

Stock Code: 1809

PRINX CHENGSHAN HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)



浦林成山
PRINX CHENGSHAN

PURSUE EXCELLENCE

2024 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



Contents

	Page		Page
Scope and Reporting Period	2	B1.4. Dismissal Procedure	52
Stakeholders' Feedback	2	B1.5. Creating an Inclusive Workplace	52
Reporting Principles	2	B1.6. Employee Communication	53
About Prinx Chengshan Holdings Limited	3	B1.7. Workforce Data	55
ESG Performance Review and Summary	4	B2. Employee Health and Safety	56
Overview of New ESG Goals Established in 2024	5	B2.1. Occupational Health and Safety	57
Stakeholder Engagement, Impact Assessment, and Materiality	7	B2.2. Fatality Rate and Work-related Injuries	62
Corporate Governance	11	B2.3. Health and Safety Training	63
1. Board Statement	11	B2.4. Food Health and Safety	64
2. Governance Structure and Composition	13	B3. Development and Training	64
3. Selection and Diversity of Board Members	13	B3.1. Training Operation Management System	64
4. Remuneration Policy	14	B3.2. Training Content and Needs	66
5. Board Participation	14	B4. Eliminating Child and Forced Labour	67
6. Due Diligence	15	B4.1. Policies and Commitments	68
7. Standards, Certifications, and Achievements	15	B4.2. Actions to Prevent Forced Labour	69
A. Environment	18	B4.3. Effectiveness Tracking	69
A1. Emissions	20	Operating Practices	70
A1.1. Air Emissions	20	B5. Supply Chain Management	70
A1.2. Greenhouse Gas Emissions	21	B5.1. Procurement Management Process	70
A1.3. Hazardous Waste	22	B5.2. Supplier Risk Management	70
A1.4. Non-hazardous Waste	22	B5.3. The Environmental and Social Responsibility of Suppliers	71
A1.5. Measures to Mitigate Emissions and Targets	23	B5.4. Sustainable Cooperation	71
A1.6. Waste Reduction Initiatives and Targets	26	B6. Product Responsibility	72
A2. Use of Resources	28	B6.1. Understand the Clients	72
A2.1. Energy Consumption	28	B6.2. Product Quality Assurance	74
A2.2. Water Consumption	28	B6.3. Use of Material	76
A2.3. Energy Use Efficiency Initiatives and Targets	29	B6.4. Sustainable Product Design and Innovation	77
A2.4. Measures and Targets for Optimising Water Efficiency	32	B6.5. Intellectual Property Rights	80
A2.5. Packaging Materials	35	B7. Information Security	82
A3. Environment and Natural Resources	36	B7.1. Protection and Use of Confidential Information	82
A4. Combat Climate Change	38	B7.2. Information Management Policy	83
A4.1. Climate Related-Risk Governance	38	B8. Advertising and Trademarks	84
A4.2. The Group's Identification of Climate-Related Risk and Opportunities	41	B9. Ethical Culture	85
A4.3. Climate-Related Risk Management and Building Climate Resilience	43	B9.1. Anti-corruption Policy	85
A4.4. Strategies to Address Climate-related Physical and Transition Risks	45	B9.2. Whistleblowing Policy	87
A4.5. The Group's Carbon Reduction Commitments	47	B9.3. Anti-corruption Risk Management	87
B. Social	48	B9.4. Anti-corruption Training	87
People-oriented	48	B9.5. Anti-competitive Practices	88
B1. Caring for Our People	48	B10. Community Care	89
B1.1. Human Rights	49	Appendix I: Summary of Performance Data	93
B1.2. Employee Rights and Benefits	50	Appendix II: GRI Standard Content Index	101
B1.3. Recruitment & Promotion	52	Appendix III: HKEx ESG Reporting Guide Index	107
		Appendix IV: Ten Principles of the United Nations Global Compact	112
		Appendix V: Assurance Statement	113

Environmental, Social and Governance Report 2024

SCOPE AND REPORTING PERIOD

This is the Environmental, Social, and Governance (the “**ESG**”) report of Prinx Chengshan Holdings Limited (the “**Company**”, or “**Prinx Chengshan**”, together with its subsidiaries, the “**Group**”), primarily outlining the Group’s performance in ESG aspects. The disclosed content of the report is in accordance with the Environmental, Social, and Governance Reporting Guidelines as stated in Appendix C2 of the Listing Rules (the “**Listing Rule**”) of The Stock Exchange of Hong Kong Limited (the “**HKEX**”) and is prepared based on the Global Reporting Initiative (“**GRI**”) standards issued by the Global Sustainability Standards Board (“**GSSB**”). The climate-related disclosures are aligned with the framework of the Task Force on Climate-related Financial Disclosures (“**TCFD**”). This report has undergone external assurance, the assurance statement could be found in “Appendix V — Assurance Statement” of the report.

Unless otherwise specified, this ESG report covers the Group’s overall performance in environmental and social aspects during the period from January 1, 2024, to December 31, 2024 (the “**Reporting Period**”). It includes the performance of its manufacturing plant (the “**Shandong Plant**”), the headquarters office located in Rongcheng, Shandong Province, the People Republic of China (“**the PRC**”), collectively referred to as the “**Shandong Operation**”, and the plant in Thailand (the “**Thailand Plant**”).

During the Reporting Period, there were no significant changes in business operations. The operations in North America, Europe, and Shanghai, China, did not have a significant environmental or social impact and contributed minimally to the Group’s total revenue; therefore, they are not included in the scope of the report.

STAKEHOLDERS’ FEEDBACK

The Group is committed to improving its ESG management and striving for excellence. The Group welcome stakeholders to provide feedback on its ESG policies and performance. Please share your suggestions or comments through the following channels:

Email: investor@prinxchengshan.com

Tel: (852) 2887 0096

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

REPORTING PRINCIPLES

The report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 to the Listing Rules of the Stock Exchange (the “**Guide**”). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of “Comply or Explain” as well as the four reporting principles of materiality, quantitative, balance and consistency required in the Guide. As the Group officially joins the United Nations Global Compact (“**UNGC**”) in 2024, its ten principles have been taken into account in the report. Combining the application of the eight reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability set out by the GRI Standards, the Group ensures the quality and proper presentation of the reported information. The reporting principles applied are consolidated as follows:

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

Environmental, Social and Governance Report 2024

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

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

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

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

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

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

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

ABOUT PRINX CHENGSHAN HOLDINGS LIMITED

The Group's business began in 1976 and is headquartered in Rongcheng, Shandong Province, the PRC. It is a modern enterprise focusing on tire design, research and development, manufacturing, sales, and providing comprehensive tire life-cycle services. The Group is also a leading manufacturer in the domestic commercial all-steel radial tire replacement market and is one of the most influential tire companies in China. For many years, the Group has adhered to a core strategy of "cost leadership, efficiency-driven, competitive differentiation and global operation." It is committed to global development, establishing two major production bases in China and Thailand, as well as three sales centres in China, North America, and Europe, forming a global business layout. The Group owns four tire brands: Prinx, Chengshan, Austone and Fortune, and three tire categories of Truck & Bus Radial tires (the "**TBR tire**"), Passenger Car Radial tires (the "**PCR tire**") and Bias tires (the "**BIAS tire**"), covering passenger, commercial, industrial, agricultural and some special vehicle tires. The Group consistently leads tire innovation, developing green and safe tires, and providing high-quality and convenient services. It is dedicated to contributing to intelligent mobility and sustainable development for global users, enhancing quality of life.

Environmental, Social and Governance Report 2024

ESG PERFORMANCE REVIEW AND SUMMARY

Economic performance

Revenue: RMB10,974 million

Net Profit: RMB1,312 million

Note: The above economic performance data is the overall data of the Group and does not represent the scope of this report.

Corporate Governance

- Newly appointed Chief Sustainability Officer, responsible for leading and managing the Company's sustainability strategy and initiatives
- The ESG Decision-making Committee has been established to formulate decisions related to the Group's ESG affairs, and to guide and supervise the development and implementation of the ESG Working Group
- Issued a series of sustainability policies, including: "Prinx Chengshan Integrity and Compliance Code", "Business Ethics Compliance Management System", "Product Life Cycle Environmental Protection Policy", "Prinx Chengshan Sustainable Procurement Policy", "Prinx Chengshan Supplier Code of Conduct", etc.

Environment

- Passed ISO 14001 Environmental Management System Certification
- 29.3% reduction in greenhouse gas emissions per tonne of production compared to 2021
- 251% increase in solar power generation compared to 2021
- The proportion of low rolling resistance products among commercial vehicle tires and passenger vehicle tires has reached 32% and 50% respectively.
- 44% reduction in water consumption per tonne of production compared to 2021

Green Product Research and Development

- 27.5% sustainable materials are used in tire production

Employees and Employee Benefits

- Total number of employees: 6,818
- 100% of employees in Shandong Operation covered under the protection of collective bargaining agreements

Employee Training and Occupational Health

- Passed ISO 45001 Occupational Health and Safety ("OH&S") Management System Certification
- 100% employee training coverage, with an average of 43.69 hours of training per employee
- 100% occupational health and safety training coverage, with an average of 7.45 hours of training per employee

Operational Practices

- ISO 9001 Quality Management System certified
- Thailand Green Industry Level 1, 2, 3 and 4 Certification
- 5 invention patents, 49 new utility model patents and 20 new design patents were added

Community Care

- The Shandong Operation participated in 3 volunteer activities, while the Thailand Plant participated in 10 donations and volunteer activities aimed at improving the lives of residents and promoting harmony

Environmental, Social and Governance Report 2024

OVERVIEW OF NEW ESG GOALS SET IN 2024

The Group's ESG goals align with the United Nations Sustainable Development Goals ("SDGs") and aim to respond to the international community's expectations for corporate sustainability and fulfill its social responsibilities.



Emissions (SDG 11, 12, 13)

- **Air Pollutant Control Goals (Shandong Operation):**
 - By 2025, reduce non-methane total hydrocarbon emissions per tonne of production by 28% compared to 2021.
 - By 2030, reduce non-methane total hydrocarbon emissions per tonne of production by 32% compared to 2021.

Sustainable Product Design and Innovation (SDG 11, 12)

- **Green Product Goal:**
 - By 2035, increase the proportion of Prinx Chengshan green products to over 80%.
- **Sustainable Materials Goal:**
 - By 2050, Prinx Chengshan strives to achieve 100% sustainable materials in tire manufacturing.

Employee Rights and Welfare (SDG 1, 3, 8, 16)

- **Working Conditions Goal:**
 - By 2030, maintain 100% of employees covered by medical insurance.
- **Labour Relations Goal:**
 - By 2030, ensure 100% of employees at the Shandong Operation enjoy the protections of collective bargaining agreements.
- **Living Wage Goal:**
 - During annual salary adjustments, employees earning below the living wage will receive increases that are 2% higher than those of other employees.
 - Starting in 2025, through salary adjustments and other measures, this group will be reduced by 0.15% annually, with the Company aiming for all employees to earn above the living wage level by around 2028.

Note: The living wage is defined as the income necessary to provide a decent standard of living for workers and their families, taking into account the national/regional context and based on work completed during normal working hours.

Environmental, Social and Governance Report 2024

Information Security (SDG 16)

- **Information Security Goals:**
 - By the end of 2025, achieve full coverage of IT security risk assessments across all operation locations and critical business processes, maintaining a 100% rectification rate for security vulnerabilities.
 - Conduct annual information security training for all employees, achieving 100% coverage, with over 90% of key position employees completing in-depth security certification training.

Ethical Culture (SDG 16)

- **Anti-Corruption Goals:**
 - Conduct annual anti-bribery training, ensuring that by 2030, all employee groups have received anti-bribery training, with an annual participation rate of 90%.
- **Conflict of Interest Goals:**
 - Conduct annual training on conflicts of interest for key positions, ensuring that by 2030, all employee groups have received this training, with an annual participation rate of 90%.
- **Anti-Fraud, Anti-Money Laundering, and Anti-Competitive Goals:**
 - By 2028, ensure that all employees receive education on themes related to anti-fraud, anti-money laundering, and anti-competitive.

Sustainable Procurement (SDG 17)

- **Percentage of target suppliers that have signed the Sustainable Procurement Charter/Supplier Code of Conduct:**
 - By 2025, the signing rate of the “Supplier Code of Conduct” (including sustainability requirements) is over 90%.
- **Percentage of suppliers that have signed contracts containing environmental, labour, and human rights requirement clauses:**
 - By 2025, the proportion of contracts with requirements in environmental, labour, and human rights signed by suppliers reaches over 95%.
- **Percentage of target suppliers that have undergone Corporate Social Responsibility (CSR) assessments (e.g., questionnaires):**
 - “The Supplier CSR Survey” has been updated to include new CSR content, requiring the supplier CSR completion rate rising every year and to increase at least 5 suppliers per year by 2030.
- **Percentage of target suppliers that have undergone CSR onsite audits:**
 - Suppliers undergo onsite audits for CSR and related content, with a completion rate of at least 5 suppliers per year by 2030.
- **Percentage of procurement staff trained in sustainable procurement across all regions:**
 - A sustainable procurement training program has been established, with over 90% of procurement staff trained in sustainable procurement by 2025.
- **Percentage or number of audited/evaluated suppliers participating in improvement actions or capacity-building:**
 - By 2030, at least 5 manufacturers are selected for pilot improvement actions or capacity-building.
- **Key Performance Indicators (KPIs) regarding other CSR aspects of suppliers:**
 - The certification rate of major raw materials suppliers obtaining ISO 14001 Environmental Management System Certification is aimed to exceed 40% by 2025, increasing to over 60% by 2030.

Environmental, Social and Governance Report 2024

STAKEHOLDER ENGAGEMENT, IMPACT ASSESSMENT AND MATERIALITY

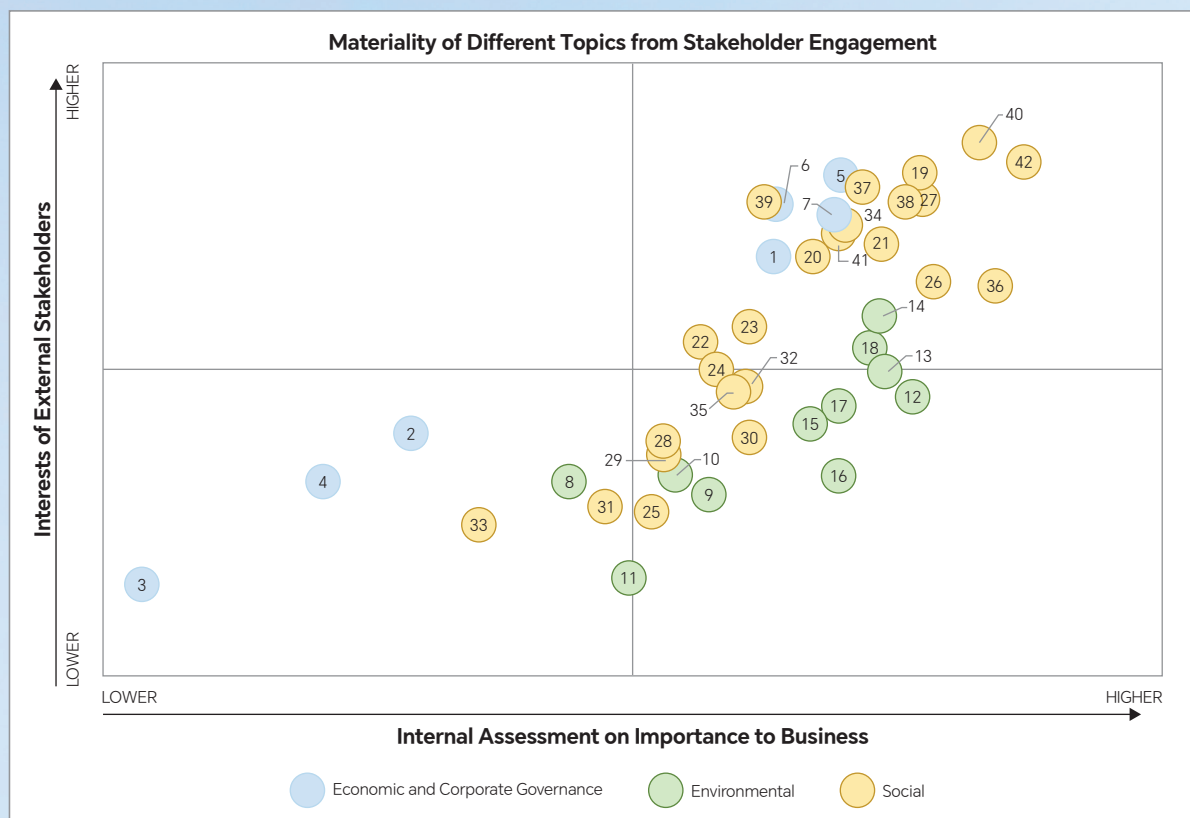
The Group maintains regular communication with key stakeholders, including shareholders/investors, the board (the “**Board**”) of directors (the “**Directors**”), employees (including: senior management, managers, supervisors, frontline employees), customers and suppliers, government and regulatory authority, and industry associations, through daily interactions and close collaboration to understand their needs, concerns, motivations, and objectives. The Group consults both internal and external stakeholders on its operations and performance through the following activities:

Stakeholder Category	Engagement Methods
Shareholders/Investors	<ul style="list-style-type: none"> Annual general meeting of shareholders Information disclosure/periodic announcements Questionnaires
The Board Members	<ul style="list-style-type: none"> Board meetings/written resolutions/committee meetings Director training Questionnaires
Employees	<ul style="list-style-type: none"> Daily communication Meetings/focus groups Employee satisfaction surveys/questionnaires
Customers and Suppliers	<ul style="list-style-type: none"> On-site inspections/visits/interviews Annual Meeting/general assembly Exhibitions Regular communication (e.g. phone call, WeChat, email, questionnaires, etc.).
Government and Regulatory Authority	<ul style="list-style-type: none"> Visits/interviews/site surveys Statistical reports
Industry Associations	<ul style="list-style-type: none"> Annual meetings/conferences Exhibitions Regular communication (e.g. phone call, WeChat, email, questionnaires, etc.).

During the Reporting Period, the Group specifically consulted internal and external stakeholders, including directors, senior management, frontline employees, customers, and suppliers, to gain a deeper understanding of the ESG areas they consider significant. In the materiality assessment, stakeholders rated 42 topics based on their relevance and importance to the Group’s business development, sustainability, and the wider community. The following importance matrix illustrates the results derived from the Group’s materiality assessment:

Environmental, Social and Governance Report 2024

Materiality Matrix



A Economic and Corporate Governance

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

B Environmental

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

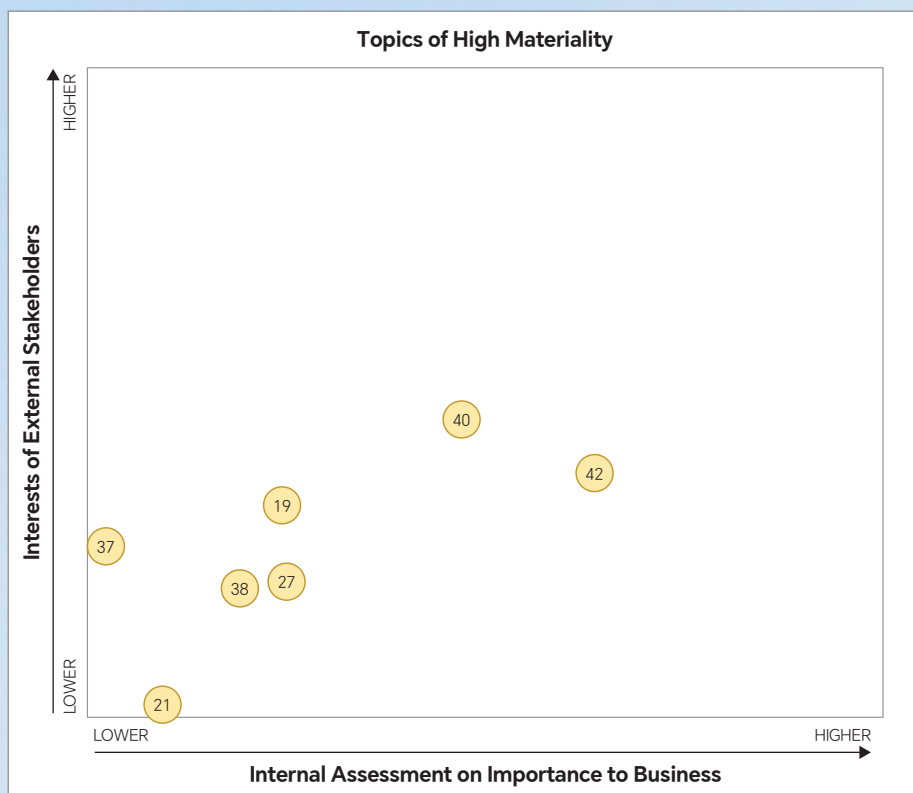
C Social

- 19 Employment
- 20 Labour/Management Relations
- 21 Occupational Health and Safety
- 22 Training and Education
- 23 Diversity and Equal Opportunity
- 24 Non-discrimination
- 25 Bargaining
- 26 Preventing Child Labour
- 27 Preventing Forced or Compulsory Labour
- 28 Security Personnel Practices
- 29 Rights of Indigenous Peoples
- 30 Human Rights Assessment
- 31 Community Investment
- 32 Supplier Social Assessment
- 33 Public Policy
- 34 Customer Health and Safety
- 35 Marketing and Labelling
- 36 Customer Satisfaction and Responsibility
- 37 Customer Privacy and Interest Protection
- 38 Information Security
- 39 Intellectual Property Rights
- 40 Product Quality
- 41 Socioeconomic Compliance
- 42 Innovation and Advanced Technology

Environmental, Social and Governance Report 2024

Below are the topics that stakeholders consider most important:

Materiality Matrix (Topics of High Materiality)



- Topic 19 – Employment
- Topic 21 – Occupational Health and Safety
- Topic 27 – Preventing Forced or Compulsory Labour
- Topic 37 – Customer Privacy and Interest Protection
- Topic 38 – Information Security
- Topic 40 – Product Quality
- Topic 42 – Innovation and Advanced Technology

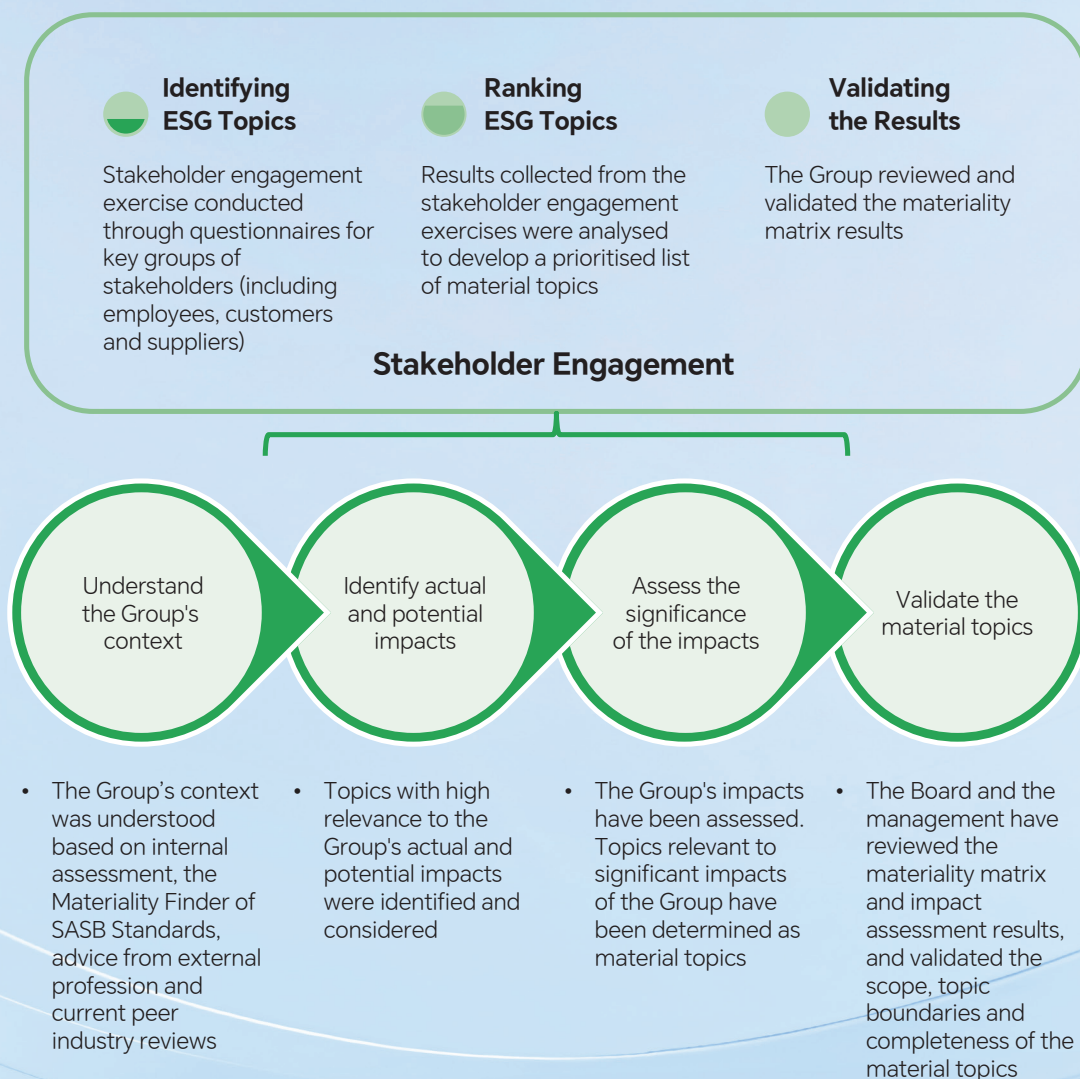
During the Reporting Period, most of the material topics fell within the Social aspect, reflecting that the Group's stakeholders are increasingly concerned about social responsibility and human rights issues. Compared to the last reporting period, the key topics have shifted more towards employee well-being and customer rights, such as Employment, Occupational Health and Safety, and the Prevention of Forced or Compulsory Labor. In addition, stakeholders are also concerned about the application of Innovation and Advanced Technology as well as Product Quality. Reflecting these factors are crucial to enhancing corporate image and meeting market demand. This change may reflect a growing global focus on social justice and sustainable development, as well as heightened expectations from stakeholders regarding corporate social responsibility.

