
		B3.2 The average training hours completed per employee by gender and employee category.	P75
	B4 Labour Standards	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 and forced labour.	P68
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	P68
		B4.2 Description of steps taken to eliminate such practices when discovered.	P68
		B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.
	B5.1 Number of suppliers by geographical region.		P38
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.		P38-41
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		P38-39
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.		P38-41


Subject Areas	Aspects	KPIs	Page Number
Social	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.	P22-37
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P24
		B6.2 Number of products and service-related complaints received and how they are dealt with.	P33-34
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	P32
		B6.4 Description of quality assurance process and recall procedures.	P22-24
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P34-37
	B7 Anti-corruption	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.	P18
		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.	P18
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P19
		B7.3 Description of anti-corruption training provided to directors and staff.	P18-19
		B8 Community Investment	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.
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).		P80-81
	B8.2 Resources contributed (e.g. money or time) to the focus area.		P81


Reader Feedback Form


Dear readers:


Thank you very much for your attention and support to the sustainable development of Sinotruk (Hong Kong) Limited. To provide you with more professional and valuable environmental, social and governance information and improve the quality of our sustainability report, we welcome you to answer the relevant questions in the feedback form.

01 Which category of stakeholder does your organization belong to? 

02 Are you satisfied with this report? Please make your comments. 

03 Do you think that our social responsibilities have been fully disclosed in this report? 

04 Has the information you would like to know been fully disclosed in this report? 

05 Do you have any suggestions to help improve this report? 

Your Information

- Name
- Company
- Title
- Fax
- Tel
- Email

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