The Group strictly manages the seven key areas mentioned above through policies and guidelines. Each area is discussed in detail in the respective sections below. The Group are committed to conducting its business in a transparent, fair, legal and socially responsible manner. The Group will continue to participate in stakeholder meetings and gatherings to understand their expectations and concerns regarding significant areas, as well as to receive feedback on the Company's ESG performance.

Environmental, Social and Governance Report 2024

In addition to the seven key topics identified through stakeholder survey results, the Group also identifies important issues by assessing the actual and potential impacts of its business environment. The Group reference the Sustainability Accounting Standards Board (“**SASB**”) materiality analysis standards to list the topics that have the most significant impact on the Group’s business and seek the opinions of external professionals. Furthermore, the Group refer to relevant ESG analyses of domestic and international peers to grasp common concerns in the automotive tire manufacturing industry regarding ESG matters. Through this process, the Group have identified four additional key topics during this reporting period:

- Topic 6 — Anti-competitive Practices
- Topic 8 — Material Consumption
- Topic 9 — Energy Management
- Topic 18 — Green Product Research and Development



Environmental, Social and Governance Report 2024

CORPORATE GOVERNANCE

1. Board Statement

Mission and Vision

The Group upholds the vision and mission of “leading in tire innovation, contributing to smart travel and sustainable development, and achieving a better life”, along with the core values of “customer first, being responsible, devotion and professionalism, innovation and opening up”. The Group regard sustainable development principles as the foundation of its development strategy and daily operations, committed to a human-centred approach, developing innovative products, and achieving green sustainability.

Foundation of ESG Goals

Integrating ESG goals with corporate strategy contributes to the long-term stable development of the Company. ESG objectives help the Group strictly comply with national and local laws and regulations regarding environmental protection, labour rights, consumer protection, and more, while promoting high-quality ESG practices in line with industry standards. By effectively communicating vision and business strategy, the Group can better explore new markets, serve customers, attract investors and talent, ensure rational resource management, and enhance relationships with stakeholders. The board of directors of the Company firmly believes that through effective ESG management, the Group can promote business growth and adapt to the changing social and global economic environment.

Organisational Structure and Responsibilities

To meet new requirements and enhance the Group’s ESG performance, the Development Strategy and Risk Management Committee is responsible for the Company’s sustainable development and ESG affairs. Senior management reports on the progress and performance of ESG initiatives to the Board for review. After reviewing the report, the Board provides feedback and suggestions, while senior management is responsible for implementing improvement measures based on the feedback. During the Reporting Period, to further promote sustainability, the Group has appointed a Chief Sustainability Officer to lead and manage the Company’s sustainability strategy and initiatives, focusing on integrating ESG principles into all aspects of corporate operations to achieve long-term value creation and positive social impact.

Meeting Discussions and Progress

During the Reporting Period, the Board discussed several ESG-related matters and reviewed the Group’s progress in achieving both short-term and long-term environmental goals. Key agenda items included:

- Introduction to the new regulations and guidelines on climate change disclosures from HKEX;
- Assessment of the Group’s current ESG status;
- Review of the role of directors in ESG matters;
- Evaluation of the Group’s ESG performance and updating of ESG goals;
- Identification of priorities and management methods for significant ESG issues;
- Assessment of climate-related risks and opportunities that have a substantial impact on the Group;
- Regular reviews of mitigation measures for climate-related risks to enhance the Group’s capacity to respond to climate change;
- Exploration of the feasibility of implementing climate-related incentive mechanisms;
- Discussion of the content of internal climate change training within the Group.

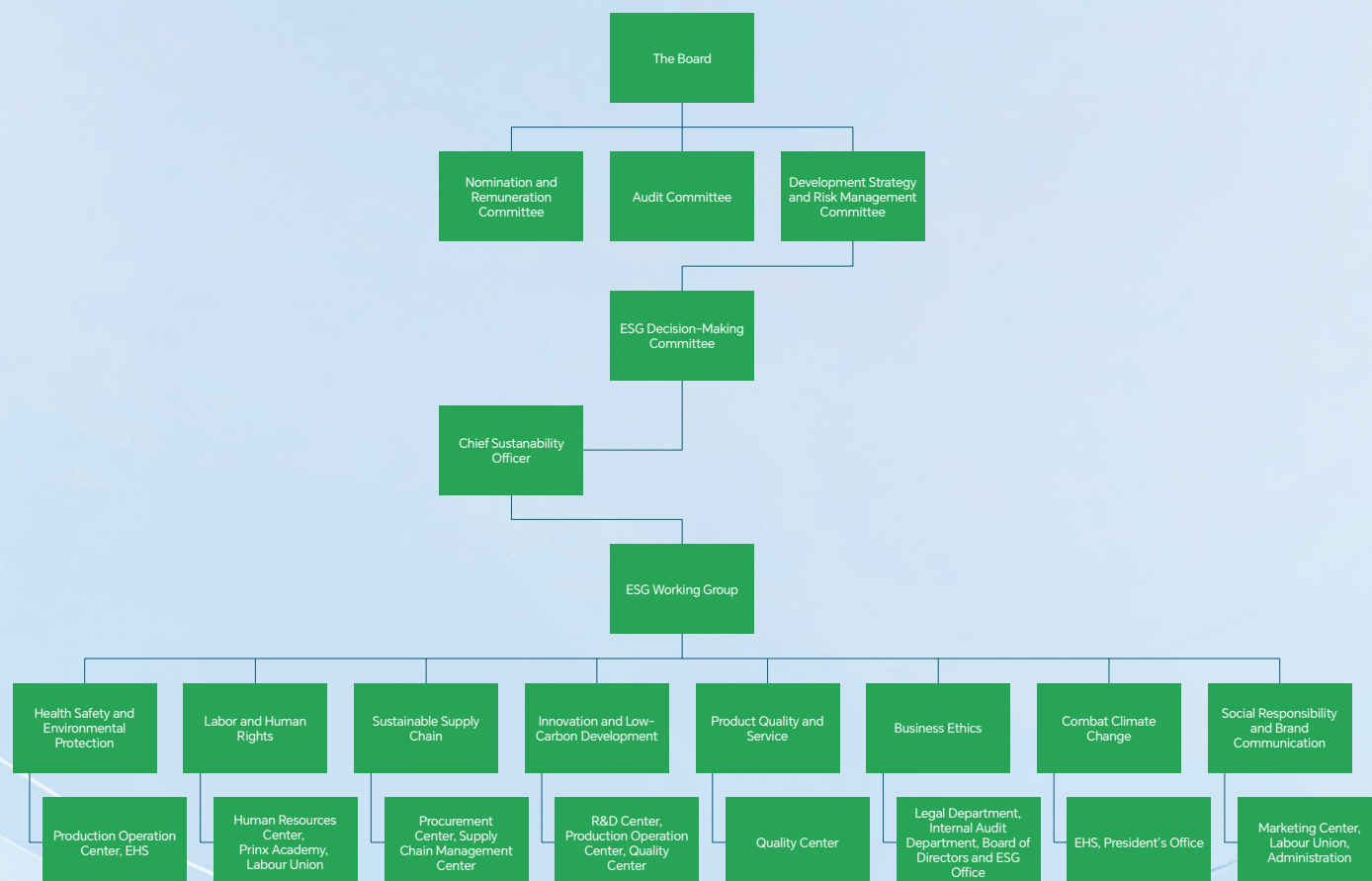
Environmental, Social and Governance Report 2024

Performance Evaluation and Training

The Board conducts independent evaluations of the Group's ESG performance on a quarterly and annual basis, aiming to establish fair and objective assessment methods to promote the positive development of ESG. To enhance the Board's knowledge, skills, and experience in ESG, the Group will continue to share updates on domestic and international ESG-related policies and industry best practices with Board members and provide annual ESG-related training.

Decision-Making and Execution

The Group has established an ESG Decision-Making Committee responsible for making decisions related to ESG matters and guiding and overseeing the work of the ESG Working Group. This ensures the effective implementation of ESG strategies and actions. Additionally, the Group has set up an ESG Working Group tasked with implementing and advancing various ESG initiatives, including identifying ESG risks and opportunities in daily operations, developing corresponding response measures, and providing regular reports to the ESG Decision-Making Committee.



Environmental, Social and Governance Report 2024

2. Governance Structure and Composition

The Board of Directors leads the Group in a strategic and effective governance manner. The Chairman of the Board is also a Non-Executive Director of the Group. To avoid conflicts of interest, all significant matters are discussed and resolved at management meetings or Board meetings. The Board has three committees: the Audit Committee, the Nomination and Remuneration Committee, and the Development Strategy and Risk Management Committee, which oversee various aspects of the Group's affairs. The term for Executive and Non-Executive Directors is three years, while the term for Independent Non-Executive Directors ranges from one to three years. The capabilities of the directors are related to the Group's influence, as detailed in the "Biographical Details of Directors and Senior Management" section of the 2024 Annual Report. Below is the list of directors, along with their gender, role, and function, with 1/3 of the directors are Independent Non-Executive, and female directors representing 11.1%.

Director Name	Gender	Title	Audit Committee	Nomination and Remuneration Committee	Development Strategy and Risk Management Committee
Mr. Che Baozhen	Male	Chief Executive Officer, Executive Director	—	Member	—
Mr. Shi Futao	Male	Executive Director	—	—	—
Mr. Jiang Xizhou	Male	Executive Director	—	—	—
Mr. Che Hongzhi	Male	Non-Executive Director (Chairman)	—	—	Chairman
Ms. Wang Ning	Female	Non-Executive Director	—	—	—
Mr. Shao Quanfeng	Male	Non-Executive Director	—	—	—
Mr. Jin Qingjun	Male	Independent Non-Executive Director	Member	Chairman	Member
Mr. Choi Tze Kit, Sammy	Male	Independent Non-Executive Director	Chairman	Member	—
Mr. Wang Chuansheng	Male	Independent Non-Executive Director	Member	—	Member

The Board members have diverse backgrounds and ages, each with their own strengths, collectively contributing to the management and performance of the Group, promoting sound corporate governance, and enhancing the Group's sustainable development.

3. Selection and Diversity of Board Members

In the selection process for Board members, the Group consistently prioritise the promotion of diversity, considering factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The Group adhere to the principle of meritocracy, selecting directors based on objective criteria, fully recognising the benefits that diversity brings.

The Company has formulated and made public the "Board Member Diversity Policy". For details, please refer to the following link: <https://www.prinxchengshan.com/index.php?id=3645>.

Environmental, Social and Governance Report 2024

During the Reporting Period, to enhance the Board's international operational perspective and legal background, as well as to improve the professional capabilities along the supply chain, the Board appointed two new directors with reference to the recommendation of the Nomination and Remuneration Committee. This initiative aims to facilitate supply chain synergy, support the Group's internationalisation strategy, strengthen international operational capabilities, monitor the international legal environment, and improve risk prevention mechanisms. Additionally, the Board continuously reviews the implementation effectiveness of its diversity policy to ensure an appropriate combination of skills and experience necessary for executing the Group's policies.

As the Group expands its market presence and operational scale both domestically and internationally, it plans to reference international and local best practices to ensure an appropriate balance in board member diversity. The Group is committed to maintaining a suitable proportion of members with capabilities and experience in international operations, risk management, and sustainable development within the board, in order to support the implementation of the Group's internationalization strategy.

4. Remuneration Policy

The remuneration of Executive Directors and senior management is determined based on the following factors:

- Individual performance
- Group performance
- Compensation levels of comparable companies
- Length of service and authority

This process is conducted objectively to ensure that no director determines their own remuneration without fair and reasonable judgement.

According to relevant policies, fixed remuneration includes a monthly salary, meal allowances, and transport allowances, while variable remuneration comprises annual bonuses determined by the Group's annual performance.

For more detailed information on the Group's remuneration policy, please refer to page 39, 66 and 138 of the 2024 Annual Report.

5. Board Participation

The Board of Directors identifies the actual and potential impacts of the Group on the economy, environment, and society through the annual general meeting, Board meetings and special committee meetings. During the Reporting Period, the Group held a total of one annual general meeting, four Board meetings, two written resolutions, ten committee meetings and two board training sessions. The Shandong Operation and the Thailand Plant convened four board meetings. The meetings discussed topics such as the annual ESG report, quarterly ESG work reports, business performance reports, internal audits, and reviews of the responsibilities of the professional committees, as well as director compliance training and responsible business conduct.

Environmental, Social and Governance Report 2024

6. Due Diligence

The Group's Board and senior management are committed to avoiding or minimising negative impacts on the economy, environment, and people, including reducing impacts on human rights where possible. Following the identification of potential negative impacts, the Group will establish corresponding prevention or mitigation measures. If the Group's business operations result in substantial negative impacts, efforts will be made to remedy those impacts. The Group's effects on the economy, people, and environment, along with the corresponding prevention or mitigation measures, are detailed in the "Environmental" and "Social" sections below.

7. Standards, Certifications, and Achievements

i) During the Reporting Period, the valid certifications held by the Company are as follows:

- ISO 14001 Environmental Management System
- ISO 9001 Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- IATF 16949 Quality Management System
- China Compulsory Certification (CCC)
- Saudi Arabian Standards Organization (SASO) Certificate
- Standards and Industrial Research Institute of Malaysia (SIRIM) Certificate
- Gulf Cooperation Council Standardization Organization (GSO) Certification
- United States Department of Transportation (DOT) Certification
- The United States SmartWay Program Certification
- The Economic Commission for Europe (ECE) Certification
- EU R117 Certification
- Uruguay LATU Certification
- Standard National Indonesia (SNI) Certification
- Brazil's National Institute of Metrology and Industrial Quality (INMETRO) Certification
- The Philippine Standard (PS) Certification
- Standards Organisation of Nigeria Conformity Assessment Programme (SONCAP) Certification
- Thailand Industrial Standards Institute (TISI) Certification
- Gulf Cooperation Council (GCC) Certification
- Thailand Green Industry Level IV Certification
- European Conformity of Production (CoP) Certification
- Technischer Überwachungsverein (TÜV Mark), and other certifications from 10 regions.
- The Thailand Plant was certified under the Vehicle Energy Consumption Calculation Tool (EU VECTO).

Environmental, Social and Governance Report 2024

ii) During the Reporting Period, the Group received the following awards and honours:

- In May 2024, the Ministry of Industry and Information Technology, the National Development and Reform Commission, and the State Administration for Market Regulation jointly announced the list of “Leading Enterprises” in energy efficiency for key industries in 2023, with Prinx Chengshan (Shandong) Tire Co., Ltd. successfully included.
- In June 2024, Prinx Chengshan was awarded the honor of “2024 Sustainable Development Model Enterprise” at the 13th Financial Summit.
- In July 2024, the Prinx Chengshan Green Smart Factory project was selected as an outstanding case in the 2024 Shandong Province Equipment Renovation and Technological Transformation published by the Shandong Provincial Department of Industry and Information Technology.
- In September 2024, Prinx Chengshan Holdings Limited officially joined the United Nations Global Compact (UNGC).
- In October 2024, Prinx Chengshan (Shandong) Tire Co., Ltd. was recognised as a “Shandong Manufacturing” brand for the year 2024.
- In October 2024, Prinx Chengshan’s radial truck tires were recognised in the “2024 Shandong Manufacturing • Qilu Boutique” list published by the Shandong Provincial Department of Industry and Information Technology.
- In November 2024, the Prinx Chengshan digital transformation cost analysis project won the Golden Dragon Excellence Award from the China Computer Users Association — System Application Products Users Branch, also known as “CSUA.”
- In November 2024, Prinx Chengshan received a silver award in the 9th Corporate Learning Design Competition hosted by the Chinese Society for Talent Development (CSTD).
- In December 2024, the “Innovative Application of Efficient Nitrogen Recovery System in the Tire Vulcanization Process” project by Prinx Chengshan was awarded the Top Ten Innovative Achievements in Circular Economy in Shandong Province.
- In December 2024, the “Application Innovation of Integrated Waste Gas Treatment Solution Using High-Performance Dual-Wheel RTO in the Tire Industry” project by Prinx Chengshan received the First Prize in Energy Conservation and Environmental Protection Science and Technology in Shandong Province.
- In January 2025, Prinx Chengshan was awarded the 2024 China Talent Development Lighthouse Award for Outstanding Knowledge Management by CSTD.
- In January 2025, Prinx Chengshan Holdings Limited was awarded the EcoVadis Bronze Medal.



In November 2024, the Prinx Chengshan digital transformation cost analysis project won the Golden Dragon Excellence Award from CSUA



In November 2024, Prinx Chengshan received a silver award in the 9th Corporate Learning Design Competition hosted by the CSTD

Environmental, Social and Governance Report 2024

Additionally, the following technological projects received the second prize of the Shandong Province Rubber Industry Science and Technology Award:

- Design and Technical Development of Ultra-Low Rolling Resistance Green Commercial Vehicle Tires
- Electronic Radiation Process Technology for High-Performance Passenger Vehicle Tire Framework Materials



Received the 2024 Second Prize
in Science and Technology from
Shandong Rubber Industry
Association



Received the 2024 Second Prize
in Science and Technology from
Shandong Rubber Industry
Association

The following projects have completed technology achievements evaluation and have reached international advanced or domestic leading standards:

- Research and Application of Acoustic Characteristics of New Energy Vehicle Tires and Key Technologies for Vehicle NVH Performance
- Development of High-Performance Passenger Car Tires for Ice and Snow Conditions in the central Europe Market
- Development and Application of Key Technologies for Low-Temperature Rolling Resistance in New Energy Vehicle Tire Tread Formulations
- Development and Application of a New Intelligent Tire Information Platform
- Research and Application of Intelligent Mechanical Arm Trajectory Calculation Technology for Tire Moulding Cleaning Devices
- Development and Application of Shared Interaction Technology for Tire Logistics Data

iii) The Group has been recognised as a member of the following associations:

- Tire Dynamics Collaborative Innovation Alliance
- China Rubber Industry Association Tire Branch
- Shandong Rubber Industry Association
- China Tire Valve Standard Yearbook Council
- National Rubber and Rubber Products Standardization Technical Committee Carbon Black Sub-Technical Committee
- China Rubber Industry Association Council
- Tire Industry Council
- Thai-Chinese Chamber of Commerce
- Thai-Chinese Chamber of Commerce Automotive Division
- Thai-Chinese Chamber of Commerce Rayong District
- Thai-Chinese Chamber of Commerce Rubber Association
- Thai-Chinese Chamber of Commerce Manufacturing Division

Note: The English names of the standards, certifications, and achievements mentioned above are translated from their official Chinese names. In case of inconsistencies, the Chinese names shall prevail.

Environmental, Social and Governance Report 2024

A. ENVIRONMENT

As a pioneer in domestic tire manufacturing, the Group fully recognises the importance of complying with environmental laws and regulations. The Group continuously assess the actual and potential risks of its business operations and strives to minimise the impact on the natural environment. The Group is deeply aware that environmental destruction can cause harm to humans and communities. Therefore, the Group believes that reducing pollution and environmental damage not only improves human health but also lowers the risk of environment-related diseases.

During the Reporting Period, the Group implemented a series of measures to strengthen environmental management, including reducing waste throughout the value chain, enhancing on-site energy management, and promoting the use of renewable energy. The Group takes responsibility for maintaining ecological balance and protecting the environment and will continue to strengthen environmental management. To address related risks, the Group will continue to monitor environmental impacts and adjust in a timely manner to comply with updated laws and regulations. The Group has established emission control standards that meet national statutory requirements and a comprehensive environmental management system, strictly adhering to relevant environmental protection laws and regulations to ensure that the impact of its business operations on the environment is minimised.

The Group strictly complies with the following environmental protection laws and regulations:

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

Environmental, Social and Governance Report 2024

During the Reporting Period, the Group continued to follow the provisions of the “Environmental Protection Tax Law of the PRC” and paid environmental protection taxes for taxable emissions. To minimise harm to the environment and human health, the Group ensured that its business operations strictly adhered to the following regulations and standards:

- Requirements for Prohibited Substances on Automobiles (GB/T30512-2014);
- the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
- Urban Drainage and Sewage Treatment Regulations;
- Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste;
- Integrated Emission Standard of Air Pollutants;
- Emission Standards for Odour Pollutants (GB 14554-93);
- Emission Standard of Pollutants for Rubber Products Industry (GB 27632-2011);
- Shandong Provincial Comprehensive Discharge Standard of Regional Air Pollutants (DB37-2376-2020);
- Shandong Province Food Fume Emission Standards (DB37/597-2006);
- Energy Management System Requirements with Guidance for Use (GB/T23331-2020);
- General Rules for Equipping and Management of Energy Measuring Instruments for Energy Consumption Units (GB17167-2006);
- The requirements of ECE;
- The requirements of R117;
- Technical specification for application and issuance of pollutant permit (Rubber and Plastic Products Industry);
- Regulations on the Automatic Monitoring and Management of Fixed Pollution Sources in Shandong Province;
- Performance classification management specification for key industries with heavy pollution weather in Shandong Province (Trial);
- National Catalogue of Hazardous Wastes (2021 Edition); and
- Classified Management Directory of Environmental Impact Assessment of Construction Projects (2021 Edition).

During the Reporting Period, the Shandong Operation and the Thailand Plant did not have any significant non-compliance issues related to air and greenhouse gas (“**GHG**”) emissions, discharges into water and land, or the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The Group will continue to communicate with all stakeholders to ensure that they comply with relevant environmental laws and regulations.

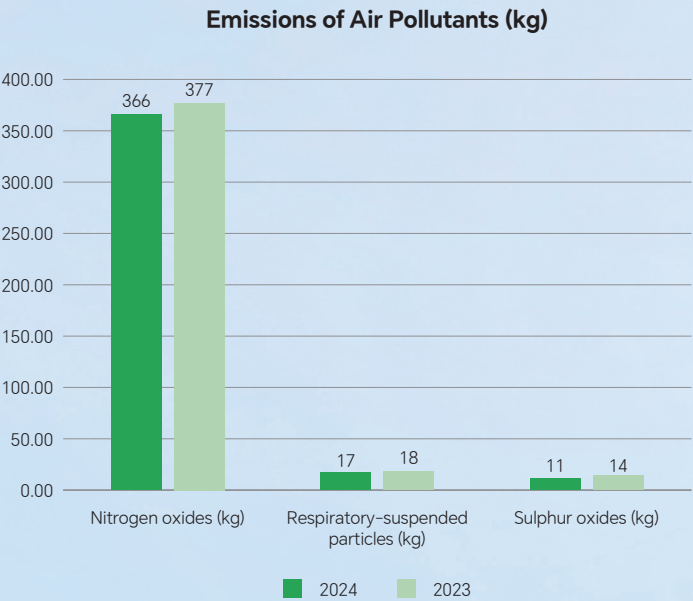
Environmental, Social and Governance Report 2024

A1. Emissions

A1.1 Air Emissions

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

Air emissions (non-GHG) from gaseous fuel consumption				
Fuel Source	Use of fuel	NO _x (in kg)	RSP (in kg)	SO _x (in kg)
Petrol and Diesel	For Group-owned vehicles and equipment (e.g., private cars, forklifts etc.)	361	17	11
LPG and Natural Gas	For canteen operation	5	—	<1
TOTAL		366	17	11



Environmental, Social and Governance Report 2024

A1.2 Greenhouse Gas Emissions

During the Reporting Period, the Group's operations emitted 465,347 tonnes of carbon dioxide equivalent ("tCO₂e") greenhouse gases (mainly carbon dioxide, methane, and nitrous oxide), with a total emission intensity of 0.70 tonnes of carbon dioxide equivalent per tonne of production.

The greenhouse gas emission activities and scopes are as follows:

- Direct (Scope 1) greenhouse gas emissions: Consumption of fuels from stationary and mobile sources (including LPG/natural gas, biomass fuels, diesel, and gasoline), as well as fugitive emissions from the use of refrigerants;
- Energy indirect (Scope 2) greenhouse gas emissions: Purchased electricity and steam; and
- Other indirect (Scope 3) greenhouse gas emissions: Municipal fresh water and sewage treatment, business air travel, and paper waste disposal.

Scope of GHG Emissions	Emission (tCO ₂ e) 2024	Emission (tCO ₂ e) 2023	Emission Intensity (tCO ₂ e/ tonnes of production) 2024	Emission Intensity (tCO ₂ e/ tonnes of production) 2023
Scope 1 Direct Emission	62,681	57,320	0.09	0.09
Scope 2 Energy Indirect Emission	401,063	389,586	0.61	0.63
Scope 3 Other Indirect Emission (Municipal fresh water and sewage treatment, business air travel and paper waste disposal)	1,603	1,115	0.002	0.002
Total	465,347	448,021	0.70	0.73

Environmental, Social and Governance Report 2024

Note 1: Emission factors were made by reference to Appendix C2 of the Listing Rules and their referred documentation as set out by HKEX, unless stated otherwise.

Note 2: Margin emission factors of 0.5366 tCO₂e/MWh and 0.5394 tCO₂e/MWh were used for the purchased electricity in Shandong Province of the PRC and Thailand respectively.

Note 3: Scope 3 GHG emissions were calculated based on available emission factors referred in the Appendix C2 to the Listing Rules and their referred documentation.

Note 4: tCO₂e represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).

Note 5: Business air travel only includes air transportation costs incurred for business purposes.

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

Note 7: The steam produced by the Thailand Plant is not included in the calculation of greenhouse gas emissions.

A1.3. Hazardous Waste

During the Reporting Period, the Group generated 699 tonnes of hazardous waste (2023: 271 tonnes), with an intensity of 0.001 tonnes/tonne of production (2023: 0.0004 tonnes/tonne of production). Types of hazardous waste included waste batteries, lubricating oil, waste oil barrels, liquid wastes from experiments, fluorescent tubes and waste from the replacement of the exhaust emission facilities etc. The rise in hazardous waste compared to 2023 is primarily attributed to the reclassification of carbon black bags and additives bags as hazardous waste in October 2024 at the Thailand Plant, when they were previously not categorised as such. All hazardous wastes were collected and treated by government-certified, third-party solid waste handlers, or temporarily stored on-site.

A1.4. Non-hazardous Waste

During the Reporting Period, the Shandong Operation generated 12,514 tonnes of non-hazardous waste, while the Thailand Plant generated 5,579 tonnes, totalling 18,093 tonnes of non-hazardous waste. The intensity was 0.03 tonnes per tonne of production. Starting from this Reporting Period, domestic waste and restaurant food waste from the Shandong Operation are included in the non-hazardous waste category, resulting in an overall increase in the volume of non-hazardous waste. The types of waste generated from production are diverse, including office paper, metal scraps, wood materials, plastic materials, discarded equipment, packaging materials, office supplies, and experimental waste. All non-hazardous waste is collected by recycling companies for recycling.

Environmental, Social and Governance Report 2024

A1.5. Measures to Mitigate Emissions and Targets



To mitigate the potential environmental impacts of emissions, the Group strictly adheres to and keeps abreast of developments in national laws and regulations, ensuring timely compliance with the latest policies. The Group has established an environmental policy and an annual environmental monitoring plan, using equipment to regularly test various emissions and waste, ensuring that all emissions comply with national standards. The direct air pollutant emissions from the Group’s production lines are all within the permissible limits of applicable standards.

In recent years, the Group has actively promoted the use of renewable energy in its operations in Shandong and Thailand, particularly through the installation of solar power generation equipment. As of 2024, the annual solar power generation reached 41,280,000 kWh. It is expected that by 2025, the newly added rooftop solar area in the original factory at the Shandong Operation will be approximately 51,400 square meters, capable of generating 8 million kWh per year.

Environmental, Social and Governance Report 2024

The Group's emissions reduction target and its performance during the Reporting Period, are as below:

Indicators	Baseline Year (2021)	Reporting Period (2024)	Targets	Progress 2024
<ul style="list-style-type: none"> The amount of GHG emission per tonne of production (tCO₂e/tonne of production) 	0.99	0.70	<ul style="list-style-type: none"> By 2030, the carbon emissions per tonne of production will be reduced by 27% during tire production (including tire retreading) compared with 2021. 	<ul style="list-style-type: none"> The carbon emissions per tonne of production have reduced 29.3% during tire production (including tire retreading) compared with 2021.
<ul style="list-style-type: none"> Solar power generation (MWh) 	11,772	41,278	<ul style="list-style-type: none"> By 2030, solar power generation will grow more than three times compared with 2021. 	<ul style="list-style-type: none"> Solar power generation has grown by 251% compared with 2021.
<ul style="list-style-type: none"> Proportion of low rolling resistance products for commercial vehicle tires and passenger car tires 			<ul style="list-style-type: none"> By 2025, the proportions of low rolling resistance products for commercial vehicle tires and passenger car tires are expected to reach 45% and 50%, respectively. 	<ul style="list-style-type: none"> The current proportions of low rolling resistance products for commercial vehicle tires and passenger car tires are 32% and 50%, respectively.

Note: In the previous reporting period, the Scope 1 greenhouse gas emissions have been restated to reflect actual data in 2021, the Scope 1 emissions for 2021 were restated from 60,142 tCO₂e to 35,891 tCO₂e.

Environmental, Social and Governance Report 2024

In addition, the Shandong Operation has established the below air pollution targets:

- By 2025, reduce non-methane total hydrocarbon emissions per tonne of production by 28% compared to 2021.
- By 2030, reduce non-methane total hydrocarbon emissions per tonne of production by 32% compared to 2021.

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

- Purchased low-emission biomass steam boilers for the Thailand Plant ;
- Adopted advanced national technologies to enhance smoke collection and treatment. The treatment process includes “three-stage filtration + UV photocatalysis + VOC spray absorption tower + biological membrane dry neutralization”, with an efficiency of up to 60%;
- Modified production lines at the Shandong Operation to reduce smoke emissions and lower temperatures;
- Installed online monitoring equipment to monitor various pollution sources;
- Conducted at least two annual inspections of air quality in boiler flues at the Thailand Plant;
- Continuously increased the installation of solar power generation equipment in both Shandong Operation and Thailand Plant;
- Commissioned third-party testing companies to monitor pollutant emissions;
- Regularly inspected equipment to minimise pollution caused by equipment failures;
- Implemented effective vehicle management measures to reduce fuel consumption and related air pollutant emissions. The Group strongly encourages employees to use public transportation and provides on-site housing to reduce commuting needs;
- Promoted electronic communication methods (e.g., online meetings) with business partners. Business air travel requires managerial approval and all records are kept for tracking and review to avoid unnecessary trips; and
- Developed innovative new tire products using low-energy raw materials with low-carbon, high-performance designs.

The Group regularly evaluates and improves these measures and sets new emission target based on assessment results. The Group communicate closely with various stakeholders through multiple channels, including email, bulletin boards, and written reports, to encourage active participation in the Group’s emission policies.

Environmental, Social and Governance Report 2024

A1.6. Waste Reduction Initiatives and Targets



The Group recognises that waste generated from its operations may contaminate soil and the environment, and that managing waste from packaging, product testing, and equipment maintenance is costly. Therefore, the Group believes that properly handling and reusing waste not only reduces production costs but also achieves sustainable resource utilisation and long-term environmental relief.

To address this, the Group has developed a series of comprehensive systems related to waste management. The Group strictly adheres to all relevant waste management regulations and manages waste recycling and industrial waste treatment measures in our operations. By implementing these policies, the Group regularly collects waste-related data and monitors the effectiveness of waste reduction measures. The goal of the Group is to apply the 3R principle (Reduce, Reuse, Recycle) to reduce waste and optimise product manufacturing indicators, enhancing equipment precision to minimise material loss in the tire manufacturing process.

Regarding hazardous waste, the Group collects it through qualified collectors and treats it through incineration and landfilling. To reduce hazardous waste generation, the Group strives to reuse lubricating oil and implement tire recycling and retreading projects. To prevent hazardous waste leakage and environmental pollution, the Group classifies and recycles these wastes and sets up specialised storage areas according to regulations. The Group also provides relevant training to employees and establishes emergency response measures to prevent pollution incidents, providing necessary protective equipment to ensure occupational health and safety.

For non-hazardous solid waste, the Group recycles and reprocesses it through qualified recycling companies. To further reduce solid waste, the Group uses the amoeba model to control the tire production process. In response to the government's advocacy for "building a resource-conserving society", the Group promotes paperless office practices, using the ECC automation system in administrative procedures, encouraging double-sided printing, limiting departmental paper usage, and implementing measures to conserve paper and toner. Additionally, the Group set up paper recycling bins in office areas to promote recycling of office paper. During the Reporting Period, the recycling rate of office paper increased significantly due to the promotion of paperless office practices. Recycling bins are placed throughout the workplace for employees to categorise and recycle paper, plastic bottles, and other recyclable waste, all of which are collected and processed by qualified recycling companies.

Environmental, Social and Governance Report 2024

Waste Reduction in Value Chains

The Group is fully aware of the potential environmental impact of waste generated throughout its value chain, particularly from toxic and non-biodegradable raw materials that may cause pollution. Therefore, the Group actively promotes waste reduction measures, encouraging all upstream suppliers to use reusable packaging materials to reduce material usage, promote waste reuse, and enhance recycling. The Group are also committed to adjusting production processes, reshaping products and packaging, and exploring innovative business models, emphasizing the importance of material selection in a circular economy.

In the downstream value chain, the Group focuses on promoting green products and services, enhancing customers' environmental awareness, and establishing positive and sustainable long-term relationships.

The waste reduction targets of the Group and its performance during the Reporting Period are as below:

Indicator	Baseline Year (2021)	Reporting Period (2024)	Targets	Progress 2024
<ul style="list-style-type: none"> Non-hazardous waste intensity (tonne/tonne of production) 	0.029	0.030	<ul style="list-style-type: none"> By 2030, the amount of general waste generated per tonne of production will be decreased by 4.3% as compared with 2021. 	<ul style="list-style-type: none"> There is no reduction in the intensity of non-hazardous waste.
<ul style="list-style-type: none"> Hazardous waste intensity (tonne/tonne of production) 	0.001	0.001	<ul style="list-style-type: none"> By 2030, the amount of hazardous waste generated per tonne of production will be reduced by 18.2% compared with 2021. 	<ul style="list-style-type: none"> During the Reporting Period, the Group's increased production amount led to a higher frequency of equipment maintenance and disposal, as well as an increase in sludge emissions. The Group will continue to assess its waste reduction targets and improve its waste reduction measures to maintain good waste reduction performance in the long term.

Environmental, Social and Governance Report 2024

To evaluate the effectiveness of the Group's waste reduction measures and policies, the Group collects relevant data and information to assess performance in the following areas: solid waste management measures, hazardous waste management systems, operating procedures, and the third-party waste handling companies. The Group will improve and adjust waste treatment measures based on the evaluation results. The Group reports information about its waste treatment policies to all stakeholders. Internally, the Group communicates with employees through bulletin boards, emails, and activities. Externally, the Group communicates with the public through written notices, reports, and community investments.

A2. Use of Resources

The Group's operations consume a significant amount of energy and water resources. To reduce resource usage, the Group has established management policies related to energy and resource utilisation to monitor and manage the consumption of fuels, electricity, water, and raw materials.

A2.1. Energy Consumption

Energy Consumption Sources	Consumption (in corresponding unit)		Consumption (in MWh)	Intensity (unit/ tonne of production)		Intensity (MWh/tonne of production)
LPG for canteen operation	13,626	kg	190	0.02	kg/tonnes	0.0003
Natural gas for canteen operation	19,808	m ³	196	0.03	m ³ /tonnes	0.0003
Petrol for Group-owned vehicles	206,390	L	1,830	0.31	L/tonnes	0.003
Diesel for Group-owned vehicles	474,317	L	4,750	0.72	L/tonnes	0.007
Wood chips for boilers	32,321,920	kg	140,062	48.91	tonnes/tonnes	0.212
Steam for manufacturing in the plant	464,313	tonnes	348,401	0.70	tonnes/tonnes	0.527
Electricity for daily operation	489,520	MWh	489,520	0.74	MWh/tonnes	0.741
Self-generated Photovoltaic	41,278	MWh	41,278	0.06	MWh/tonnes	0.062

During the Reporting Period, the Group's total energy consumption was 1,026,226 megawatt-hours ("MWh") (including self-generated solar power), with an overall intensity of 1.55 MWh per tonne of production (2023 Intensity: 1.56 MWh per tonne of production). There was no significant change in the energy consumption intensity compared to the last reporting period.

A2.2. Water Consumption

The wastewater generated by the plant is discharged into the on-site wastewater treatment system. After treatment, part of the wastewater is reused, and the rest is discharged into the municipal wastewater treatment plant for further treatment. During the Reporting Period, the Group consumed 696,682 cubic meters of freshwater, discharged 337,173 cubic meters of wastewater, and reused 454,781 cubic meters of water. The water usage intensity was 1.05 cubic meters per tonne of production (2023: 1.06), and the discharge intensity was 0.51 cubic meters per tonne of production (2023: 0.49). There were no issues with sourcing water suitable for its intended use.

Note: The data collection method for sewage emissions from Thailand Plant has been updated as of this Reporting Period to better reflect the actual situation.

Environmental, Social and Governance Report 2024

A2.3. Energy Use Efficiency Initiatives and Targets



The Group firmly believes that effective energy management not only reduces energy consumption costs but also enhances energy efficiency, thereby its future business will focus on developing new energy products and rational use of traditional fuels, striving to balance maintaining its competitiveness with environmental protection.

The Group's energy and energy-saving management policies regulate energy management to improve energy use efficiency. To achieve this, the Group has established the following management systems:

- Energy Management System
- Measurement Management System
- Integrated Information and Industrialisation Management System

In accordance with the requirements of the “Energy Management System with Guidance for Use (GB/T 23331-2020)”, the relevant department must record the consumption of electricity, steam, and water and report to the cost management department. All energy measurement equipment and management systems comply with the “General Principle for Equipping and Managing the Measuring Instruments of Energy in Organisation of Energy Using (GB 17167-2006)”. The cost management department is responsible for analysing and evaluating usage data and providing feedback to relevant energy-consuming departments.

The Group has also established insulation management policies to ensure that various pipelines and systems are effectively insulated, reducing energy losses due to insulation damage. In its operations, the Group continuously promotes energy-saving technologies, strengthens scientific energy detection and energy safety management. During the Reporting Period, the Group implemented a series of energy-saving measures, including replacing insulation boards for curing presses, installing insulation covers for the molds, optimising the curing process, and improving the operation of refrigeration stations and air compressors.

To ensure the effectiveness of energy-saving measures, the Group has established the “Energy and Energy Conservation Management Procedures” requiring all employees in each department to follow energy-saving work procedures. The Energy Conservation Management Committee is responsible for planning, integrating, coordinating, and managing various energy-saving performance, actions, and measures, as well as evaluating energy consumption and energy-saving standards. Additionally, the committee is responsible for arranging energy-saving training and promotion work.

Environmental, Social and Governance Report 2024

When developing energy-saving policies and procedures, the Group actively strengthens internal communication with employees. Before implementing policies, the Group collects feedback and opinions from employees. Once policies are implemented, the Group ensures that employees understand the latest energy-saving standards, targets, requirements, and work procedures.

The Group has set the following energy efficiency targets:

Medium to Long-term Targets:

- Shandong Operation:
 - By 2025, the energy consumption limit per unit of all-steel and semi-steel tires will reach 175/226 kilograms of standard coal per tonne of qualified products.
 - By 2030, the energy consumption limit per unit of all-steel and semi-steel tires will reach 168/219 kilograms of standard coal per tonne of qualified products.
- Thailand Plant:
 - By 2025, the energy consumption limit per unit of all-steel and semi-steel tires will reach 199/243 kilograms of standard coal per tonne of qualified products.
 - By 2030, the energy consumption limit per unit of all-steel and semi-steel tires will reach 191/234 kilograms of standard coal per tonne of qualified products.

During the Reporting Period, the Group actively implemented energy-saving measures such as insulation of curing presses, reduction of compressed air pressure, and application of permanent magnet motor technology. At the same time, the Group strengthened on-site energy management to reduce energy losses. Additionally, during the Reporting Period, the Group utilised biomass energy and photovoltaic technology, resulting in a 17.7% share of renewable energy in the total energy structure.

Environmental, Social and Governance Report 2024

Overview of Measures

Shandong Operation

Measures	Specific Actions	Expected Results
Compressed air system optimisation	Add a gas storage tank and booster pump, optimise the pipeline, and reduce the compressed air pressure from 0.7 million Pa to 0.58 million Pa	Annual electricity saving of 3.05 million kWh, unit consumption reduced by 2.5 kWh/tonne of output
Upgrade of nitrogen curing press molds	Upgrade insulation covers and pads with high thermal resistance materials	Save 23,000 tonnes of steam annually
Waste heat recovery and utilisation	Waste heat recovery from the 10 million sets of semi-steel tires nitrogen curing system external pressure, generating heat in winter and dehumidification in summer	Steam recovery reached 7,179 tonnes during the Reporting Period
Equipment upgrade	The dual motors of the 3#400 internal mixer were changed to permanent magnet semi-direct drive motors, and the hydraulic station was changed to a servo motor to drive the oil pump	Annual electricity saving of 630,000 kWh and 1.24 million kWh
Rental of electric forklift	Rent 99 electric forklifts to replace fuel forklifts	Promote the usage of clean energy
Future plans	The Group will carry out intelligent transformation of air compressor group control, reduce exhaust pressure and transform to permanent magnet motor in 2025	Further save electricity

Environmental, Social and Governance Report 2024

Thailand Plant		
Measures	Specific Actions	Expected Results
Nitrogen recovery project	Implemented nitrogen recovery for 207 curing presses, and used nitrogen from the internal pressure for shaping	Reduce steam usage and reduce energy consumption
Photovoltaic project	In April 2024, the second phase of the photovoltaic project of the Thailand Plant began to generate electricity. Together with the first phase, the total installed capacity will reach 24.24 megawatts, generating 30 million kilowatt hours per year.	Reduce carbon dioxide emissions by 30,000 tonnes per year
Lithium battery forklifts replace fuel forklifts	The Thailand Plant purchased a total of 26 lithium battery forklifts to replace fuel forklifts.	Reduce the use of fuel forklifts and reduce carbon emissions and energy consumption

Through the measures taken during the Reporting Period, the Group is confident in achieving the aforementioned medium- to long-term energy efficiency goals.

A2.4. Measures and Targets for Optimising Water Efficiency



During the Reporting Period, the Group actively implemented policies to enhance water resource efficiency, including the construction of sewage treatment stations, reclaimed water reuse systems, and rainwater recycling plans, to reduce water consumption and increase the reuse rate of water.

Environmental, Social and Governance Report 2024

Overview of Measures

Shandong Operation

Measures	Specific Actions	Expected Results
Water source management	Fresh water mainly comes from municipal tap water, and reclaimed water.	Improve the efficiency of water resource utilisation
Sewage treatment station operation	Sewage treatment station	Produces 1,000 cubic meters of recycled water per day, significantly reducing water consumption
Reclaimed water station construction	A reclaimed water station has built in 2022 and the reclaimed water rate has maintained above 65%	In 2024, 280,000 cubic meters of wastewater will be reused to reduce external water use
Water inspection system	Develop an energy reward and punishment system and conduct weekly water equipment inspections	Monitor and manage water usage
Future plans	Planned to use excess steam condensate for fire water replenishment in 2025	Further improve water resource utilisation efficiency
Water balance chart	Prepare a water balance chart for the Group's reference, monitor water consumption and implement water-saving measures	Provide a clear reference for water usage monitoring

Environmental, Social and Governance Report 2024

Thailand Plant

Measures	Specific Actions	Expected Results
Sewage treatment station	Set up a sewage treatment station to recycle 70% of production wastewater	The annual reclaimed water rate reaches 42%
Sewage recycling system	Build a sewage treatment, recycling and reuse system	<ul style="list-style-type: none"> An average of 500 cubic meters can be recycled every day, improving the wastewater recycling rate 171,700 cubic meters of wastewater reused in 2024 to reduce external water use
Rainwater Recycling Plan	Collecting rainwater during rainy season	Collect 25,000 cubic meters of rainwater every year, promoting the effective use of rainwater resources

The Group has set two water efficiency targets:

Indicator	Baseline Year (2021)	Reporting Period (2024)	Targets	2024 Progress
The water consumption intensity (m ³ /tonne of production)	1.86	1.05	<ul style="list-style-type: none"> By 2025, water consumption per tonne of production will be reduced by approximately 50% compared with 2021. By 2030, water consumption per tonne of production will be reduced by approximately 50% compared with 2021. 	<ul style="list-style-type: none"> Water consumption per tonne of production has decreased by 44% compared to 2021. The Group will continue to monitor the progress of water reduction measures and is confident in achieving its water reduction targets.

Environmental, Social and Governance Report 2024

A2.5. Packaging Materials

During the Reporting Period, the Group consumed a total of 976 tonnes of packaging materials, primarily including paper, cardboard boxes, tape, and ties used for product packaging. The consumption intensity was 1.48 kg per tonne of production. Compared to last year, the amount of packaging materials used increased by 10%. This is primarily due to the increase in the categories of packaging materials and the rising proportion of products that require packaging domestically. The packaging materials are mainly specified by customers, with a preference for recyclable and environmentally friendly materials. All packaging materials must undergo strict quality checks before use to ensure compliance with standards. Discarded packaging materials are handled by qualified recycling companies. All suppliers must conduct quality testing before each batch of supply, and only qualified materials can be used. This not only helps enhance the corporate image but also meets consumer demand for environmentally friendly products, promoting sustainable business development.

Use of Product Packaging Materials

The packaging materials currently used by the Group include cardboard boxes, wrapping paper, tape, and ties, with tape being non-recyclable. The Group believes that appropriate packaging materials can effectively protect tire products, reducing the risk of damage and thus minimising quality issues and after-sales service costs. Additionally, reasonable packaging can enhance the product's appearance, further boosting sales. In light of this, the Group is committed to avoiding excessive packaging, ensuring the safe use of packaging materials, and balancing economic benefits, employee safety, and environmental protection. To this end, comprehensive internal product packaging procedures and standards have been established for all employees to follow, ensuring the rational use of packaging materials and benefiting from it.

The Group will regularly inform all customers of progress and collect feedback through after-sales service to continuously evaluate and improve relevant policies, ensuring that the use of packaging materials meets the latest environmental standards and market demands.

Environmental, Social and Governance Report 2024

A3. Environment and Natural Resources



The Group has carefully considered every aspect of the tire manufacturing lifecycle and is committed to ensuring that raw materials comply with the “Requirements for Prohibited Substances on Automobiles” (GB/T 30512-2014), REACH, the ECE R117 requirement, and other laws and regulations in Shandong and Thailand for noise and rolling resistance to reduce adverse impact to the environment. During the Reporting Period, the Company developed and released the “Product Lifecycle Environmental Protection Policy” and “Prinx Chengshan Sustainable Procurement Policy” clearly outlining the Company’s commitments and responsibilities towards environmental protection. These policies guide all employees and both upstream and downstream supply chain in practicing sustainable development principles, promoting efficient resource use and environmental protection through technological innovation, model innovation, and management optimisation.

The Group’s operations have not caused significant adverse environmental impacts. The main onsite emissions are volatile organic compounds (VOCs) generated during the production process. The Company has installed VOC control facilities to minimise hazards to workers. Verified by a third-party testing agency, the Company’s emissions of VOCs and non-methane total hydrocarbons, as well as odor levels, are well below national emission standards.

The Group has strengthened its sustainable development strategy for Research and Development based on the 4R principles (Reduce, Reuse, Recycle, and Recover) and smart technology. In terms of reduction, the Group focuses on minimizing non-sustainable material use, increase the proportions of bio-based and recycled materials to lower carbon emissions, and developing long-lasting, low rolling resistance products to reduce waste and CO₂ production. For reuse, its goal is to enhance tire retread rates by improving the retreadability of tire carcasses and innovating mobile retreading models. In terms of recycling, the Group actively explores partnerships with reclaim rubber manufacturers to utilise high-quality waste tires from the Group to produce high-quality reclaim rubber. For recovery, the Group collaborates with organisations such as CHINA CHEMICAL GUILIN ENGINEERING CO.,LTD and Beijing University of Chemical Technology to develop high-value utilisation technologies for pyrolysis carbon black, which is currently in the pilot project stage.

The use of bio-based materials and recycled materials is undoubtedly the direction for sustainable material development in the tire industry. Prinx Chengshan is committed to driving the gradual application of sustainable materials in its products through technological development, aiming to achieve 100% sustainable material application by 2050. The Group hopes that sustainable materials will not simply replace fossil materials but will accompany advancements in technology, product performance, and customer value. For example, the substitution of bio-based oils for petroleum-based plasticizers improves tire performance in winter; similarly, the replacement of carbon black with lignin enhances fuel economy.

Environmental, Social and Governance Report 2024

Green, digital, and intelligent development are new productive forces in the tire industry and represent the direction for industrial transformation and upgrading. The Group continuously practices the principles of green development, establishing an industry-leading integrated digital R&D and production system for green tire design, simulation, and manufacturing. Various green tires have been developed, including all-steel low rolling resistance tires, new energy electric vehicle tires, and AAA tires. By the end of this Reporting Period, the Group had achieved green product certification for 1,025 products.

In August 2024, the Company launched the “Fuelwise” green tire, which meets international advanced standards in fuel economy, mileage lifespan, and intelligence levels. The Group’s smart tires not only monitor tire temperature and pressure but also have the capability to perceive tire load, tread depth, and road conditions. Supporting the sustainable development of tires through digital intelligence to extend tire life, reduce fuel and electricity consumption by vehicles, and enhance traffic safety is a key goal of the Group.

In terms of tire retreading, the Group continues to increase technological and model innovation to improve retread rates. The high-quality tire carcasses developed by the Group address the shortage of retrievable carcasses in the European market, creating greater economic and social benefits for businesses and society. The Company’s mobile retreading adapts to various scenarios, offering customers a convenient service that saves time, effort, and money.



AUSTONE Snow Tire “Return from the Snowy Realm, Worry-Free and Secure”



First Truck Tire of PRINX: “Fuelwise”

Environmental, Social and Governance Report 2024

A4. Combat Climate Change



A4.1. Climate Related-Risk Governance

Execution

EHS Department

- Regularly read authoritative climate change research reports (such as IPCC reports) to stay informed about the latest Climate Science And Monitor Industry Association findings on the impacts of climate change.
- Hire environmental consulting firms to conduct environmental impact assessments for construction projects. This includes surveying the area’s natural environment, climate, and natural disaster conditions, and predicting the impact of pollutants on the surrounding environment based on meteorological characteristics.
- Implement preventive measures for cold waves, rain, snow, and freezing weather by conducting on-site inspections and vulnerability assessments of factories. This involves checking building structures, equipment layouts, drainage systems, and flood control facilities to ensure they can effectively handle climate risks.
- In the Thailand Plant, develop “EHS (Environmental, Health, and Safety) Management Regulations” based on on-site conditions, clearly outlining disaster management procedures to prevent and address emergencies.

Environmental, Social and Governance Report 2024

Management

**Presidential Office/
Internal Control**

- Incorporate climate change and its risks into decision-making and risk management, and formulate internal policies to promote compliance and sustainable development.
- The Company has developed the “Emergency Response Plan for Extreme Weather Disasters” and the “Strategic Plan for Corporate Transition under Low-Carbon Risks” at its Shandong Plant, tailored to local conditions, in accordance with relevant laws and regulations such as the “Emergency Response Law of the PRC” and the “National Meteorological Disaster Emergency Plan”. Sustainable development is established as a core management principle.

**Board of Directors and
ESG Office**

- Integrate ESG information and report to the Board of Directors quarterly.
- Promote awareness of ESG concepts among employees throughout the Group.
- The Board of Directors of Prinx Chengshan, along with the ESG Office, collaborated with Training Institute of Prinx Chengshan. Utilising the digital learning platform of Training Institute of Prinx Chengshan, the Group launched a special training program on ESG and climate change in 2024.

Environmental, Social and Governance Report 2024

Monitoring

**Board of Directors
— Development
Strategy and Risk
Management
Committee**

- The Board of Directors pays attention to the risks posed by climate change and has incorporated ESG (including climate-related issues) into the Company’s governance processes. This enhances oversight at the board level and guides management in addressing climate risks through existing business processes, while also considering their impact on the overall corporate strategy.
- Climate-related risk management has been integrated into the responsibilities of the Development Strategy and Risk Management Committee of the Board. The Board is responsible for overseeing the effectiveness of climate-related risk management, discussing, reporting, and implementing best practices within the Development Strategy and Risk Management Committee, such as convening board meetings to establish relevant measures. For details regarding the Group’s ESG governance, please refer to the “Board Statement” section.
- The Board oversees and manages the achievement of climate change goals through an internal ESG committee or Working Group. This ESG committee or Working Group mainly consists of key functional departments within the Group, including but not limited to production operations, EHS (Environment, Health, and Safety), supply chain management, and R&D (Research and Development). They have an in-depth understanding of the details of corporate operations and regularly assess key indicators closely related to climate change goals, such as the Group’s carbon emissions data and energy efficiency. This allows them to promptly identify issues in the execution of the targets and provide the Board with targeted decision-making recommendations. For information on the Group’s carbon reduction commitments, please refer to pages 47 and 48 of this report, titled “The Group’s Carbon Reduction Commitments.”

Environmental, Social and Governance Report 2024

A4.2. The Group's Identification of Climate-Related Risk and Opportunities

In response to the growing climate threat, the Group has identified relevant risks that may affect the Group's business and put in place measures to mitigate the adverse impact on the business. At the same time, the Group also seized the opportunity to capitalise on the benefits of climate change. The Board has identified and assessed the timeframe, trends, and potential financial impacts of climate-related risks.

Timeframe	Year	Definition
Short term	1-5	Covers periods when the Group is facing severe and rapidly emerging climate risks. The short-term strategy focuses on addressing the most pressing threats and implementing progressive resilience measures.
Medium term	5-10	During this period, the Group must collate and consolidate its short-term climate risk management and make a deeper impact across its business operations and value chain.
Long term	10 or above	This period extends to the long-term, systemic impacts of climate change that the Group must address. In the long term, structural changes can be made to mitigate and adapt to far-reaching climate impacts.

Physical and Transition Risks:

Climate-related Risks	Timeframe	Potential Financial Impact	Risk Level	Trend
Physical Risks				
Extreme weather	Short term	Due to extreme weather conditions such as typhoons and thunderstorms, power outages and production stops, outdoor logistics cannot operate normally, order delivery delays, and unstable raw material supply lead to price fluctuations. Extreme weather events can also cause physical damage to infrastructure, production raw materials and products, resulting in repair and repair costs. Employees may be exposed to safety risks during extreme weather events.	Middle	Increase
Extreme weather	Long term	Persistent high temperatures may increase the risk of fire, which increases the chances of loss of life and property.	Middle	Increase

Environmental, Social and Governance Report 2024

Climate-related Risks	Timeframe	Potential Financial Impact	Risk Level	Trend
Transition Risks				
Tighten climate-related policies	Long term	Tightening climate-related policies, such as carbon taxes in countries or regions where the Group produces or markets, could increase costs in meeting these requirements. It can also increase operating costs, insurance costs, and fines for non-compliance.	High	Increase
The cost of transitioning to low-emission technologies	Long term	Replacing existing technologies and equipment with energy efficiency and renewable energy to meet sustainability standards can incur costs in developing new tire products.	Middle	Increase
Change in customer behaviour	Short term	Shifts in customer or user behaviours and preferences, such as failure to meet stakeholder expectations for climate risk management and goals, can result in lost customers and revenue.	Middle	Increase
Reputational risk	Middle term	Changes in customer or user preferences may affect the Group's reputation by increasing the probability that stakeholders will receive negative feedback on existing products and services.	High	Increase

Climate-related opportunities:

Climate-related opportunities	Timeframe	Potential financial impact	Impact level	Trend
Material innovation	Short to middle term	With the increasing demand for environmental protection, companies are exploring the use of recyclable and bio-based materials to open up new markets and meet consumer demand for environmentally friendly products. Material innovation has the potential to reduce production costs, improve product competitiveness, and attract more environmentally conscious consumers. Climate change is driving material innovation in the automotive tire industry to ensure safe transportation in special climatic and geographical environments.	High	Increase

Environmental, Social and Governance Report 2024

Climate-related opportunities	Timeframe	Potential financial impact	Impact level	Trend
Service model change	Short	Intelligent monitoring systems based on climate data can provide consumers with accurate tire maintenance reminders and replacement recommendations, potentially creating new revenue streams for value-added services. Enhance the consumer experience, increase brand loyalty, and drive repeat purchases and long-term revenue. Climate change is leading to a change in the service model of the automotive tire industry.	Middle	Increase

A4.3. Climate-Related Risk Management and Building Climate Resilience

Sustainability is the most important core management principle in long-term business planning. The Group has integrated climate change-related risks into its risk management system to continuously assess the physical and transition risks posed by climate change. According to the “Environmental Impact Assessment Law of the PRC”, all new projects must first conduct an environmental impact assessment to assess the impact of new and old projects on the environment. The Group has formulated contingency plans for identified risks to enhance its ability to cope with the negative impacts of extreme weather emergencies, and is committed to ensuring normal production and operations, safeguarding public safety and the safety of employees’ lives and property. In order to improve the overall ability to respond to extreme weather, the Group has formulated an emergency response plan for extreme weather in China and a corporate strategy under the risk of low-carbon transition in accordance with the “Emergency Response Law of the PRC”, “the National Meteorological Disaster Emergency Plan” and other relevant laws and regulations. In addition, the Group has also established Environmental, Health and Safety (EHS) management regulations in the Thailand Plant, which clearly stipulate emergency preparedness and response management to prevent and deal with emergencies.

Environmental, Social and Governance Report 2024

ESG risk assessment is divided into three levels: high, medium and low according to the likelihood and impact of each identified risk. The risk is then classified into three overall risk levels based on likelihood and impact ratings: high, medium, and low.

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

Strategies and Specific Measures Against Natural Disasters/Emergencies:

The Group's contingency plan to deal with natural disasters and other emergencies is set out in the "Contingency Plan for Product Supply". In order to reduce the risks posed by climate variability, the Group reserves raw materials for production, plans and schedules production schedules, and establishes working procedures to cope with abnormal weather changes. When a sudden natural disaster affects the Company's normal production and product delivery, the production and sales planning department will contact the planning and dispatching personnel at the production site as soon as possible to understand the current production capacity situation, and arrange production as quickly as possible according to the capacity and order urgency. If the order cannot be delivered in time, the Group will communicate with the marketing department and the customer to adjust the order.

In addition, the Group classifies extreme weather disasters into four levels according to the degree of hazard, and clarifies the workflow of emergency preparedness, emergency response, and recovery charging. Establish identification, assessment and response measures for multiple types of disasters; Establish a rescue leading group to be fully responsible for the response to extreme weather, and clarify the responsibilities of each team member. Conduct regular drills to deal with extreme weather.

The Thailand Plant installed a watering control system on the lawn and next to flammable materials to cope with the possibility of extreme heat and drought. Recognising the market's preference for sustainable products and services, the Group has adopted low-carbon technologies in the research and production processes of its business operations. The Group is committed to developing energy-efficient and high-quality tire products for new energy vehicles to meet customer needs and environmental regulations. The boilers at the Thailand Plant have been replaced by wood chips, which can significantly reduce carbon emissions. The Group believes that the use of biomass will be an important measure for the Group to maintain a green and clean tire manufacturing process in the long run. The Group will monitor its environmental performance and CO₂ emissions every six months.

Environmental, Social and Governance Report 2024

In addition, the Group will pay more attention to the latest developments in climate-related laws and regulations, and strive to improve existing measures in a timely manner in order to respond to the latest requirements of relevant laws and regulations in a timely manner.

A4.4. Strategies to Address Climate-related Physical and Transition Risks

The following is a reference to the climate scenario provided by HKEX. Through interviews with various departments and consultation with third-party environmental consultants, the Group analysed the possible impact on the tire industry:

Climatic Scenarios	Average Global Warming	Major Impacts	Likelihood
Turquoise Scenario	This is about temperature rise by 1.7°C before 2060 and 1.8°C before 2100	<ul style="list-style-type: none"> • Shift to green technology • Emphasising changes in society's travel and consumption patterns • Increase investment in low-carbon innovation • Integrate advanced technology • Maintain your current lifestyle while reducing your emissions • Sustainable development of sustainable materials • Prioritise energy efficiency and renewable energy measures • Phasing out the use of coal in the manufacturing process 	High
Brown Scenario	This is about temperature rise by 2.4°C before 2060 and 4.4°C before 2100	<ul style="list-style-type: none"> • Environmental and social disruption can occur • Increased regulatory pressure • Significant changes in consumer behavior and business practices are needed 	Middle

Note: Guidance on Climate Disclosure. HKEX (2021). https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures_c.pdf

Environmental, Social and Governance Report 2024

Based on the above, the Group has formulated corresponding transformation plans to transition risks and seize opportunities in an orderly manner.

Transition Risk Strategy Analysis

Current and expected impact on the business model	Encourage the company to transform and upgrade, and promote the transformation of enterprises to low-carbon and green development.
Current and anticipated strategies/responses to risks	Optimise the energy structure, improve the efficiency of resource utilisation, promote the green design and manufacturing of products, and reduce greenhouse gas emissions.
Current and anticipated adaptation or mitigation efforts	Development of renewable energy, participation in carbon emission reduction projects, development of environmentally friendly technologies.

The Two-Pronged Strategy for Renewable Energy and Energy Efficiency Improvement in 2024

Transition Risk Strategy	Description of the Strategy	Timeframe	Effectiveness
A: Energy efficiency and carbon reduction measures	1. Compressed air system optimisation: The compressed air pressure was reduced from 0.7 MPa to 0.58 MPa, reducing carbon emissions by 2,400 tonnes per year.	Short/ medium term	High
	2. Motor replacement and upgrade: The DC motor in the mixing workshop was changed to a permanent magnet motor, reducing carbon emissions by 1,500 tonnes per year.		
	3. Waste heat recovery and utilisation: 10 million sets of waste heat recovery and utilisation in the Curing workshop of Semi-Steel, reducing carbon emissions by 900 tonnes per year.		
	4. Forklift renovation: Use forklifts to replace diesel forklifts.		
	5. Zero gas consumption transformation of dryers: In 2025, zero gas consumption transformation of 6 dryers will be carried out, estimated to save RMB1.2 million/year in electricity costs.		
	6. Transformation of centrifugal air compressor main engine: After the energy-saving transformation, the shaft work is reduced by 113.39 kilowatts, saving RMB570,000 in electricity costs per year.		
B: Construction of photovoltaic projects	In 2025, a new 16.88MW photovoltaic system will be built, which will be implemented in two phases, with an estimated annual power generation capacity of about 20,182,300 kWh.	Long term	High

Environmental, Social and Governance Report 2024

Transition Plan — R&D and Innovation of Sustainable Tire Products

Recognising the opportunities presented by climate change in terms of material innovation and service model change, the Group assessed its potential for tire production, transportation, sales and disposal. Through the technological research and development and innovation of tire products, the Group proposes tire ecological improvement plans to promote the production of green tires. It is believed that through the application of innovative and environmentally friendly tire manufacturing technology and design, the mileage and life of tires will be improved, and energy consumption will be effectively reduced. The Group ensures that all raw materials used in the tire manufacturing process comply with the “Requirements for Prohibited Substances on Automobiles (GB/T 30512-2014)” and “Requirements of Concentration Limits for Restricted Substances in Tires (GB/T 38529-2020)”, and that environmentally friendly raw materials are used to replace energy-intensive and hazardous raw materials. In the process of tire research and development, the Group makes full use of DFMEA (Design Failure Mode and Effects Analysis) and PFMEA (Process Failure Mode and Effects Analysis) tools to identify possible failure modes and mechanisms in terms of tire function and safety, and conducts product design, production and inspection in accordance with relevant national standards to ensure product quality. In recent years, the Group has developed waste tire recycling technology through the development of tire retreading and reuse technology, reclaimed rubber and pyrolysis carbon black application technology. During the Reporting Period, the Group used 27.5% of sustainable materials in tire production, and expects to reach 42% by 2025, aiming to achieve 100% sustainable materials in tire manufacturing by 2050. In addition to prioritising the use of environmentally friendly raw materials, the Group regularly conducts tire product carbon footprint assessments on the tire manufacturing process to ensure the effectiveness of green tire production.

The Group clearly defines the environmental management responsibilities of each department and strengthens the environmental awareness and execution of all employees. The Group works closely with all stakeholders, including suppliers, customers, employees, etc., to ensure that they are fully aware of the Group’s environmental requirements. Training will be provided to employees as and when required. All relevant requirements are set out in the employment contract or supplier contracts and agreements.

A4.5. The Group’s Carbon Reduction Commitments

The Group’s emissions vision aims to achieve long-term sustainable development and contribute to the fight against global climate change. The Group firmly supports China’s 3060 carbon emission target and plans to promote a series of emission reduction measures internally, with a view to peaking emissions before 2030 and achieving carbon neutrality before 2060. In response to the issue of global climate change, the Group is committed to aligning with global and national environmental protection goals, and is committed to carbon reduction in the long term to promote sustainable tire production business. The Group has set the following targets in reducing emissions:

1. By 2030, reduce carbon emissions per tonne of tire production (including retreading) by 27% compared to 2021.

Environmental, Social and Governance Report 2024

2. By 2030, solar power generation will more than triple compared to 2021.
3. By 2025, the proportion of low rolling resistance products for commercial vehicle tires and passenger car tires will reach 45% and 50%, respectively.

The Group has implemented a series of energy-saving and emission reduction measures to demonstrate its long-term commitment to reducing carbon emissions. For more details, please refer to the “A1.5 Measures to Mitigate Emissions and Targets” section of this report.

Although the Group has not incorporated climate change-related performance indicators into its remuneration policy, offsetting greenhouse gas emissions with carbon credits or using internal carbon pricing, it is actively considering and discussing its feasibility, and is currently focusing on energy conservation and emission reduction as the main countermeasures. According to the report of the World Business Council for Sustainable Development, the Tire Industry Project (TIP) currently comprised of 10 leading tire companies currently uses an average of 14.1% of its total energy mix (including purchased and self-generated), while the Group’s renewable energy share has reached 17.7%, exceeding the industry standard. The Group will continue to adhere to the goal of carbon reduction and emission reduction and continue to pay attention to and benchmark the sustainable performance of its international peers.

Note: World Business Council for Sustainable Development (WBCSD) — dss+ Consulting. (2024). Sustainability-driven: key performance indicators for the tire industry, 2019–2023. Retrieved from <https://www.consultdss.com/content-hub/tip-report-sustainability-driven-2019-2023/>

B. SOCIAL

People-oriented

B1. Caring for Our People



The Group strictly abides by national and local laws and regulations regarding employment and labour practices, including but not limited to:

- the Labour Law of the PRC;
- the Labour Contract Law of the PRC;
- the Law on the Protection of Minors of the PRC;
- the Law on the Protection of Disabled Persons of the PRC;
- the Law on Labour Unions of the PRC;
- the Social Insurance Law of the PRC;

Environmental, Social and Governance Report 2024

- the Regulation on Paid Annual Leave for Employees;
- the Regulation on Labour Security Supervision;
- the Labour Dispute Mediation and Arbitration Law of the PRC;
- the Special Provision on the Labour Protection of Female Employees; and
- the Labour Protection Act B.E. 2541 (Thailand).

During the Reporting Period, the Group did not violate relevant laws and regulations in terms of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, etc., which had a significant impact on the Group. In accordance with the “Labour Contract Law of the PRC”, the Group has implemented the “Labor Contract Signing and Implementation Guidelines”, which requires the signing of labour contracts when recruiting employees.

All new employees are required to sign an employment contract at the time of entry, while the union signs a collective labour contract. In 2024, the Shandong Operation Labour Union re-signed a special collective contract for wages. For outsourced employees, the Group has signed an outsourcing service contract with a third party, and all outsourced employees have signed an employment contract with a third party.

B1.1. Human Rights

Human rights are becoming increasingly important in sustainable business development. The Group fully understands the rights enshrined in the “United Nations International Bill of Human Rights” and the fundamental rights principles emphasised in the “International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work”. The Group regularly reviews our human rights policies and procedures to ensure that the Group operates in a way that truly reflects respect for internationally recognised human rights.

Human rights risks are common in corporate supply chains. In terms of employment and value chains, the Group respects the following rights:

- the right not to be subjected to slavery, servitude or forced labour;
- the right to freedom of thought, belief and religion;
- the right to just and favorable conditions of work;
- The right to health.

In addition, the Group respects the right of employees to join trade unions and holds regular meetings with trade unions to discuss issues related to employees’ rights and obligations. Details of the Group’s commitment to human rights and practices can be found in the “B1.5 Creating an Inclusive Workplace” and “B4. Eliminating Child and Forced Labour” sections of this report.

Environmental, Social and Governance Report 2024

B1.2.Employee Rights and Benefits

Employees are an important pillar of the Group’s sustainable development. The Group is people-oriented, strives to provide opportunities for employees to promote their growth and development, and continuously improves human resources management to safeguard the legitimate rights and interests of employees.

i) Remuneration Package

The Group always attaches great importance to the quality of life of employees and their families, and provides competitive remuneration packages to employees in accordance with relevant national regulations (including but not limited to the “Interim Provisions on Wage Payment”). The Group has formulated the “Salary Management Regulations” to ensure the smooth payment of wages. In April 2024, the Group launched an annual salary adjustment plan, which will be formulated according to employee performance evaluation, rank evaluation and changes in local CPI (Consumer Price Index) indexes, aiming to improve the income level of employees.

Taking into account the living expenses of employees and their families, the Group will adjust salaries according to local economic conditions. Living wages refer to the level of wages required to ensure a decent living for workers and their families, taking into account the work performed during normal working hours, depending on the country. The Group refers to the annual per capita consumption expenditure data released by local government statistical bureaus to determine that the data is a reasonable consumption level for residents to ensure a normal life, and the Group is committed to ensuring that the annual gross income of all employees is not lower than this level, that is, living wages.

In the annual salary adjustment, employees who are below their subsistence pay will receive a 2% higher salary increase than other employees. Currently, about 0.4% of employees are paid less than their living wages. From 2025 onwards, the Group plans to reduce this group by 0.15% per year through measures such as universal salary adjustments, and strive to achieve a higher income level for all employees than the living wage standard by 2028.

The following are the living wage standards set by the Shandong Operation and the Thailand Plant:

Shandong Operation	Thailand Plant
RMB30,000/year	RMB33,000/year

Note: The calculation is based on data released by the Weihai Statistical Bureau of Shandong Province, China, on March 31, 2023, indicating a per capita annual consumption expenditure of RMB27,293 for all residents in 2022. Additionally, the National Statistical Office of Thailand reported that the monthly household expenditure in Chonburi Province is THB 27,129.51 (calculated based on two people per household, with each person spending THB 13,564.76).

Environmental, Social and Governance Report 2024

ii) Social and Medical Insurance

The Group abides by the “Labour Contract Law of the PRC” and the “Social Insurance Law of the PRC”, pays various types of social insurance, including endowment insurance, unemployment insurance, work-related injury insurance, medical insurance, maternity insurance and housing provident fund, and provides accident insurance or other insurance for relevant employees according to the nature of their work. The Group is committed to maintaining good working conditions and aims to maintain 100% of its employees are covered by health insurance by 2030.

iii) Performance Improvement

In order to improve employee performance, the Group implemented the “Measures for the Management of Employee Performance Evaluation” and continued to implement the stock option incentive plan and profit sharing plan launched in 2019. The total amount of the share option scheme is 2.5% of the total share capital after the issuance of additional shares, and the shares will be issued in three instalments, with the final number of shares to be issued depending on the performance of the group, departments and individual employees. In 2024, the Company added two new medium and long-term incentive plans after approval by the board of directors: the “Partner Sharing Plan” and the “Share Award Plan”. The former is mainly aimed at high-performing middle and senior management and potential reserve managers, while the latter is aimed at a small number of core executives of the holding Company to further motivate and retain top talent.

iv) Leave & Benefits

The Group implements an “Attendance and Leave Management System”, and all employees are entitled to statutory holidays, annual leave, sick leave, marriage leave, compassionate leave, maternity leave, miscarriage leave and work-related injury leave. In addition, employees are entitled to health check-ups, lunch allowances, laundry allowances, heating subsidies and year-end performance bonuses. In very hot weather, employees will receive a heat reduction fee and a drink to cool off. To encourage family reunification, the Group also provides transportation allowances to employees.

v) Trade Unions and the Right to Collective Bargaining

The Shandong Operation has established the Prinx Chengshan Labour Union to protect the rights and interests of employees, and to maintain 100% of employees to enjoy collective bargaining agreements to further promote employee well-being.

Environmental, Social and Governance Report 2024

vi) Working Hours and Compensation

The Group strictly abides by the national regulations on working hours and overtime work, including but not limited to the “Regulations of the State Council on Working Hours of Employees”. The Group implements different working hours systems for different positions, including the following two types:

1. **Standard working hours:** Employees work an average of no more than 8 hours per day and no more than 40 hours per week.
2. **Irregular working hours:** Employees who work in the afternoon and at night are subsidised.

B1.3. Recruitment & Promotion

The Group implements a comprehensive Personnel Change Management System to effectively manage the recruitment and promotion of employees. The Human Resources Center formulates a recruitment plan every year according to the personnel application forms submitted by various departments, and follows relevant management policies to select and recruit employees in a fair, just and open manner.

In order to develop outstanding talents, the Group provides appropriate training to high-performing employees to equip them for future promotions. The Group has an evaluation system in place to evaluate employees' performance, competence and recognition of corporate culture. In the process of selecting and promoting employees, the group conducts through department recommendation, quality assessment, group interviews and leadership competitions.

B1.4. Dismissal Procedure

An employment contract can be terminated in a variety of circumstances, including resignation, dismissal, and other circumstances. In order to regulate resignation, dismissal and related matters, the Group has formulated resignation management regulations. Employees who intend to resign should submit their resignation to the department head 30 days in advance, and employees who are still on probation are required to submit their resignation 3 days in advance. The Group has a formal dismissal procedure in place for all employees and a robust grievance mechanism for dissatisfied employees to appeal.

B1.5. Creating an Inclusive Workplace

The Group is committed to providing equal opportunities to all employees and to giving fair consideration to applicants in the recruitment process on the basis of their abilities, qualifications and moral attitudes. The Group does not discriminate against employees on the basis of gender, racial background, religious beliefs, colour, sexual orientation, age, marital or family status, or deny employees opportunities in recruitment, promotion, evaluation, training and development. In order to prevent discrimination in the interview process, in 2024, the Group revised the “Recruitment Management System”, added a new “Anti-Discrimination Evaluation Scoring Table During Interviews”, and supervised interviewers.

Environmental, Social and Governance Report 2024

The Group's Board of Directors has also adopted a diversity strategy and believes that increasing diversity on the Board is a key factor in achieving strategic objectives and sustainable development. The Group employs people from different regions, ethnic minorities and deaf-mutes, and recruits interns through school-industry partnerships. In 2024, there were 5 newly recruited employees with disability certificates were placed in suitable departments and jobs according to their physical conditions. The Thailand Plant employs translators from Yunnan and Guangxi to provide translation services to employees; workers from Thailand and Myanmar are treated equally, the employee handbook and rules and regulations are uniformly used, and individual job positions are arranged according to the characteristics of different personnel to overcome communication barriers.

The Group has implemented internal rules and policies to protect the rights and interests of women workers. For example, the duties and working hours of pregnant workers are adjusted according to the labour intensity and working environment. They are entitled to a breastfeeding break during breastfeeding, are not assigned to overtime work, and are provided with a place to rest if necessary.

B1.6. Employee Communication

Creating a dynamic workplace increases employee productivity and motivation. The Group values employee feedback and facilitates communication through various channels. In Shandong Operation, during the Reporting Period, the Group organised a variety of social activities, such as celebrating International Women's Day, summer fun games, quarterly employee communication meetings, employee birthday parties, etc. In addition, the general manager's mailbox and DingTalk communication group have been set up to provide a variety of communication channels for all employees.

Employee communication forums at the Shandong Plant are held twice a quarter, questionnaires are generally conducted 1-2 times a year, and employees can also ask questions at any time through other communication channels to enhance employees' sense of belonging. In 2024, the Group pays special attention to the cultivation of college students, and adds a symposium between college students and Company executives to understand their problems and confusions in work and life through communication, and provide timely support to help them better integrate into the Company.

During the Reporting Period, the Thailand Plant held a number of cultural festivals, including red culture study sessions, reading clubs, movie viewing sessions, Dragon Boat Festival celebrations, tug-of-war competitions and management analysis sessions, etc., with the aim of enhancing the sense of belonging of all employees. During the Reporting Period, the Group conducted employee satisfaction surveys to strengthen communication with employees, collect feedback and conduct analysis, evaluation and rectification. The main issues reflected include:

1. Employees of the Shandong Operation reported that the single-staff dormitory was not heated enough in winter and lacked fans in summer, and hoped to be equipped with air conditioning. In response to this problem, the Group has completed the installation of air conditioners for single-staff dormitories in 2024 and has put them into use.

Environmental, Social and Governance Report 2024

2. The Thailand Plant pays attention to the feedback of employees on the maintenance of office equipment, emphasising ensuring the stable operation of various equipment and providing strong support for work.

Employee Grievance Mechanism

The Group has set up a Labour Union at the Shandong Operation to provide a platform for employees to express their opinions and make suggestions. A Welfare Committee has also been established at the Thailand Plant to hold regular meetings to listen to the suggestions of Thai employee representatives. At the Shandong Operation, the Workers' Congress holds regular meetings to discuss and make decisions on matters related to employees, such as salary, working conditions, benefits, etc. After the meeting, formulate corresponding work plans and solutions to the issues of concern. The Group values employee feedback. Conduct regular employee satisfaction surveys to evaluate the department's internal management, canteen, dormitory environment, training, etc., and encourage employees to actively report problems to understand their needs in work and life.

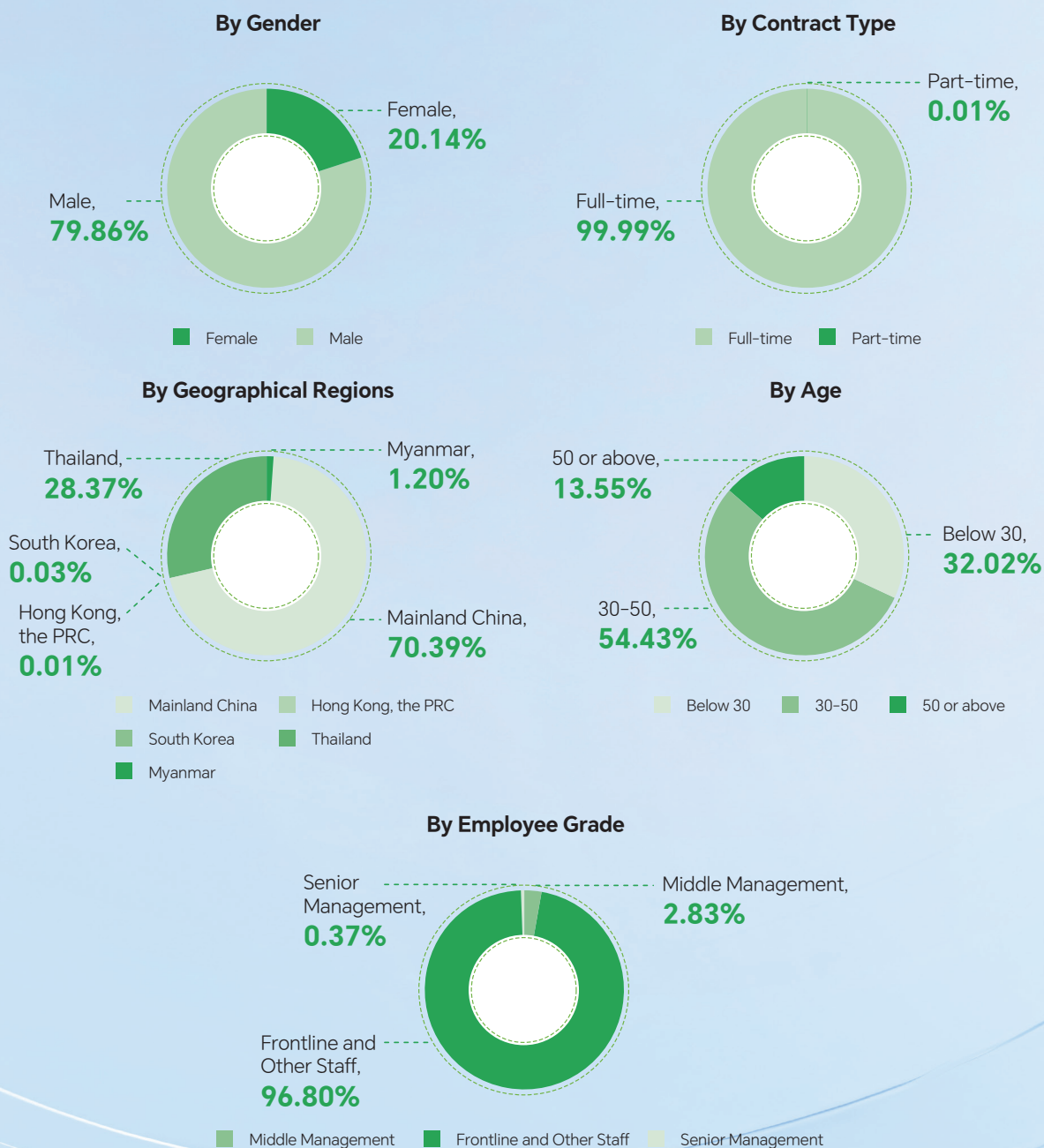
In addition to the trade union, welfare committee and employee satisfaction survey, two complaint hotlines, one corporate mailbox, one message box and one mobile business platform have been set up to facilitate employees to submit comments and feedback. Employee complaints must be dealt with within three working days, and the HR Department investigates in cooperation with the relevant business units, and finally reports the results of the investigation to senior management.

The Group continuously reviews the grievance mechanism to ensure that the Group is able to identify negative impacts through it. The Group will actively listen to employees' views to ensure that rectification can be effectively implemented after identifying negative impacts.

Environmental, Social and Governance Report 2024

B1.7. Workforce Data

As of December 31, 2024, the Group had a total of 6,818 employees, of which the majority were full-time employees (99.99%). The charts below shows the distribution of the proportion of employees by categories.

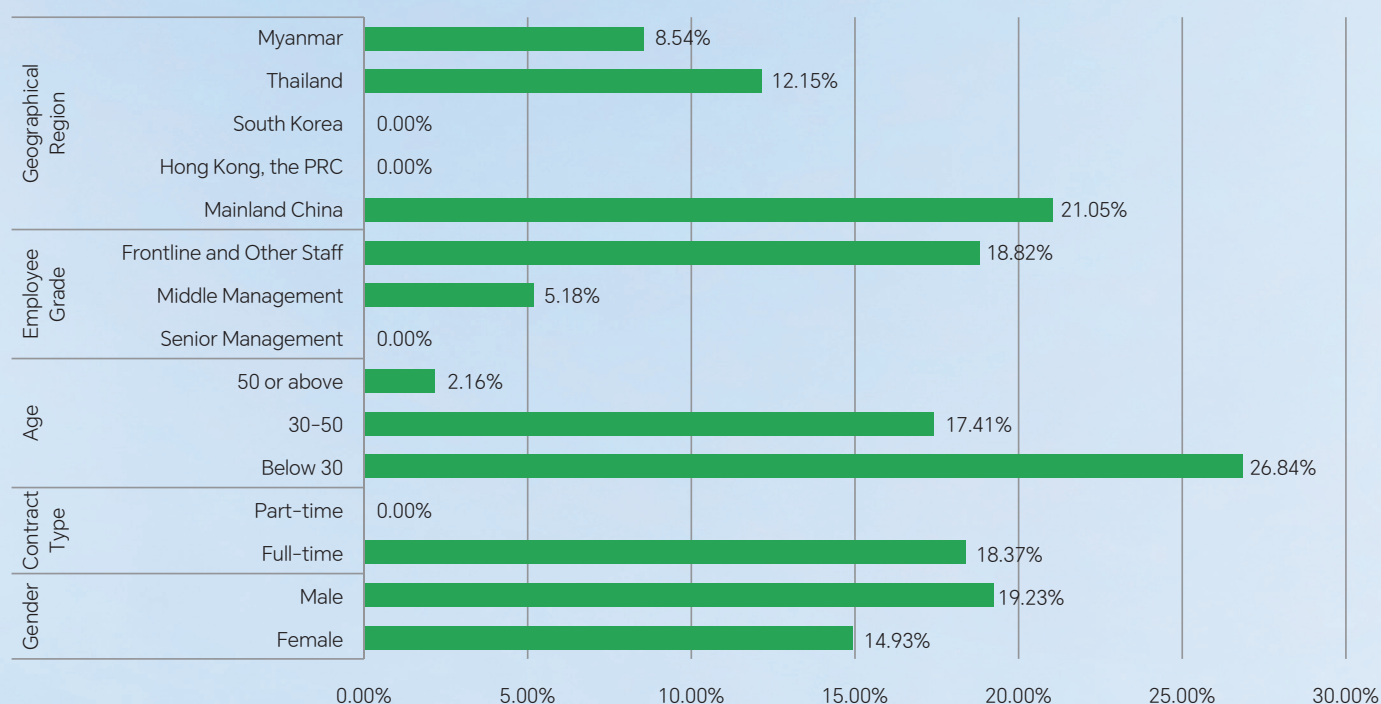


Environmental, Social and Governance Report 2024

Employee Turnover Rate

During the Reporting Period, the overall employee turnover rate was 18.36%. The detailed breakdown by geographical region, employee grade, age, contract type, and gender are presented in the figure below.

Turnover Rate



Note: Turnover rate = number of employees leaving the specified category/total number of employees at the end of the Reporting Period of the specified category.

B2. Employee Health and Safety



Environmental, Social and Governance Report 2024

The Group is committed to strengthening occupational health and safety management and the prevention of work-related hazards. Health and safety are the cornerstones for ensuring the physical and mental well-being of employees, enhancing the Group's productivity, and reducing medical and equipment maintenance costs. The Group strictly adheres to the following laws and regulations related to occupational health and safety, including but not limited to:

- Work Safety Law of the PRC;
- Law of the PRC on Prevention and Control of Occupational Diseases;
- Occupational Exposure Limits of Hazardous Factors in the Workplace Part 1: Chemical Hazardous Factors (GBZ2.1-2019);
- Occupational Exposure Limits of Hazardous Factors in the Workplace Part 2: Physical Factors (GBZ2.2-2007);
- Fire Protection Law of the PRC;
- Regulations of the PRC on the Prevention and Control of Pneumoconiosis;
- Measures for the Administration of Occupational Health Examinations;
- Measures for the Administration of Occupational Disease Hazard Project Declaration;
- Measures for the Supervision and Administration of Occupational Health Surveillance by Employers;
- Order of the National Health Commission of the PRC;
- Technical Specifications for Occupational Health Monitoring;
- Work Specifications for Detection of Occupational Disease Hazard Factors in the Workplace;
- Guidelines for Supervision of Occupational Disease Hazards;
- Guidelines for Noise Occupational Disease Hazard Risk Management (AQ/T 4276-2016);
- Technical Guidelines for Assessment of Current Situation of Occupational Disease Hazards for Employers (WS-T 751-2015);
- Sampling Specifications for Monitoring Harmful Substances in Workplace;
- Determination of Dust in Workplace Air Part 1: Total Dust Concentration;
- Measurement of Physical Factors in the Workplace Part 8: Noise (GBZ/T 189.8-2007);
- Provisions on Supervision and Management of Occupational Health in the Workplace;
- Sampling specifications for monitoring harmful substances in workplace air (GBZ 159-2004).

B2.1. Occupational Health and Safety

i) Safety Production Management

To strengthen safety production management, clarify safety responsibilities, and prevent and reduce production safety accidents during construction operations, the Group has signed safety management agreements with external contractors in accordance with the "Work Safety Law of the PRC". During the Reporting Period, there were no non-compliance incidents that had a significant impact on the Group in terms of providing a safe working environment and protecting employees from occupational hazards.

Environmental, Social and Governance Report 2024

ii) Occupational Health and Safety Management System

The Group's Occupational Health and Safety Management System covers 100% of employees, and all employees are responsible for complying with relevant laws and regulations. All parties monitored by the Group are fully regulated by this system and are subject to internal audits.

The Group has obtained ISO 45001 certifications for its OH&S Management System. The scope of the OH&S certification covers the Group's operations as described in the "Scope and Reporting Period" section. The Group has implemented policies, appointed safety officers to protect employees from occupational hazards, and conducts regular occupational risk assessments.

iii) Production Safety Committee and EHS Department

The Group has established Production Safety Committee responsible for developing a comprehensive occupational safety and health responsibility system, corresponding regulations, and operating procedures. The Committee conducts regular safety inspections, holds safety meetings, and promotes the construction of a dual prevention system to identify and address hazards and manage risks. The Group has also established an Environment, Health, and Safety Department ("**EHS Department**"), which is responsible for providing employees with labour protection information, supervising the correct use of protective equipment, formulating occupational safety and health regulations, overseeing major inspections and investigations of serious accidents, and arranging for relevant personnel to study the patterns of various accidents to implement effective measures and prevent accidents.

The responsibilities of the Production Safety Committee include:

- Implementing national and local government work safety laws and regulations;
- Executing the directives of the municipal safety committee and higher authorities;
- Approving work safety management systems and plans;
- Planning and implementing work safety responsibility systems;
- Coordinating, guiding, and supervising work safety activities;
- Organizing safety promotion, education, and inspection activities;
- Holding regular work safety meetings to assess the safety situation;
- Urging the investigation, handling, and reporting of accidents and formulating preventive measures;
- Establishing and improving work safety reward and punishment mechanisms;
- Supervising occupational safety, health, and labour protection matters; and
- Holding monthly work safety meetings.

The Group encourages all employees to express their opinions and concerns on occupational health and safety issues during the Production Safety Committee meetings.

Environmental, Social and Governance Report 2024

iv) Employee Communication and Participation

The Group maintains good communication with employees, jointly discussing, formulating, and reviewing occupational health and safety policies. At the Thailand Plant, the Safety Committee regularly holds meetings with employees to exchange opinions and suggestions on measures and policies. At the Shandong Operation, employees are provided with OH&S information through training, demonstrations, and the company website, including audits of occupational health and safety measures and management systems, the effectiveness of related objectives, and updates on relevant measures and policies. Departments can communicate and exchange safety-related information with the EHS Department through the “Occupational Health and Safety Information Processing Record”. At the end of the year, the EHS Department collaborates with various departments to compile the “Occupational Health and Safety Annual Report”, which includes a review of the Group’s compliance with occupational health and safety laws, progress in achieving OH&S objectives, indicators, and plans, the operation of the OH&S Management System, internal and external audit results, external information exchanges, and related complaints.

v) Identification of Work-Related Hazards

The Group implements preventive and emergency measures based on the type and severity of safety risks. To implement effective safety measures, the Group has established a work-related hazard identification procedure, requiring department heads to identify and assess business risks and report the results to the EHS Department for further analysis and review. In the final stage of the procedure, the level of identified potential hazards is determined. This level serves as an indicator to adjust relevant safety measures and to conduct employee awareness and training programs.

Work-Related Hazard Identification Procedure:

1. **Identify equipment and operations:** Create a list of work activities and equipment.
2. **Break down steps:** Detail work steps and equipment components.
3. **Identify hazards:** Recognise all potential hazards based on detailed steps and equipment components.
4. **Develop control measures:** Propose five types of control measures for identified hazards: engineering controls, administrative controls, education and training, personal protective equipment (PPE), and emergency response measures.
5. **Risk assessment:** Use the risk matrix likelihood score method (LS) to classify hazards and assign control levels and responsible persons.
6. **Create a risk control list:** Compile a list of risk control measures.

Environmental, Social and Governance Report 2024

7. **Implement a safety plan:** Develop an occupational safety and health management plan to improve preventive measures for identified hazards and protect employee health.

The Group identifies occupational safety and health risks based on the following factors:

- Activities of all individuals entering the workplace (including contractors and visitors);
- Routine, non-routine, and new activities;
- Identifiable hazards from outside the workplace that may adversely affect employee health and safety;
- Work-related activities conducted near the workplace under the Group's control;
- Energy and hazardous substances;
- Unsafe employee behavior;
- Unsafe material conditions; and
- Environmental unsafe factors.

The Group requires all employees to sign the "Notice of Occupational Disease Hazards" to clarify the responsibilities and obligations of the Group and employees in maintaining a safe work environment. Additionally, the Group provides relevant training to employees. The Group recognizes the importance of protecting employees from work-related injuries and illnesses to safeguard their rights. The Group will continue to communicate effectively with employees to improve existing occupational health and safety policies. Department safety officers and internal auditors of the OH&S Management System are responsible for reporting occupational hazard incidents to the EHS Department. All relevant information will be reported to the EHS Department. All employees involved are protected from any disciplinary action.

vi) Work Safety Risk Assessment

The Group has established a comprehensive work safety risk assessment method, using direct judgment, job hazard analysis, and safety checklist methods. Risks rated as Level 1 or 2 are considered unacceptable, while Levels 3, 4, and 5 are acceptable. For risks requiring hardware facilities or rectification, control measures are formulated in line with safety cost and effectiveness principles. The Group identifies potential workplace hazards and work procedures, routine and non-routine activities in daily operations, and potential risks during employee commutes to identify potential work-related injuries (including serious injuries). Mechanical injuries are identified as the primary serious work-related injuries. To minimise the risk of potential work-related hazards, the Group has developed an occupational safety and health management plan to improve preventive measures for identified hazards. The Thailand Plant has arranged for third-party testing agencies to conduct environmental tests for heat, light, and noise in the workshop, with all data complying with Thai regulations and submitted to the Thai Ministry of Industry.

Environmental, Social and Governance Report 2024

vii) Protective Measures for Health Impacts

To protect employees from health-affecting factors such as exhaust fumes and noise during production, the Company has taken the following measures:

- Prioritise low-noise equipment during procurement;
- Install silencers and soundproof covers for existing equipment;
- Install exhaust fans and air filters to improve air quality in the workshop;
- Provide earplugs and other safety equipment such as gloves, helmets, respirators, and safety shoes to employees exposed to noise hazards;
- Provide regular training on occupational hazards and fire safety;
- Conduct regular assessments of occupational hazards in the factory;
- Ensure employees have adequate and appropriate personal protective equipment (PPE);
- Display reminders and warning signs in the factory;
- Conduct annual fire drills;
- Arrange annual health checkups for employees exposed to hazardous factors. Employees diagnosed with occupational diseases are provided with treatment and reassigned to avoid further exposure;
- Provide first aid equipment, medications, and heatstroke prevention drugs in summer;
- Install photoelectric sensors and emergency stop devices to minimise the risk of mechanical injuries;
- Procure low-toxicity or non-toxic raw materials and communicate procurement standards to suppliers; and
- Review the production qualifications and certifications of the suppliers for labour protection products during procurement and involve workshop personnel in on-site confirmation and evaluation.

Additionally, the Group has implemented non-occupational health measures to minimise employee health risks:

- Install automated external defibrillator (AED) systems to respond to sudden cardiac emergencies;
- Provide blood pressure monitors and oximeters; and
- Maintain a list of employees with special health conditions and provide necessary assistance in the workplace.

All employee health checkup records and health data are treated confidentially to prevent privacy breaches. Sensitive health information will not be disclosed to third parties without authorization. The Thailand Plant requires health checkup providers to comply with the Personal Data Protection Act (“**PDPA**”) and relevant health checkup standards.

Environmental, Social and Governance Report 2024

viii) Health Protection Policy

All employees in mainland China are covered by employee medical insurance. When employees are unable to work due to illness or non-work-related injuries, the Company will pay sick leave wages or disease relief fees in accordance with national and provincial regulations during the statutory medical period, with these benefits not less than 80% of the local minimum wage. Prinx Chengshan (Shandong) Tire Limited's labour union has launched a mutual aid supplementary medical insurance program to prevent employees from falling into poverty due to illness or injury. As an important supplement to the basic medical insurance system, the union helped employees aged 30 and above pay mutual aid supplementary medical insurance premiums. Additionally, the Company organises annual health checkups for middle and senior managers, and employees assigned to Thailand must undergo health checkups before deployment.

ix) Occupational Health and Safety Accident Investigation Procedure

According to the Group's "Safety Incident Reporting and Investigation Management Regulations," parties involved in work-related accidents must immediately report to their supervisor, department head, and the EHS department. The EHS department is responsible for investigating all incidents and preparing an accident investigation report, which includes the time and location of the incident, the equipment and processes involved, a cause analysis, corrective measures, responsible parties, and deadlines for corrections. The EHS Department must also report the accident to the Center within 24 hours, which is responsible for handling work-related injury insurance. At the same time, the Group will report the accident to government authorities in accordance with national laws and arrange for relevant departments to prepare reports as required. If government authorities intervene in the investigation as required by law, the Group will cooperate with all relevant national reporting procedures.

B2.2. Fatality Rate and Work-related Injuries

During the Reporting Period, the Group received a total of 13 reports of work-related injuries, with a total of 1,392 days lost due to work-related injuries. There have been no work-related fatalities in the past three years including the Reporting Period.

The main causes of workplace accidents include inadequate safety awareness, incomplete safety facilities, human factors, equipment issues, environmental factors, and management deficiencies. To address these issues, the Group has implemented several follow-up measures, including strengthening safety propaganda and education, improving safety facilities, standardising operational procedures, and providing comprehensive medical treatment and rehabilitation support for work-related injuries.

Environmental, Social and Governance Report 2024

Fatality Rate and Work-related Injuries

	The Shandong Plant	The Thailand Plant	Total
Total lost days due to work-related injuries	1,392	0	1,392
No. of cases of work-related injuries	13	0	13
	2024	2023	2022
No. of fatalities	0	0	0
Work-related fatalities rate	0%	0%	0%

B2.3. Health and Safety Training

The Group conducts annual occupational health and safety training to enhance all employees’ ability to respond to various emergency incidents and communicate effectively in crisis situations. During the Reporting Period, the Group organised a diverse range of training courses for different departments, including:

- Dual-safety prevention systems
- Occupational health and safety laws and regulations
- Safety production responsibility systems
- Production operation procedures
- Fire safety knowledge
- Cardiopulmonary resuscitation (CPR) and first aid for injuries
- Use of protective equipment

Some training sessions also include examinations and assessments to ensure employees fully understand the training content. All trainers are qualified according to relevant legal and regulatory requirements.

In addition, to strengthen emergency response capabilities, the Group conducted several emergency drills during the Reporting Period, covering specific scenarios such as confined space incidents and natural disasters. Regular safety training also includes topics like heatstroke prevention, flood prevention, and accident warning education. Particularly at the Thailand Plant, the Group developed a flood prevention plan and organised emergency drills for hazardous materials storage with security personnel.



2024 “Safety Production First Lesson of the Year” Training



2024 Shandong Operation CPR and Trauma First Aid Training



2024 Thailand Plant Fire Safety Training

Environmental, Social and Governance Report 2024

B2.4. Food Health and Safety

The quality and safety of food directly affect the health of employees and guests. To ensure food safety, the Group adheres to the “Food Safety Law”, “Regulations on the Implementation of the Food Safety Law” and the “Measures for the Supervision and Administration of Food Safety in Catering Services of the PRC” and has established a comprehensive food safety management plan. Additionally, the Group has developed contingency plans and set up a dedicated task force to respond to food safety incidents.

Employees responsible for food and beverage operations are required to undergo health checks at least once a year. The Group maintains traceable records of food procurement orders, which include details about the food source, supplier quality, and inspection results. Purchased ingredients must be accompanied by relevant certifications and receipts.

To ensure the effective implementation of the food safety management plan, the Group regularly conducts random food safety assessments. Furthermore, kitchen utensils and tableware must be thoroughly cleaned and sanitised according to the cleaning and disinfection management procedures. Through these measures, the Group is committed to ensuring the quality and safety of food, safeguarding the health of all employees and guests.

B3. Development and Training



The Group places great importance on the development and training of its employees, believing that training not only enhances employees’ professional skills, specialised knowledge, and management techniques but also improves their overall quality and abilities, such as insight, work attitude, and learning skills. The Group’s training management policy encourages employees to enhance their management skills and specialised knowledge, thereby increasing competitiveness.

B3.1. Training Operation Management System

The Group has implemented a comprehensive internal training operation management system, including terms, guidelines, and procedures for group training operations. The Group develops an annual training plan, which is divided into company-level and department-level training. Company-level training is organised by the Training Institute of Prinx Chengshan, while departmental training is organised by different departments within the Group. The Training Institute of Prinx Chengshan incorporates the “531 Rule” and the “Combination of Training and Practice” into its courses, allowing trainees to apply theoretical knowledge to practical work, promoting active learning.

Environmental, Social and Governance Report 2024

During the Reporting Period, the Group focused on cultivating reserve talents, extracting organisational experience, and enhancing employee sales skills. The Thailand Plant conducted single-point training (“OPL”) and targeted training by department supervisors to improve employee work capabilities. Based on a systematic talent cultivation mechanism, the Shandong Operation emphasised training in reserve talent development, organisational experience extraction, and sales skill enhancement. The Thailand Plant’s training covered multiple aspects, including employee professional knowledge and skills, quality, and awareness.

i) New Employee Training

The Group provides training for new employees according to the terms and guidelines of the “New Employee Induction Guiding Manual”. Mentors are assigned to different departments to guide new employees in fulfilling their job responsibilities. During the Reporting Period, the Group arranged various training sessions for new employees, including professional quality, corporate culture, and R&D technology. In the Thailand Plant, the administrative department developed an employee guide for Chinese employees working in Thailand. This guide clearly describes various aspects of the work environment in the Thailand Plant, helping employees quickly adapt to the overseas work environment, such as clothing, food, housing, and transportation. The Thailand Plant provides company-level and department-level training before employees start work, with workplace skills training completed through department-level training. The Shandong Operation conducts a quarterly Foundation Program, which includes courses on professional quality, corporate culture, and R&D technology, helping new employees integrate into the Company and quickly take up their roles.



2024 Foundation Program – Prinx Chengshan Rising Talent Growth Accelerating Camp

ii) Professional Training

The Group hires qualified instructors from external institutions to conduct specialised position training. Employees are assessed through exams or practical operations to determine if they have achieved the training objectives. If new, upgraded, or revised training is needed, the Group promptly arranges skill updates and training for certification.

Environmental, Social and Governance Report 2024

iii) Employee Participation and Community Contribution

To enhance employees' awareness of sustainable development, the Group has provided environmental awareness and technical training to over 500 employees, improving their professional skills and sense of responsibility, enabling them to effectively participate in environmental protection and resource management in their daily work. Additionally, the Group actively participates in community development, providing environmental technology support, solving community environmental problems, and ensuring that every link in the supply chain provides reasonable wages, benefits, and working conditions, safeguarding employees' rights.

B3.2. Training Content and Needs

Before implementing training programs, the Group must determine the training needs of its employees. The Company uses various methods to confirm training needs at different levels, including surveys, performance analysis, interviews, observations, group discussions, expert guidance, leadership instructions, and employee requests. Based on the identified training needs, the Group carefully develops and implements training plans, ensuring that the entire training process is controlled and effective.

The Company adheres to the philosophy of "choose the right talent, leverage their strengths, and maintain their commitment" successfully building a high-quality internal work environment and establishing personnel standards scientifically. The Group further perfected its qualification system for positions, providing standards and evaluation criteria for talent development. It established three career development paths — management, professional, and skills — creating a multi-channel platform for employees to achieve diversified career growth. Leveraging digital learning platforms, the Group customises learning maps for employees to meet individualised learning needs, effectively enhancing their professional and management capabilities. For certain standardised operational positions, the Company produces instructional videos to improve the quality and standardisation of technician training.

After training, evaluations are conducted, including theoretical knowledge assessments and performance improvement assessments, aimed at ensuring that training effects are practically implemented. For new employees, the quarterly Foundation Program covers courses on professional quality, corporate culture, and R&D technology, providing multi-dimensional support to help them quickly integrate into the company environment. Additionally, the Company emphasises human rights protection, further refining and strengthening training on "Gender Discrimination" and "Environmental Change" to enhance management awareness.

Environmental, Social and Governance Report 2024

In 2024, the Company focused on developing reserve cadres, middle and high-level business management leadership seminars, extracting organisational experience, and enhancing sales skills within its established systematic cultivation mechanism. For employees in specialised equipment operation positions, obtaining a professional qualification certificate or operation permit from relevant institutions is mandatory before starting work, strictly preventing unqualified personnel from working. Special operation certificates require periodic review; if not reviewed within the specified period, they are considered invalid, and personnel cannot work without them. For frontline non-specialised equipment operators, they must undergo three levels of safety education training, position knowledge training, practical operation training, and other required training content. After passing assessments, the Company issues a work permit, which is valid for one year and must be reviewed within a month before expiration. If not reviewed, it is considered invalid, and unqualified personnel are strictly prohibited from working. For skilled workers, skill level certification is conducted to provide a career advancement path.

During the Reporting Period, the Group provided a total of 297,849 hours of training, with all employees participating. The cumulative training hours at the Shandong Operation were 208,646 hours, training 4,603 people, while the Thailand Plant had 89,203 hours, training 2,215 people. The average training hours per employee were 43.69 hours.

The Group conducted 44 external courses and 3,759 internal courses during the Reporting Period, covering topics such as:

- New employee training
- Safety and occupational health, mental health, and positive mindset
- Information technology
- Sales
- Management/leadership skills
- Professional techniques
- Business ethics training such as, anti-corruption and anti-unfair competition
- Business
- Climate change and sustainable development
- Environmental protection

B4. Eliminating Child and Forced Labour



Environmental, Social and Governance Report 2024

The Group fully recognises the profound negative impacts of forced labour on the economy, the environment, and human rights. Forced labour leads to decreased productivity, as the motivation and creativity of workers are suppressed. It can also result in the dumping of products at low prices, disrupting market order and creating unfair competition for legally operating businesses. Environmentally, forced labour drives the over-exploitation of resources and pollution, thereby damaging ecological balance. For individuals, forced labour harms the physical and mental health of workers, infringes upon their personal freedom and labour rights, and hinders personal development, limiting opportunities for fair compensation and skill enhancement. Based on this understanding, the Group is firmly committed to taking effective measures to eliminate these negative impacts and promote sustainable development. During the Reporting Period, there were no reports or discoveries of child labour, forced, or compulsory labour at any of the Group's locations, and there are no significant risks related to child labour or forced labour in the Group's operational sites.

B4.1. Policies and Commitments

The Group strictly complies with regulations, including but not limited to:

- the Labour Law of the PRC;
- the Labour Contract Law of the PRC;
- the Provisions on the Prohibition of Using Child Labour;
- the Law of the PRC on the Protection of Minors; and
- the Labour Protection Act B.E. 2541 (Thailand).

The Company explicitly prohibits any form of forced or compulsory labour and implements relevant policies in its activities and business relationships. The Group is committed to adhering to the "Universal Declaration of Human Rights" and the "International Labour Organization's Declaration on Fundamental Principles and Rights at Work", ensuring that all participants in our activities are there voluntarily and enjoy full labour rights. The Group's recruitment management policies stipulate that all recruitment processes must comply with the "Labour Law of the PRC". During the recruitment process, all employees must undergo safety background checks to ensure that all hiring procedures comply with applicable laws and internal regulations. The Human Resources Center verifies the applicant's identification to ensure that the applicant is over 18 years of age. If child labour or forced labour is discovered, the employment relationship must be terminated.

The Group regularly reviews the performance of labour dispatch companies and decides whether to renew annual contracts based on the review results. This practice strengthens communication between the Group and labour dispatch companies, helping to prevent wage deductions and delays in payment, thereby protecting labour rights.

Environmental, Social and Governance Report 2024

B4.2.Actions to Prevent Forced Labour

Prevention	Elimination	Management
<ul style="list-style-type: none"> Establish strict anti-forced labor policies and incorporate them into employee handbooks and supplier contracts. Conduct regular anti-forced labor training for employees to enhance their awareness and vigilance. Set up a risk assessment mechanism to regularly review the supply chain to identify and prevent potential risks. 	<ul style="list-style-type: none"> Upon discovering forced labor practices, immediately initiate an investigation and take necessary measures to terminate the behavior. Provide legal assistance and psychological counseling to victims, and assist them in finding new employment. Collaborate with relevant departments to rectify the involved suppliers, ensuring they comply with anti-forced labor regulations. 	<ul style="list-style-type: none"> Integrate anti-forced labor into the organisation's continuous improvement plan, regularly reviewing and supervising the implementation status. Maintain transparent communication with stakeholders, publicly disclosing the organisation's stance and actions against forced labor. As an industry leader, advocate for other companies to comply with anti-forced labor regulations, promoting healthy development across the entire industry.

B4.3.Effectiveness Tracking

- Monitoring Mechanism:** Establish a regular auditing and inspection mechanism to collect employee feedback, conduct data analysis and evaluation to ensure the effectiveness of actions.
- Assessment Goals and Indicators:** Specific goals include increasing employee awareness of anti-forced labour policies and reducing the risk of forced labour. Relevant indicators include the proportion of compliance with anti-forced labour regulations and the coverage rate of employee training.
- Progress Achieved:** After implementing a series of actions to prevent forced labour, the new employee training coverage rate has reached 100%, and employees' understanding of anti-forced labour policies has significantly improved.
- Lessons Learned:** By maintaining close communication and collaboration with suppliers, employees, and stakeholders, the Group can timely adjust action strategies to ensure effectiveness, incorporating these lessons learned into the Company's operational policies and procedures.

Environmental, Social and Governance Report 2024

Operating Practices

B5. Supply Chain Management



The Group has established a supplier management system to ensure that customers receive the highest quality products. New suppliers are required to provide background information and certifications in environmental, quality, and safety aspects to ensure their quality. Other standards for selecting suppliers include reviewing their registered capital, brand value, management systems, safety certifications, production capacity, and technical capabilities. During the Reporting Period, all suppliers met the requirements of the supplier management system.

B5.1. Procurement Management Process

The Group has established procurement management processes for various types of suppliers, such as raw materials, equipment, and engineering services. After introducing a supplier, the Group has a set product evaluation process to assess whether the products or services provided by the supplier meet the Group's requirements. Once the evaluation is completed, the Group proceeds with the procurement process. The Group regularly audits cooperating suppliers, evaluating their costs, product and service quality, delivery efficiency, and technical capabilities. Outstanding suppliers will receive preferential treatment in terms of order volume and payment for their products and services.

B5.2. Supplier Risk Management

At the same time, the Group has established a supplier risk management system, comprehensively tracking suppliers' performance in terms of quality, delivery, environmental protection, and legal compliance. The Group takes necessary preventive measures and implements emergency management for problematic suppliers. Additionally, the Group conducts random interviews with supplier employees to ensure they properly implement occupational safety and health policies and employee training policies.

Environmental, Social and Governance Report 2024

B5.3. The Environmental and Social Responsibility of Suppliers

The Group has compiled a “Supplier Handbook”, “Prinx Chengshan Sustainable Procurement Policy”, and “Prinx Chengshan Supplier Code of Conduct” that outlines the environmental and social responsibilities that suppliers must fulfill and requires suppliers to sign and ensure compliance with ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety System. The Group conducts monthly audits of suppliers to ensure they meet these requirements. During the evaluation and annual review of new suppliers, in addition to assessing their quality management systems and production processes, the Group also monitors their EHS compliance, adherence to national environmental policies, pollutant emissions, and resource usage (such as water, land, and energy).

Furthermore, the Group requires suppliers to regularly provide inspection reports from authorized or third-party testing institutions to ensure that there are no related risks. The Group also conducts random on-site inspections to check suppliers’ compliance with occupational safety, health, and training requirements, ensuring that there are no environmental or social risks.

In terms of social responsibility, the Group strictly prevents corruption in the supply chain. All procurement contracts and orders require suppliers to comply with applicable anti-corruption and bribery laws, including but not limited to “Foreign Corrupt Practices Act of the United States”, the “Bribery Act 2010” of the United Kingdom, and relevant laws under the OECD Convention on “Combating Bribery of Foreign Public Officials in International Business Transactions”. The Group strictly prohibits any behavior involving the provision or receipt of improper benefits between the Group, suppliers, and distributors. It also requires all suppliers to ensure that their metal supplies do not come from conflict areas that support armed groups.

B5.4. Sustainable Cooperation

The Company actively engages in industry-academia-research collaborations to enhance product lifespan, reduce tire weight, and lower operational noise, aiming to provide customers with a better living experience. The Group is also exploring the value and opportunities of a sustainable development supply chain. In 2021, the Group launched the industry-academia-research collaboration project “Prinx Chengshan Green Supply Chain Project” with Shanghai Jiao Tong University. This project aims to analyze potential environmental and social responsibility risks faced by tire companies and their suppliers from a forward-looking perspective, explore carbon reduction opportunities achievable through collaboration with suppliers, and identify ways to achieve efficient synergy between energy conservation, emission reduction, quality control, and lean production.

Environmental, Social and Governance Report 2024

B6. Product Responsibility



In terms of product design, the Group develops exclusive design schemes for customers from different regions and cultural backgrounds, incorporating the most advanced industrial design concepts into its products. The goal is to create cutting-edge products that meet customer needs while aligning with the Group's mission and core values.

During the Reporting Period, the Group strictly adhered to and fulfilled commitments related to its products and services. It did not violate any significant laws or regulations concerning the health and safety, advertising, labelling, or privacy of its products and services, and any impact on the Group was not substantial.

B6.1. Understand the Clients

The Group has established a Service Management Program Policy to ensure a high-quality customer experience during pre-sales, sales, and post-sales services. This policy covers the following aspects:

1. **Understanding Customer Needs:** Gain an in-depth understanding of customer concerns and requirements to ensure that services can specifically meet their needs.
2. **Complaint Handling Process:** Establish a clear complaint handling process to ensure that all customer feedback is responded to promptly and managed appropriately.
3. **Service Quality Monitoring:** Regularly assess service quality, conduct satisfaction surveys, and continuously improve services based on customer feedback.
4. **Communication Channels:** Establish clear communication channels, with service engineers dispatched to visit customers regularly to facilitate communication and collaboration.
5. **Handling of Non-Conforming Products:** Develop a recall procedure for non-conforming products to ensure swift action can be taken when product defects are identified, including repair and replacement services.

Environmental, Social and Governance Report 2024

To properly handle customer feedback, the Group has formulated 400 Complaint Handling Process and Rules, Complaint Handling Management Regulations and Unqualified Product Recall Procedures for non-conforming products, clearly outlining the feedback handling process and the responsibilities of each department. These processes cover actively collecting and fully understanding customer opinions and suggestions regarding product quality, improving services, tracking and enhancing them, and following up on product usage after launch to verify the quality of products and services.

The Group places great importance on establishing clear communication channels and regularly dispatches service engineers to visit customers for communication and engagement to meet their service needs. If product defects are identified, repair or replacement will be guaranteed. Customers or distributors with inquiries or complaints can contact the Group through the customer service hotline or WeChat. All inquiries or complaints will be forwarded to the relevant responsible department, which will provide solutions to customers or distributors. After responding to inquiries or complaints, the Group will proactively call customers or distributors to conduct satisfaction surveys. The details of communication channels with customers are shown in the table below.

Communication channels	Served customers/ customers	Complaints received	Follow up on complaints
Service hotline 400-618-8899	End user and dealers	A total of 106 complaints were received regarding warehousing, logistics, advertising and sales	The department involved in the complaint has completed the handling process and customer satisfaction surveys for all complaints have been completed.
Service email CS400@prinxchengshan.com	End user and dealers	N/A	N/A
Customer visits to learn about customer or service station information	End user and dealers	N/A	During the Reporting Period, the Group visited OEMs 65 times and service stations 160 times.
Regular visits to dealers	Dealer	N/A	During the Reporting Period, the Group visited a total of 1,626 times to conduct timely tire appraisals.

Environmental, Social and Governance Report 2024

During the Reporting Period, there were a total of 106 complaints from end users or distributors received through the unified service hotline. The relevant responsible departments have addressed the complaints received and have obtained satisfaction survey results from the complainants.

Additionally, the Company's wholly-owned subsidiary, Prinx Chengshan Tire North America, notified the U.S. Department of Transportation's National Highway Traffic Safety Administration of a voluntary safety recall for certain Fortune Tormenta and Prinx Hicountry tires sold as replacement tires. These tires were labeled as snow tires under the Regulation No. 117 of the "Economic Commission for Europe of the United Nations", which sets unified regulations for tire rolling noise and/or wet grip and/or rolling resistance. However, they do not meet the traction requirements under the U.S. Federal Motor Vehicle Safety Standard No. 139 for "New Pneumatic Radial Tires for Light Vehicles" under all snowy weather conditions, which may increase the risk of collisions. The potentially recalled tires in North America account for 1.93% of total sales.

Following the recall incident, the Company conducted an in-depth review of the comprehensiveness and effectiveness of internal controls and promptly revised the "Product Certification Management" addressing any gaps. The Company has deepened and refined its internal control systems and processes to reduce recall risks through enhanced standard recognition and program control. Once the rectification is completed, it will be assessed by a professional organisation hired by the Company.

B6.2 Product Quality Assurance

The Group deeply understands the importance of high product quality, as maintaining high quality is essential for sustaining market competitiveness, achieving medium- to long-term development strategies, and fulfilling social responsibilities. Product safety is a key focus starting from the design phase to ensure user safety. Additionally, low carbon and sustainable development are important components of its social responsibility. High-quality products not only enhance tire energy efficiency but also reduce carbon emissions during use. By applying refurbished and recycled materials, the Group actively responds to the trend of sustainability. High-quality products reflect the level of education, management, and technology development, and they embody the national economic strength. Maintaining high product quality helps establish a positive national image and promotes macroeconomic growth.

i) Quality Control System

To ensure compliance, the Group implements a comprehensive and rigorous product quality control system and production management system, adhering to the "Product Quality Law of the PRC" and other relevant regulations. The IATF 16949 Quality Management System standard has been implemented, and quality control goals and procedures have been established to enhance internal operational efficiency.

Environmental, Social and Governance Report 2024

ii) Production Efficiency Improvement

In terms of lean production, the Group has further enhanced production efficiency and product quality control capabilities through measures such as integrating the Manufacturing Execution System (“**MES**”) system, optimising IT operations and maintenance management, and utilising Advanced Planning and Scheduling (APS) for automatic scheduling. Additionally, by applying the Enterprise Asset Management (“**EAM**”) and Energy Management Systems (“**EMS**”), the Group has achieved real-time analysis, tracking, and warning functions for production data, enhancing the automation and intelligence of production processes.

iii) Risk Assessment and Management

Throughout the design and production processes, the Group has implemented comprehensive risk assessment and management measures to mitigate product quality risks. The Group also requires suppliers to comply with its product quality standards and jointly take preventive measures to avoid product defects and failures.

iv) Product Quality Management Measures

To reduce the potential negative impacts of product quality issues, the Group has taken a series of measures to strengthen product quality management, including establishing a comprehensive product complaint management system and product recall system to effectively address and manage product quality issues. The Group sets annual product quality control goals and establishes key performance indicators (KPIs), such as cost of poor quality (COPQ), zero kilometers PPM, and pass rates for semi-steel and full-steel radial tires, to monitor and analyse the performance of various processes within the system.

v) Communication with Stakeholders

The Group has established multiple communication channels to actively engage with various stakeholders, including holding regular meetings to encourage employees to discuss the existing quality control system, arranging site visits, conducting meetings with shareholders and business partners, and performing product and service satisfaction surveys to collect customer feedback about the Quality Management System. The Group is committed to transparently communicating product quality measures and implementation objectives with all stakeholders and providing a comprehensive discussion platform to ensure the rights of different stakeholders to participate in discussions about the Group's quality control policies. During the Reporting Period, the Group did not have any incidents of non-compliance with regulations and/or voluntary codes related to the health and safety impacts of products and services. All feedback collected from the above channels has helped the Group understand the performance of its ongoing quality monitoring, thereby continuously optimising and enhancing its product quality management standards.

Environmental, Social and Governance Report 2024

vi) Digital Quality Management

The Company adheres to the principle of “customer first, quality foremost” and is committed to deepening quality awareness. By leveraging Product Lifecycle Management (“PLM”) and MES systems, the Group have achieved digitalisation in quality management, effectively controlling processes through error-proofing methods.

B6.3. Use of Material

The Group is responsible for promoting green procurement in the sourcing of materials and services. All contract suppliers must comply with all relevant environmental laws and regulations to minimize the environmental impact of their operations. The Group regularly inspects materials and evaluates suppliers’ environmental management performance to ensure compliance with environmental standards. All Eco-friendly Raw Material Supplier are also required to provide third-party testing reports for their raw material products to ensure they meet environmentally friendly product standards. The group encourages suppliers to use recyclable transport materials to reduce waste disposal and minimise the negative environmental impact of excessive waste. Recommended materials include iron boxes and plastic pallets. Additionally, all raw materials provided by suppliers must comply with the “Requirements of Concentration Limits for Restricted Substances in Tires” (GB/T 38529-2020) to minimise the environmental impact of raw materials. Furthermore, during the procurement process, equipment with relevant green energy-saving labels will be prioritised. The Group also actively uses sustainable materials that have minimal environmental impact throughout their production, use, and disposal processes, typically sourced from renewable resources such as bamboo, reclaimed wood, and recycled plastics.

Sustainable Material Indicators	Definition
1. Environmentally Friendliness	<ul style="list-style-type: none">— Resource efficiency: Use renewable or recycled resources and reduce dependence on non-renewable resources.— Low carbon emissions: Low greenhouse gas emissions during production and use, or carbon neutrality.— Low pollution: Avoid the use of toxic chemicals and reduce pollution to soil, water and air.
2. Circularity	<ul style="list-style-type: none">— Recyclable or degradable: The material can be reused or harmlessly decomposed in the natural environment.— Extended life cycle: Reduce waste generation through durable design and modular construction.
3. Social Equity	<ul style="list-style-type: none">— Ethical Sourcing: Raw materials are sourced without damaging ecosystems, labour exploitation or conflict resources.— Health and safety: There is no health hazard to workers, consumers and communities during production and use.

Environmental, Social and Governance Report 2024

The sourcing of sustainable materials adopted by the Group refers to the following criteria, including but not limited to:

Referencing Standard for Sustainable Materials	Description
International Standards	<ul style="list-style-type: none">— ISO 14000 series (Environmental Management)— ISO 14040/14044 (Life Cycle Assessment, LCA)— ISO 14021 (Environmental Labels and Declarations)— Cradle to Cradle Certified™— Global Reporting Initiative (GRI)
Regional Regulations & Certifications	<ul style="list-style-type: none">— EU: REACH, Eco-label, Circular Economy Action Plan— United States: USDA BioPreferred®, EPEAT— The PRC: General Principles for Green Product Assessment, “Dual Carbon” policy
Third-party Certification Labels	<ul style="list-style-type: none">— FSC Certification (Forest Stewardship Council)— Fair Trade Certification— Carbon Trust

i) Monitoring Processes and Data Management

To ensure the effective implementation of policies, the Group has established a comprehensive monitoring process that regularly collects data related to material usage, including raw material procurement, sustainable material usage, material consumption during manufacturing, and waste disposal. Sustainable materials primarily refer to regenerated rubber and pyrolytic carbon black, with 5,573 tonnes used in 2023 and 9,150 tonnes for 2024.

ii) Environmental Protection Measures in the Production Process

During the production process, the Group implements clean production technologies to ensure that all waste gas and wastewater are treated before discharge, and waste is recycled and processed by specialized companies. The management of hazardous chemicals is also conducted in cooperation with professional companies for proper disposal. These measures effectively reduce the emissions of wastewater, waste gas, and solid waste.

B6.4.Sustainable Product Design and Innovation

The Group is committed to the research and development of sustainable products, aiming to promote positive impacts on the economy, environment, and human rights while effectively managing potential negative effects. According to the “Shandong Province Action Plan for Promoting New Productive Forces in the Tire Industry (2024–2027),” the goal of the Group is to drive high-quality development in the tire industry through technological innovation and social responsibility practices.

Environmental, Social and Governance Report 2024

Impact Analysis:

1. **Economic Growth:** The introduction of new technologies and materials (such as renewable resources and bio-based materials) not only expands market opportunities but also creates added value, promoting economic growth.
2. **Resource Efficiency:** Utilising sustainable materials and technologies reduces raw material consumption, lowers long-term operational costs for the Company, and decreases the demand for natural and synthetic rubber.
3. **Environmental Improvement:** By optimising production processes and using environmentally friendly materials, the Group reduces emissions of wastewater, waste gas, and solid waste, improving air quality, water quality, and soil quality.
4. **Reduced Energy Consumption:** Tires with low rolling resistance decrease energy consumption, indirectly reducing emissions of greenhouse gases like carbon dioxide, thereby combating climate change.
5. **Worker Health:** The application of advanced technologies and equipment helps enhance safety standards in factories, reducing exposure to harmful substances and improving their health and safety.

Research and application of sustainable materials often require significant upfront capital investment, which may pose operational burdens for the Group. Additionally, the high prices of these sustainable materials could lead to increased production costs, making some consumers sensitive to high prices and potentially affecting market acceptance. Therefore, the Group needs to invest resources in market education to raise consumer awareness of environmental protection.

i) Policies and Commitments

The Group has reinforced its sustainable development strategy for Research and Development based on the 4R principles (Reduce/Reuse/Recycle/Recover). Specific measures include:

- **Reduce:** Lower carbon emissions by reducing material usage and employing bio-based and recycled materials.
- **Reuse:** Enhance tire retreading rates and innovate retreading models.
- **Recycle:** Explore collaborations with reclaimed rubber manufacturers to utilise high-quality used tires for producing reclaimed rubber.
- **Recover:** Collaborate with Guilin Engineering Co., Ltd. and Beijing University of Chemical Technology to develop pyrolysis carbon black technology.

Environmental, Social and Governance Report 2024

ii) Action Measures

Technological Innovation and Material Research and Development	Improvement of Production Process	Supply Chain Management
<div><div>o During the product design phase, the Group focuses on developing environmentally friendly material formulas, such as bio-based materials and recyclable materials, making every effort to avoid the use of toxic and harmful substances.</div><div>o Optimise designs to develop products with low rolling resistance and high wear resistance. This design not only reduces the environmental release of tire and road wear particles but also estimates the tire's mileage through simulation and bench testing, extending the product's lifespan.</div></div>	<div><div>o Utilise more efficient and intelligent production equipment to reduce energy consumption and greenhouse gas emissions.</div><div>o Introduce environmentally friendly solvents to reduce the generation of hazardous waste and enhance wastewater treatment facilities</div></div>	<div><div>o Establish strict procurement standards, prioritizing companies that comply with international labour standards.</div><div>o Set up a comprehensive supply chain information management system to enhance transparency and traceability.</div></div>

Environmental, Social and Governance Report 2024

iii) Goal Tracking and Assessment

Data Collection: Regularly collect and record data related to raw material procurement, production processes, product usage, and waste disposal for analysis and evaluation.

iv) Communication with Stakeholders

The Group annually publishes ESG reports and engages with stakeholders such as investors, customers, and communities to gather their opinions and suggestions for continuously improving its environmental protection measures and supplier management strategies. Additionally, the Group pays attention to third-party assessments of the Company's ESG ratings and timely adjusts measures to comply with relevant laws and regulations. In 2024, the Group participated for the first time in the internationally renowned EcoVadis certification and stood out in a competitive environment, successfully ranking among the top 35% of advanced collectives globally. In January 2025, the Group was awarded the EcoVadis Bronze Medal.

B6.5. Intellectual Property Rights

The Group's knowledge management policy establishes best practices in research, design, manufacturing, and quality control. Intellectual property rights safeguard the Group's innovative products and core technologies, further strengthening its ability to continually develop high-quality, energy-efficient, innovative tire products.

i) Legal Basis and Management System

The Group's relevant policies are based on national laws and regulations, including but not limited to the "Tort Liability Law of the PRC", the "Patent Law of the PRC", and the "Decision of the State Council on Further Strengthening the Protection of Intellectual Property Rights" and "Intellectual Property Law of the PRC". The Company has developed the "Intellectual Property Management System" in accordance with GB/T 29490-2013, which regulates the management and protection of the Company's intellectual property. This system includes procedures for declaring and protecting intellectual property and regularly assesses awareness of best practices to continuously improve performance and ensure the ongoing effectiveness of policies.

The Group has registered patents for its utility models, industrial product designs, and inventions, and its trademark management policy stipulates that the Group's trademarks must be registered both domestically and internationally to protect the Group's legal rights. The Group actively engages in intellectual property registration, filing, and rights confirmation.

Environmental, Social and Governance Report 2024

ii) Trade Secrets and Protection Measures

For intellectual labour results that are valuable but not suitable for the above measures, the Group protects them as trade secrets. Before determining the method of intellectual property protection, no results will be published in papers or disclosed to the public through any means such as commissioned evaluations, exhibitions, advertising, trial sales, or product giveaways. When new products participate in exhibitions domestically and internationally, thorough feasibility studies and preparations must be made concerning intellectual property protection issues.

The Group prohibits anyone from using improper means to leak, use, license, or transfer the Group's intellectual property and strictly prevents others from registering its trademarks, patents, etc. If any infringement is discovered, the relevant departments should report to the Legal Department and R&D Center and take legal action to protect the Group's legal rights.

In procurement of raw materials and design of equipment, the Group always prioritises intellectual property protection. For example, when procuring products, it investigates the intellectual property owners of those products and applies for intellectual property rights to protect its core technologies, thereby enhancing the Group's capacity for innovative product development.

iii) Employee Training and Contract Regulations

To enhance employees' awareness of intellectual property, internal training sessions were held during the Reporting Period. Additionally, the Group requires all employees, suppliers, and business partners to agree to the terms and conditions regarding intellectual property when signing contracts. Labour contracts specify confidentiality and non-compete clauses, prohibiting anyone from exploiting their position to unauthorisedly publish, disclose, use, license, or transfer the Group's intellectual property. Business contracts also include confidentiality clauses, and intellectual property licensing fees are determined based on the scope, duration, and region of the license.

iv) Intellectual Property Achievements

During the Reporting Period, the National Intellectual Property Administration of the People's Republic of China granted 5 invention patents, 49 new utility model patents, and 20 new design patents. By the end of the Reporting Period, the Group had obtained a total of 24 invention patents, 252 utility model patents, and 168 design patents, accumulating a total of 444 granted intellectual property rights.

Note: Patents that expired during the Reporting Period are excluded.

Environmental, Social and Governance Report 2024

B7. Information Security



The Group has always placed great importance on protecting information privacy and data security, strictly complying with relevant national laws and regulations, including but not limited to:

- the Cyber Security Law of the PRC;
- Personal Information Protection Law of the PRC;
- the European Union's General Data Protection Regulation (GDPR); and
- The Personal Information Protection Act B.E. 2562 (Thailand).

The Group strives to prevent the loss, misuse, and mismanagement of sensitive data belonging to employees and customers, believing that privacy protection is a crucial foundation for promoting social contributions. To this end, the Group has established an internal confidential work management system, which includes the "IT Equipment and Related Application Usage Management Measures", "Email Management Regulations", "Internet Access Management Regulations", "Regulations for the Proper Use of Shared Folders" to protect confidential information and trade secrets.

B7.1. Protection and Use of Confidential Information

All employees, during their employment and after leaving the Company, are prohibited from disclosing confidential information obtained during their work, such as business secrets and matters related to intellectual property. Employees who violate this policy will face termination or legal consequences. The Group signs non-disclosure agreements with all business partners, especially during discussions of strategic and technological collaborations; these agreements remain in effect until the confidential information is legally disclosed.

All sensitive data of customers and applicants is used solely for business-related purposes, and the retention period for data is carried out in accordance with relevant laws and regulations. The Group only collects customers' personal information when necessary and does so with the customer's consent; unauthorized disclosure of data to any third party is not permitted.

Environmental, Social and Governance Report 2024

B7.2.Information Management Policy

The Group has established an information management policy to regulate information technology management, network security, and data security. Information Intelligence Control Centre is responsible for the selection, standardisation, installation, training, record-keeping, and maintenance of software and hardware, ensuring network security, stability, and the secure storage, backup, and recovery of data. To ensure data security, the Group has developed the following processes:

Data Storage and Processing	<ul style="list-style-type: none">• Implement physical, electronic, and managerial measures to protect confidential data. This data is stored in secure locations on local file servers and is password-protected.• Use backup software to regularly back up important data. The backups include: weekly backups to storage (retaining for 4 weeks) and monthly backups to tape (retaining for 5 years).
Prevent Data Leakage	<ul style="list-style-type: none">• Install encryption software on computers in key departments, and install internet firewalls and antivirus software on network servers and computers to prevent attacks.• The Information Intelligence Control Centre conducts regular audits to maintain a robust security system and prevent unauthorized data access.• Before accessing data, individuals must fill out the "IT Information Resource Application Form" and each applicant is granted limited data access permissions.• Regularly train employees and stipulate in the "Employee Code" that data users are responsible for protecting data, or they will face disciplinary action.• Establish a hybrid cloud data centre and conduct regular vulnerability detection and correction with third parties.• Delete the data of applicants, former employees, and business partners who have terminated their relationship with the Group one month after the relationship ends.
Data Leakage Handling	<ul style="list-style-type: none">• If the system is hacked, the antivirus system will notify users and responsible personnel, and handle the issue according to the situation, such as shutting down relevant equipment and disconnecting network connections.

Environmental, Social and Governance Report 2024

i) Cybersecurity Training

The Group provides cybersecurity training for IT personnel and regular employees. All employees must obtain approval from their supervisors and the IT manager before installing information technology software. Additionally, the Group has established an “Information-related Risk Emergency Plan” and “Network and Information Security Emergency Plan” to provide emergency handling guidelines for IT personnel in the event of major network failures and unforeseen disasters. This year, the Group has set a goal to achieve full coverage of IT security risk assessments for all locations and critical business processes by the end of 2025, maintaining a 100% remediation rate for security risks. Every year, all employees will undergo at least one specialized information security training session, achieving 100% coverage, with over 90% of key position employees completing in-depth security certification training.

ii) Policy Review and Transparency

The Group continuously reviews the effectiveness of its data privacy policies and gathers feedback from all stakeholders. A customer privacy complaint handling mechanism has been established to ensure that any complaints involving privacy are investigated and addressed in a timely manner. During the Reporting Period, there were no external complaints regarding cybersecurity and data breaches confirmed by organisations and regulatory authorities.

B8. Advertising and Trademarks



The Group promotes its brand through online networks, traditional media advertising and print collateral and ensures a consistent brand message to the audience. There are requirements for the use of copyrighted content, including trademarks, fonts, images, and videos, for advertising.

During the Reporting Period, all promotional content was reviewed and supervised by relevant personnel to ensure compliance with the followings:

- the Advertising Law of the PRC;
- Consumer Protection Act B.E. 2522 (Thailand) (Section 22, Section 23, Section 24, Section 25, Section 26, Section 27, Section 28, Section 29, Section 30, Section 31, Section 33, Section 34, Section 35, Section 47, Section 48, Section 49, Section 50, Section 51, Section 52, Section 53 and Section 54);
- Industrial Product Standards Act B.E. 2511 (Thailand) (Section 36, Section 36/1, Section 55).

Environmental, Social and Governance Report 2024

B9. Ethical Culture

The Group's core values of honesty, integrity and fairness. Maintaining fair competition helps to build a harmonious society and effectively enhances the initiative and creativity of the economy. Pursuing an ethical culture in the workplace is also important for upholding human rights and allowing everyone to be treated equally and fairly. Anti-corruption can strengthen the public's awareness of the rule of law, safeguard social fairness and justice, and protect the legitimate rights and basic human rights of the people. The Group strictly abides by laws and regulations, including but not limited to:

- the Anti-Unfair Competition Law of the PRC;
- Anti-Monopoly Law of the PRC;
- Law of the PRC on Anti-money Laundering; and
- Criminal Law of the PRC.

The Group prohibits any corruption, money laundering, extortion, fraud, blackmail, bribe-taking and bribery to avoid unfair competition and market indulgence.

B9.1. Anti-corruption Policy

The Group's anti-corruption policies, including the "Anti-Fraud Management System" and the "Anti-Fraud Reporting and Handling Management Measures", cover anti-fraud guidelines, whistleblowing policies, anti-fraud incentives and anti-fraud confidentiality mechanisms, which regulate the conduct and discipline of the Board of Directors, middle and senior management, other general staff and business partners. When entering into commercial contracts with customers or suppliers, anti-fraud related information, policies, rules and guidelines are published.

The Group has clarified the principles and standards of its anti-corruption policy, strengthened its prevention and combat-against corruption, and established an effective anti-corruption monitoring system. The Group has established impartial corruption investigation procedures to ensure that the investigation of suspected corruption cases is fair and transparent.

i) Employee Code of Conduct

The Group prohibits all employees from receiving any benefits and has an anti-fraud management system in place to provide clear rules and guidelines to prevent employees from receiving benefits.

Environmental, Social and Governance Report 2024

ii) Internal Audit & Monitoring

To ensure the effectiveness of the Anti-Corruption Policy, the Group's Internal Audit Department has developed, reviewed and updated detailed procedures for the Whistleblowing Policy. All reports received will be strictly investigated and forensic. For more information, please refer to the "Whistleblowing Policy" section. The Group has also established effective internal control mechanisms to manage and monitor fraud prevention measures.

With the approval of the Development Strategy and Risk Management Committee, the Internal Audit Department may investigate fraud cases and report the investigation report to the Board of Directors. The Permanent Anti-Fraud Body is responsible for reporting on anti-fraud and anti-corruption work to the Development Strategy and Risk Management Committee and the Board of Directors on an annual basis. The Board of Directors and relevant committees are responsible for guiding and supervising anti-corruption efforts to enhance the effectiveness of corruption prevention measures.

iii) Effectiveness Evaluation

In order to assess the effectiveness of anti-corruption measures and policy management, the Group collects relevant data and information, including the process of action, resources invested and results achieved. The data collected are analysed and evaluated to determine the effectiveness of the actions and whether the desired objectives are being achieved. The Group summarises and reports on the results and makes necessary adjustments and improvements.

The goals set are based on the nature and purpose of the move, including increasing sales, improving customer satisfaction, and reducing costs. Metrics to evaluate progress include sales growth, customer feedback scores, and cost savings. The Group is committed to learning from the experience gained through a continuous evaluation process and improving existing measures in the long term.

iv) Stakeholder Input

The Group also collects views from various stakeholders to understand their views and recommendations on the Group's anti-corruption actions and measures, so as to adjust and improve the direction and strategy of the Group's anti-corruption actions.

Environmental, Social and Governance Report 2024

B9.2. Whistleblowing Policy

The Group promotes the need for ethics and encourages the reporting of corruption. The following is the established reporting procedure:

If any suspected violations are found, they can be reported to the Internal Audit Department through formal channels, including the reporting email, ethics hotline, the Company's DingTalk management platform, and the reception room. The specific information is as follows:

1. Ethics Hotline: 0631-7520235
2. DingTalk: Internal Audit Department
3. Reception Room: Prinx Chengshan (Shandong) East Office Area A213
4. Reports against senior management can be submitted via email at (whistleblower@prinxchengshan.com).

The Internal Audit Department receives reports of fraud cases and records relevant information, and with the approval of the Development Strategy and Risk Management Committee, conducts an investigation on the fraud cases, collects fraud evidence, issues an anti-fraud investigation report and reports the results to the Board of Directors, and follows up on the handling of fraud cases according to the recommendations of the Development Strategy and Risk Management Committee.

B9.3. Anti-corruption Risk Management

The Group conducts regular risk assessments to reduce the risk of fraud. Through the special audit of anti-corruption and fraud, the Group identifies the risks related to procurement and sales, standardises business behavior, safeguards the legitimate rights and interests of the Company, establishes a good corporate image, and ensures the sustainable, stable and healthy development of the Company. The Group protects all employees who lawfully lodge complaints or are involved in corruption-related investigations, and all information and investigation details of reported cases are kept confidential and any discrimination against such employees is prohibited. An employee may be dismissed if he or she commits any misappropriation, embezzlement, corruption, fraud or other misconduct as set out in the Management Policy on Anti-Corruption and Employee Discipline.

B9.4. Anti-corruption Training

During the Reporting Period, anti-corruption training was conducted for employees of various departments and the Directors to enhance their awareness of corruption, conflicts of interest and integrity issues.

During the Reporting Period, the Group conducted online anti-fraud training for management and key positions, with a total of 355 participants, a participation rate of 96%, and a total of 77 hours of training. In addition, in the "Prinx Chengshan Anti-commercial Bribery Examination", 340 people passed the training, with a pass rate of 96%. The training covers the objectives of anti-corruption, reporting channels and procedures, forms of anti-corruption, anti-corruption confidentiality policy and reward mechanism, etc.

Environmental, Social and Governance Report 2024

The Thailand Plant arranges anti-corruption basic knowledge training for new employees and requires them to follow the guidelines on proper work practices in the employee handbook.

The following are the new anti-corruption-related targets for the reporting period:

- Anti-corruption objective:
 - Anti-bribery training is held once a year to ensure that all employees receive anti-bribery training by 2030, and the annual employee anti-bribery training participation rate reaches 90%.
- Counter-interest conflict objective:
 - Conflict of interest training for key positions is held once a year to ensure that all employees receive conflict of interest training by 2030, and the annual participation rate of employee conflict of interest training reaches 90%.
- Anti-fraud, anti-money laundering, anti-competitive objective:
 - By 2028, all employees will receive education on anti-fraud, anti-money laundering and anti-competitive practices.

B9.5. Anti-competitive Practices

The Group fully recognises the importance of preventing market monopoly in the tire manufacturing industry, and firmly believes that market monopoly restricts competition, hinders the improvement of economic efficiency and environmental protection. In order to uphold human rights, the Group is committed to preventing market monopolies, such as lower wages, restrictions on union rights, and unfair control of working conditions. The Group ensures that the pricing of all products is based on market realities. During the Reporting Period, the Group was not involved in any pending or concluded legal proceedings for anti-competitive conduct or violation of antitrust laws. The Group has issued a “Business Ethics and Compliance Management System”, provided anti-unfair competition training for all employees, and established an open reporting channel. Internal processes include: reporting, investigation and punishment; in the case of a third party, the contract will be terminated and legal liability will be pursued.

During the Reporting Period, the Group and its employees did not violate any laws relating to corruption, nor did they participate in any money laundering activities, or aided or abetted others to engage in illegal activities. The Group have not been involved in any public legal proceedings or confirmed cases of corruption, and no employees have been penalised or terminated, nor have the Group terminated contracts with business partners for violations of laws and regulations relating to corruption, bribery, extortion, fraud and money laundering.

Environmental, Social and Governance Report 2024

B10. Community Care

The Group is well aware of the significant benefits that corporate social responsibility (CSR) has to society. The Group focuses on contributing to the environment, health and well-being of the community to create a healthy and harmonious community. In addition, the Group actively supports local economic development and provides social security by providing attractive employment opportunities. The details of charitable activities and volunteer services during the Reporting Period are shown in the table below.

Areas of Focus	Activity	Institution	Resources Input	Business Units
Community support	Organised volunteers to participate in the resurfacing of damaged pavements in Guotai Community.	Guotai Community	22 volunteers, a total of 66 hours of service	Shandong Operation
	Before the Mid-Autumn Festival, the Group organised condolences to 100 retired old party members in the Yulong community.	Yulong Community	RMB3,900	
	Organised employees to participate in the volunteer activity of "Helping Community Governance and Building a Beautiful Rongcheng"	The community where the employees' families live	78 volunteers, 312 hours of service	
	On Thailand's Children's Day in January, a donation of learning, sports equipment and food was organised in conjunction with Tacham Primary School	Tacham Primary School	THB 5,760.88	Thailand Plant

Environmental, Social and Governance Report 2024

Areas of Focus	Activity	Institution	Resources Input	Business Units
	At the invitation of the Nong Nga County Government and the Chonburi City Government, the Company participated in the donation of relief materials for the people of Songkran	Chunburi City Hall	THB 9,000	
	Donated to the annual meeting of 4 villages in Nongsecang District	Villagers of 4 villages in Nongsecang District	THB 7,866	
	Donation to Rayong Primary School	Rayong Primary School	THB 5,000	
	Donated chicken eggs of THB 500 to villagers near the factory	Villagers near the factory	THB 500	
	Donation for the floods in northern Thailand	Victims of the disaster in northern Thailand	THB 215,937	
	In November, the Thai Industrial Authority organised merit activities such as offering to monks and donating monks' clothes at the temple	temple	Offering to monks and donating monks' clothes, etc, valued at THB 5,000	
Government community support	Donation to the Chonburi Labour Department on May Day	Chonburi Labour Department	THB 20,000	Thailand Plant
	Donation to the Oriental Press Centre for the Anniversary Shooting Competition	Thai Tourist Police and Navy	THB 2,000	

Environmental, Social and Governance Report 2024

Areas of Focus	Activity	Institution	Resources Input	Business Units
	Charity golf event organised by the Industrial Product Standards Authority of Thailand (TISI).	The Industrial Product Standards Authority of Thailand (TISI)	THB 40,000	



In 2024, the Shandong Operation visit the Yulong Community to show appreciation to 100 retired PRC Party members before the Mid-Autumn Festival



In 2024, the Shandong Operation organised volunteers to participate in the resurfacing of damaged roads in the Guotai Community



In 2024, the Thailand Plant organised a donation event for Children's Day in Thailand



In 2024, the Thailand Plant organised a donation event for Songkran Festival

Environmental, Social and Governance Report 2024



In 2024, the Thailand plant organised a donation to the Chonburi Labor Office in celebration of May Day



In 2024, the Thailand factory organized donation to the 4 villages in Nongsetang District



In 2024, the Thailand Plant organized a donation of eggs to the villagers near the factory



In 2024, the Thailand Plant organised a fundraising event for the flooding

Environmental, Social and Governance Report 2024

APPENDIX I: SUMMARY OF PERFORMANCE DATA

Environment

Greenhouse Gas (GHG) Emissions

Scope of GHG Emissions	Shandong Operation Emission (tCO ₂ e)	Thailand Plant Emission (tCO ₂ e)	Shandong Operation Emission Intensity (tCO ₂ e)	Thailand Plant Emission Intensity (tCO ₂ e)
Scope 1 Direct Emissions	2,031	60,650	<0.01	0.30
Scope 2 Indirect Energy Emissions	320,241	80,822	0.70	0.40
Scope 3 Other Indirect Emissions	1,149	455	<0.01	<0.01
Subtotal	323,421	141,927	0.71	0.70

Scope of GHG Emissions	Group Total (tCO ₂ e)	Group Emission Intensity (tCO ₂ e/tonnes production)
Total	465,347	0.70

Emissions

Emissions	2024	2023
GHG Emissions (tCO₂e)	465,347	448,021
Air Emissions — Non-GHG (Kg)		
Sulphur Oxides	11	14
Nitrogen Oxides	366	377
Respiratory-suspended Particles (RSP)	17	18
Waste (tonne)		
Hazardous Waste	699	271
Non-hazardous Waste	18,093	9,689
Sewage (m³)	337,173	303,408

Note 1: Starting from this Reporting Period, the carbon black bags and small material bags from the Thailand Plant are included in the hazardous waste calculations.

Note 2: Starting from this Reporting Period, domestic waste and restaurant swill from Shandong Operation are taken into accounted for non-hazardous waste.

Environmental, Social and Governance Report 2024

Use of Resources

Use of Resources	2024	2023
Energy (MWh)		
Liquefied Petroleum Gas (LPG) for Canteen Operations	190	246
Gas/Natural Gas for Canteen Operations	196	399
Petrol for Group-owned Vehicles	1,830	2,671
Diesel for Group-owned Vehicles	4,750	6,077
Wood chips For Boilers	140,062	120,469
Steam for Manufacturing in The Plant	348,401	353,723
Electricity For Daily Operation	489,520	444,004
Self-generated Photovoltaic	41,278	37,089
Total Energy Consumption	1,026,226	964,678
Water Consumption (m³)	696,682	653,902
Packaging Materials (tonnes)	976	887

Social

Distribution of the Workforce

Workforce Category	2024		2023	
	Count	Percentage	Count	Percentage
Overall Workforce				
By Gender				
Female	1,373	20.14%	1,328	20.33%
Male	5,445	79.86%	5,204	79.67%
By Contract Type				
Full-time	6,817	99.99%	6,530	99.97%
Part-time	1	0.01%	2	0.03%
By Geographical Region				
Mainland China	4,799	70.39%	4,705	72.03%
Hong Kong, the PRC	1	0.01%	—	0.00%
South Korea	2	0.03%	1	0.02%
Thailand	1,934	28.37%	1,786	27.34%
Myanmar	82	1.20%	40	0.61%
By Age				
Below 30	2,183	32.02%	2,078	31.81%
30-50	3,711	54.43%	3,605	55.19%
50 or above	924	13.55%	849	13.00%

Environmental, Social and Governance Report 2024

Workforce Category	2024		2023	
	Count	Percentage	Count	Percentage
By Employee Grade				
Senior Management	25	0.37%	23	0.35%
Middle Management	193	2.83%	148	2.27%
Frontline and Other Staff	6,600	96.80%	6,361	97.38%
Full-time Workforce				
By Geographical regions				
Mainland China	4,798	70.38%	4,703	72.02%
Hong Kong, the PRC	1	0.01%	—	0.00%
South Korea	2	0.03%	1	0.02%
Thailand	1,934	28.37%	1,786	27.35%
Myanmar	82	1.20%	40	0.61%
Part-time Workforce				
By Geographical regions				
Mainland China	1	100.00%	2	100.00%
Hong Kong, the PRC	—	0.00%	—	0.00%
South Korea	—	0.00%	—	0.00%
Thailand	—	0.00%	—	0.00%
Myanmar	—	0.00%	—	0.00%
New Employee Hires				
New Employee Hires			Count	Percentage
Overall New Hires			2,361	34.63%
By Gender				
Female			366	26.66%
Male			1,995	36.64%
By Geographical Region				
Mainland China			1,545	32.19%
Hong Kong, the PRC			—	0.00%
South Korea			—	0.00%
Thailand			746	38.57%
Myanmar			70	85.37%
By Age				
Below 30			1,367	62.62%
30–50			962	25.92%
50 or above			32	3.46%

Note: New employee hires rate = Number of new employees in the specified category/Total number of employees at the end of the Reporting Period in the specified category.

Environmental, Social and Governance Report 2024

Turnover

Turnover	2024	2023
Overall Turnover	18.36%	28.77%
By Gender		
Female	14.93%	22.67%
Male	19.23%	30.32%
By Contract Type		
Full-time	18.37%	28.77%
Part-time	0.00%	0.00%
By Geographical Regions		
Mainland China	21.05%	19.40%
Hong Kong, the PRC	0.00%	0.00%
South Korea	0.00%	0.00%
Thailand	12.15%	53.70%
Myanmar	8.54%	17.50%
By Age		
Below 30	26.84%	51.68%
30-50	17.41%	21.64%
50 or above	2.16%	2.94%
By Employee Grade		
Senior Management	0.00%	17.39%
Middle Management	5.18%	6.76%
Frontline and Other Staff	18.82%	29.32%

Note: Turnover rate = number of employees leaving the specified category/total number of employees at the end of the Reporting Period of the specified category.

Environmental, Social and Governance Report 2024

Employee Training

Employee Training	2024		2023	
	Average Training Hours	Percentage	Average Training Hours	Percentage
Overall Employee Training	43.69	100%	46.37	100%
By Gender				
Female	43.05	100%	44.88	100%
Male	43.85	100%	46.75	100%
By Employee Grade				
Senior Management	103.88	100%	48.11	100%
Middle Management	43.36	100%	46.38	100%
Frontline and Other Staff	43.47	100%	46.37	100%
By Age				
Below 30	42.21	100%	42.62	100%
30-50	44.18	100%	47.69	100%
50 or above	45.20	100%	49.99	100%

Note: Percentage of employees trained = (total number of employees participating in training/total number of employees as of the end of the Reporting Period)* 100%

Environmental, Social and Governance Report 2024

Employee Health and Safety

Work-Related Injury Data	Shandong Operation		Thailand Plant	
	2024	2023	2024	2023
Case of Work-related Death (Work-related Fatality Rate)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
More Than 3 Lost Days Due to Work-related Injuries	12	23	0	0
3 or Less Lost Days Due to Work-related Injuries	1	0	0	0
Case of High-consequence Work- related Injuries (Days Lost ≥ 6 Months; excluding the number of deaths)	2	0	0	0
Total Lost Days Due to Work-related Injuries	1,392	2,041	0	0
Rate of Recordable work-related injuries (per million hours worked)	0.79	2.10	0	0
Rate of High-consequence Work-related Injuries (Days Lost ≥ 6 Months; excluding the number of deaths) (per million hours worked)	0.18	0	0	0

Note: The calculation of the work-related injury rate per million hours worked = (the number of work-related accidents at the site during the Reporting Period/the total number of working hours at the site during the Reporting Period)* 1,000,000

Environmental, Social and Governance Report 2024

Supply Chain Management

Supplier Categories	Country/Region	Suppliers of Shandong Operation	Suppliers of Thailand Plant	The Total Number of Sharing Suppliers	Total Number of Suppliers for the Group (excluding sharing suppliers)
Raw Materials	Mainland China	210	107	107	210
	South Korea and Japan	6	6	6	6
	Europe and the Americas	10	7	7	10
	Southeast Asia	2	75	2	75
Equipment	Mainland China	564	226	226	564
	South Korea and Japan	5	5	5	5
	Europe and the Americas	14	14	14	14
	Southeast Asia	—	12	—	12
Equipment Components	Mainland China	460	115	115	460
	Southeast Asia	—	70	—	70
Engineering Projects	Mainland China	36	—	—	36
	Southeast Asia	—	24	—	24
Total		1,307	661	482	1,486

Environmental, Social and Governance Report 2024

Percentage of Products Sold or Shipped That Were Recalled for Safety and Health Reasons

Reporting Period	Percentage
2024	1.93%
2023	0%

Number of Complaints Related to Products and Services Received

Reporting Period	Percentage
2024	106
2023	126

Total Number of Intellectual Property Rights Obtained

	Invention Patents	New Utility Model Patents	Design Patents
New patents added in 2024	5	49	20
Patents obtained in the Past	19	203	148
Total	24	252	168

Note: Patents that expired during the Reporting Period are excluded.

Number of Corruption Legal Proceedings Concluded

Reporting Period	Case
2024	0
2023	0

Environmental, Social and Governance Report 2024

APPENDIX II: GRI STANDARD CONTENT INDEX

Notices of Use Prinx Chengshan Holdings Limited has reported the situation for the period from January 1, 2024 to December 31, 2024 in accordance with the GRI standards.

GRI 1 Used GRI 1: Foundation 2021

Apply GRI Industry Standards Not applicable

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
General Disclosure					
GRI 2: General Disclosure 2021	The organisation and its reporting practices				
	2-1 Organisational details	About Prinx Chengshan Holdings Limited			
	2-2 Entities included in the organisation's sustainability reporting	Scope and Reporting Period			
	2-3 Reporting period, frequency and contact point	Scope and Reporting Period			
	2-4 Restatements of information	No restatements			
	2-5 External assurance	Appendix V — Assurance Statement			
	Activities, value chain and other business relationships				
	2-6 Activities, value chain and other business relationships	About Prinx Chengshan Holdings Limited			
	2-7 Employees	B1. Caring for Our People			
	2-8 Workers who are not employees	No unemployed workers within the Group			
	Governance				
	2-9 Governance structure and composition	Governance Structure and Composition			
	2-10 Nomination and selection of the highest governance body	Selection and Diversity of Board Members			
	2-11 Chair of the highest governance body	Governance Structure and Composition			

Environmental, Social and Governance Report 2024

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure and Composition Due Diligence			
	2-13 Delegation of responsibility for managing impacts	Governance Structure and Composition Board Participation Stakeholder Engagement, Impact Assessment, and Materiality			
	2-14 Role of the highest governance body in sustainability reporting	Stakeholders' Feedback Governance Structure and Composition			
	2-15 Conflicts of interest-how HGB ensure conflicts of interest are prevented and mitigated	Board Participation			
	2-16 Communication of critical concerns	Stakeholder Engagement, Impact Assessment, and Materiality			
	2-17 Collective knowledge of the highest governance body	Stakeholders' Feedback Governance Structure and Composition Selection and Diversity of Board Members			
	2-18 Evaluation of the performance of the highest governance body	Board Participation Governance Structure and Composition Board Participation			

Environmental, Social and Governance Report 2024

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
GRI 3: Material Topics 2021	2-19 Remuneration policies	Remuneration Policy			
	2-20 Process to determine remuneration				
	2-21 Annual total compensation ratio		Annual total compensation ratio	Please refer to page 39, 66 and 138 of the 2024 Annual Report of the Group	
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	Board Statement			
	2-23 Policy commitments				
	2-24 Embedding policy commitments	Governance Structure and Composition			
	2-25 Processes to remediate negative impacts				
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholders' Feedback			
	2-27 Compliance with laws and regulations	A1. Emissions			
		A2. Use of Resources			
		People-oriented			
	2-28 Memberships associations	Operating Practices Standards, Certifications, and Achievements			
	Stakeholder engagement				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, Impact Assessment, and Materiality			
	2-30 Collective bargaining agreements	B1. Caring for Our People			
	3-1 Process to determine material topics	Stakeholder Engagement, Impact Assessment, and Materiality			
	3-2 List of material topics	Stakeholder Engagement, Impact Assessment, and Materiality			

Environmental, Social and Governance Report 2024

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
Innovation and Advanced Technology					
Green Product Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	B6.4. Sustainable Product Design and Innovation			
GRI 206: Anti-competitive Behavior 2016					
GRI 3: Material Topics 2021 206-1	3-3 Management of material topics Anti-competitive legal actions, antitrust and monopolistic acts	B9.5. Anti-Competitive Practices			
GRI 301: Materials 2016					
GRI 3: Material Topics 2021 301-1	3-3 Management of material topics Materials used by weight or volume	B6.3. Use of Material B6.4. Sustainable Product Design and Innovation			
301-2	Use recycled materials as input				
GRI 302: Energy 2016					
GRI 3: Material Topics 2021 302-1	3-3 Management of material topics The amount of energy consumed internally by the organisation	A2.1. Energy Consumption			
302-2	The amount of energy consumed externally by the organisation		The amount of energy consumed externally by the organisation	Unable to collect relevant information	
302-3	Energy intensity				
302-4	Reduce energy consumption	A2.3. Energy Use Efficiency Initiatives and Targets			
302-5	Reduce the energy demand for products and services				

Environmental, Social and Governance Report 2024

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
GRI 401: Employment 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	B1. Caring for Our People			
401-1	New employee hires and turnover	Appendix I: Summary of Performance Data			
GRI 403: Occupational Health and Safety 2018					
GRI 3: Material Topics 2021	3-3 Management of material topics	B2. Employee Health and Safety			
403-1	Occupational Health and Safety Management System				
403-2	Hazard identification, risk assessment, and accident investigation				
403-3	Occupational health services				
403-4	Worker participation, consultation, and communication on occupational health and safety				
403-5	Worker training on occupational health and safety				
403-6	Promotion of worker health				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
403-8	Workers covered by an occupational health and safety management system				
403-9	Work-related injuries	Appendix I: Summary of Performance Data			

Environmental, Social and Governance Report 2024

GRI Standards/ Other Sources	Disclose	Section(s)	Requirement(s) Omitted	Omitted Reason	Explanation
GRI 409: Forced or Compulsory Labour 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	B4. Eliminating Child and Forced Labour			
GRI 410: Security Practices 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	B7. Information Security			
GRI 416 Product Quality 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	B6. Product Responsibility			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Appendix I: Summary of Performance Data			
GRI 418: Customer Privacy 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	B7. Information Security			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	B7. Information Security			

Environmental, Social and Governance Report 2024

APPENDIX III: HKEX ESG REPORTING GUIDE INDEX

General Disclosures and KPIs	Description	Section(s) (Page number)
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	• A. Environment
KPI A1.1	The types of emissions and respective emissions data.	• A1. Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	• A1.2 Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	• A1.3 Hazardous Waste
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	• A1.4 Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	• A1.5. Measures to Mitigate Emission and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	• A1.6. Waste Reduction Initiatives and Targets
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	• A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	• A2.1. Energy Consumption
KPI A2.2	Water consumption in total and intensity.	• A2.2. Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	• A2.3. Energy Use Efficiency Initiatives and Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• A2.4. Measures and Targets for Optimising Water Efficiency
KPI A2.5	Total packaging materials used for finished products and, if applicable, with reference to per unit produced.	• A2.5. Packaging Materials

Environmental, Social and Governance Report 2024

General Disclosures and KPIs	Description	Section(s) (Page number)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	• A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	• A4. Combat Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• A4. Combat Climate Change
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	• B. Social • B1. Caring for Our People
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	• Appendix I: Summary of Performance Data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• Distribution of the workforce • Turnover
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	• B2. Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• B2. Employee Health and Safety • B2.2 Fatality Rate and Work-related Injuries

Environmental, Social and Governance Report 2024

General Disclosures and KPIs	Description	Section(s) (Page number)
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> B2. Employee Health and Safety B2.2 Fatality Rate and Work-related Injuries
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> B2. Employee Health and Safety B2.1 Occupational Health and Safety B2.3 Health and Safety Training B2.4 Food Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<ul style="list-style-type: none"> B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	<ul style="list-style-type: none"> B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> Appendix I: Summary of Performance Data Employee Training
Aspect 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 or forced labour.	<ul style="list-style-type: none"> B4. Eliminating Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<ul style="list-style-type: none"> B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> Appendix I: Summary of Performance Data B5. Supply Chain Management

Environmental, Social and Governance Report 2024

General Disclosures and KPIs	Description	Section(s) (Page number)
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	<ul style="list-style-type: none"> B5. Supply Chain Management B5.1 Procurement Management Process B5.2 Supplier Risk Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<ul style="list-style-type: none"> B5. Supply Chain Management B5.3 The Environmental and Social Responsibility of Suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> B5. Supply Chain Management B5.4 Sustainable Cooperation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> B6. Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<ul style="list-style-type: none"> B6.1 Understand The Clients
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> B6. Product Responsibility B6.5 Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> B6. Product Responsibility B6.1 Understand The Clients B6.2 Product Quality Assurance

Environmental, Social and Governance Report 2024

General Disclosures and KPIs	Description	Section(s) (Page number)
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> • B7. Information Security • B8. Advertising and Trademarks
Aspect 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.	<ul style="list-style-type: none"> • B9. Ethical Culture
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	<ul style="list-style-type: none"> • B9.5. Anti-Competitive Practices
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> • B9.2. Whistleblowing Policy • B9.3. Anti-corruption Risk Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> • B9. Ethical Culture • B9.4 Anti-corruption Training
Aspect 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.	<ul style="list-style-type: none"> • B10. Community Care
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

Environmental, Social and Governance Report 2024

APPENDIX IV: TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

Ten Principles of the United Nations Global Compact	Description	Section(s)
Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>B1. Caring for Our People</p> <p>B5.3. The Environmental and Social Responsibility of Suppliers</p>
Labour	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>B1. Caring for Our People</p> <p>B4. Eliminating Child and Forced Labour</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>A1.5. Measures to Mitigate Emissions and Targets</p> <p>A1.6. Waste Reduction Initiatives and Targets</p> <p>A2.3. Energy Use Efficiency Initiatives and Targets</p> <p>A2.4. Measures and Targets for Optimising Water Efficiency</p> <p>A3. Environment and Natural Resources</p> <p>A4. Combat Climate Change</p>
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	B9. Ethical Culture

Environmental, Social and Governance Report 2024

APPENDIX V: ASSURANCE STATEMENT

Independent Verification Statement



Verification Statement: EIV2 131783 0001 Rev. 00

To the management and stakeholders of Prinx Chengshan Holdings Ltd.,

TÜV SÜD Certification and Testing (China) Co., Ltd. (hereinafter referred to as "TÜV SÜD") has been engaged by Prinx Chengshan Holdings Ltd., (hereinafter referred to as "Prinx Chengshan" or "the Company") to perform an independent third-party verification on its 2024 *Environmental, Social and Governance Report* (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Prinx Chengshan and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Prinx Chengshan and provided to TÜV SÜD. The scope of verification is limited to the given information. Prinx Chengshan shall be held accountable for authenticity and completeness of the provided data and information (contains assumptions, projections, and/or historical facts).

Scope of Verification

Time frame of this verification:

- ❖ The Report contains the data disclosed by Prinx Chengshan during the reporting period from January 1st, 2024 to December 31st, 2024, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- ❖ The on-site verification sampling took place at below listed location:
No. 98 Nanshan North Road, Rongcheng, Shandong

Scope of data and information for the verification:

- ❖ The scope of verification is limited to the data and information of Prinx Chengshan and its manufacturing plant in Shandong (the "Shandong Plant"), the headquarters office located in Rongcheng, Shandong Province, the People's Republic of China ("the PRC"), collectively referred to as the "Shandong Operations", and the plant in Thailand (the "Thailand Plant").
- ❖ The following information and data are beyond the scope of this verification:
- ❖ Any information and contents beyond the reporting period of this Report; and
- ❖ The data and information of Prinx Chengshan's suppliers, partners and other third parties; and
- ❖ The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- ❖ The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- ❖ The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2024 are beyond the scope of this verification.

ID: CCB_EIV_F_10.03E Version: 2 Effective Date: 08 Feb 2025 Page 1 of 3

Environmental, Social and Governance Report 2024

Independent Verification Statement

TUV
SÜD

Verification Statement: EIV2 131783 0001 Rev. 00

❖ TÜV SÜD's verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor constitute a guarantee of the credibility or status of the subject of verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the governance, environmental and social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

❖ AA1000AS v3, Type 2, Moderate Assurance

❖ International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, Limited Assurance

❖ Sustainability report verification programme operation rule (CCB_EIV_GR_002E Rev02)

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

❖ Preliminary investigation of the relevant information before the verification;

❖ Confirmation of the presence of the topics with high level of materiality and performance in the Report;

❖ On-site review of all supporting documents, data and other information provided by Prinx Chengshan; tracing and verification of key performance information;

❖ Special interview with the representative of Prinx Chengshan's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and

❖ Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe that the data and information presented in Prinx Chengshan's report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

Inclusivity	Prinx Chengshan has identified the internal and external stakeholders such as shareholders/ investors, the Board members, employees (including: senior management, managers, supervisors, frontline employees), customers and suppliers, government and regulatory authority, and industry associations etc., and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
Materiality	Prinx Chengshan has established a regular analysis mechanism for material ESG topics, rating the topics from the perspective of their relevance and importance to the Company's business development, sustainability and the wider community, identifying economic and corporate governance, environmental and social topics, and forming a materiality matrix.
Responsiveness	Prinx Chengshan clearly disclosed the actions it takes to manage issues of financial materiality and/or impact materiality and their related impacts, in order to fully respond to the demands and expectations of stakeholders, such as product quality, innovation and advanced technology, employment, and prevention of forced or compulsory labor, etc.

TÜV SÜD Certification and Testing
(China) Co., Ltd.
No.151 Heng Tong Road,
Shanghai 200070

Page 2 of 3

Tel: +86 21-61410123
Fax: +86 21-61408600
Web: www.tuvsud.com

ID: CCB_EIV_F_1003E

Version: 2

Effective Date: 08 Feb 2025

Page 2 of 3

Environmental, Social and Governance Report 2024

Independent Verification Statement



Verification Statement: EIV2 131783 0001 Rev. 00

Impact

Prinx Chengshan has established the Development Strategy and Risk Management Committee and Risk Management Committee to be responsible for the Company's sustainable development and ESG affairs. During the reporting period, it newly appointed a Chief Sustainability Officer to lead and manage the Company's sustainable development strategies and initiatives, and is committed to integrating ESG concepts into all aspects of corporate operations.

Recommendations on Continuous Improvement

- ❖ The verification team has passed the improvement proposal to the management of Prinx Chengshan during the on-site implementation process.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, the company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Prinx Chengshan are two entities independent of each other and both TÜV SÜD and Prinx Chengshan and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by Prinx Chengshan. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

April 18th, 2025

Shanghai, China

Note: In case of any inconsistency or discrepancy, the traditional Chinese version "Independent Verification Statement TC" of this verification statement shall prevail, while the English translation is used for reference only.



AA1000
Licensed Report
000-437/V3-EB417

TÜV SÜD Certification and Testing
(China) Co., Ltd.
No.151 Heng Tong Road,
Shanghai 200070

Page 3 of 3
Tel: +86 21-61410123
Fax: +86 21-61408600
Web: www.tuvsud.com

