



**中国重汽**  
**SINOTRUK**

**Sinotruk (Hong Kong) Limited**  
**中國重汽(香港)有限公司**

(Incorporated in Hong Kong with limited liability)

Stock Code : 03808



*Environmental, Social  
and Governance Report*

**2020**



中国重汽



中国重汽  
SINOTRUK

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## ABOUT THIS REPORT

This report is a true reflection of the Group's efforts of assuming economic, social and environmental responsibilities to pursue comprehensive, balanced and sustainable development. The visions contained in the report, including business plans and development strategies, do not constitute any substantial commitment of the Group to investors.

For information regarding our corporate governance, please refer to the "Corporate Governance Report" contained in the Company's annual report for the year ended 31 December 2020.

### REPORTING PERIOD

This report covers the period from 1 January 2020 to 31 December 2020. Part of the content is beyond the above period.

### SCOPE OF REPORTING

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

Based on the actual production and sales performance, the Group is scaling up the data monitoring system of key environmental performance indicators year by year. With the principles of materiality and representativeness, the Group selected 20 major subsidiaries or divisions, which are engaged in the manufacturing of components to the finished vehicle, as the number of the entities reported under the scope of key environmental performance indicators in this report, including:

Ji'nan Truck Company	Hangzhou Engines Company
Ji'nan Axle & Transmission Company	HOWO Bus Company
the Power Division	Hubei Huawei Company
the Casting & Forging Center	Ji'ning Commercial Truck Company
the Gearbox Division	Ji'nan LDT Company
Chengdu Wangpai Company	Rubber & Plastic Components Company
Chongqing Fuel System Company	Datong Gear Company
Ji'nan Commercial Truck Company	Haixi Vehicles Company
Ji'nan Auto Parts Company	Liuzhou Yunli
Fuqiang Power Company	Mianyang Special Vehicles Company

Compared with the *2019 Environmental, Social and Governance Report of Sinotruk (Hong Kong) Limited* (2019 ESG Report), this report remains unchanged in the overall scope except that, four additional subsidiaries, namely, Datong Gear Company, Haixi Vehicles Company, Liuzhou Yunli, and Mianyang Special Vehicles Company, were included in the entities reported under the scope of key environmental performance indicators.



## ABOUT THIS REPORT

### DATA SOURCES

All data disclosed in this report is from official documents, statistical reports and financial reports of the Company, or is the ESG information collected, summarized and reviewed by the Group. In case of any discrepancy between the Chinese version and the English version of this report, the Chinese version shall prevail. Unless otherwise stated, the currency unit in this report is RMB.

### BASIS OF PREPARATION

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the ESG Guide) issued by the Stock Exchange, with appropriate reference to the Sustainability Reporting Guidelines (G4) launched by the Global Reporting Initiative.

### ACCESS TO THIS REPORT

For this report and updates about our sustainable development initiatives, please visit the “Investors Relations” • “Financial Reports” section of our website ([www.sinotruk.com](http://www.sinotruk.com)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

# ABOUT US

## GROUP PROFILE

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

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

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

### (I) HEAVY DUTY TRUCKS SEGMENT

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

### (II) LIGHT DUTY TRUCKS AND OTHERS SEGMENT

The Group's LDT products mainly include HOWO, Haoman and Wangpai products, which production bases are located at Ji'nan, Chengdu and Fujian, the PRC. The Group's bus products cover a full range of 6 - 18 meters of medium and large-sized buses, including pure electric power bus, hybrid power bus, hydrogen fuel bus, dual-source trolley bus, diesel bus and natural gas bus, which fully meet different customer needs. Its production base is located in Ji'nan, the PRC. The segment also manufacture and sells pickup trucks and others.

### (III) ENGINES SEGMENT

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

### (IV) FINANCE SEGMENT

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

# AWARDS

## AWARDS RECEIVED BY THE GROUP IN 2020

Awards	Sponsors
State-level Civilized Unit	Spiritual Civilization Steering Committee of the CPC Central Committee
Unit with Excellent Organization in the "Production Safety Month" Activity in Shandong Province	The Office of the Work Safety Commission of Shandong Province
First Prize in the "Popular Science Works of Emergency Management" Competition	Department of Emergency Management of Shandong Province
Unit with Excellent Organization in Popular Science Works of Emergency Management	The Office of the Work Safety Commission of Ji'nan City
Sinotruk's "SITRAK High-end Commercial Vehicle" Program was awarded a Bronze medal in the Governor Cup Industrial Design Competition	The Organizing Committee of the Governor Cup Industrial Design Competition of Shandong Province
Shandong Science and Technology Award in Mechanical Industry	Shandong Machinery Technology Association
Enterprise with All Innovators in Shandong Province	Shandong Provincial Federation of Trade Unions
Enterprise with All Innovators in Ji'nan City	Ji'nan City Federation of Trade Unions



# 1. SUSTAINABLE DEVELOPMENT MANAGEMENT

By constantly improving our ESG governance system, optimizing our ESG governance structure, and specifying our ESG management functions, we comprehensively improve our ESG performance. We value our communication with stakeholders, respond to their demands, and constantly facilitate the sustainable development of the Group and stakeholders.

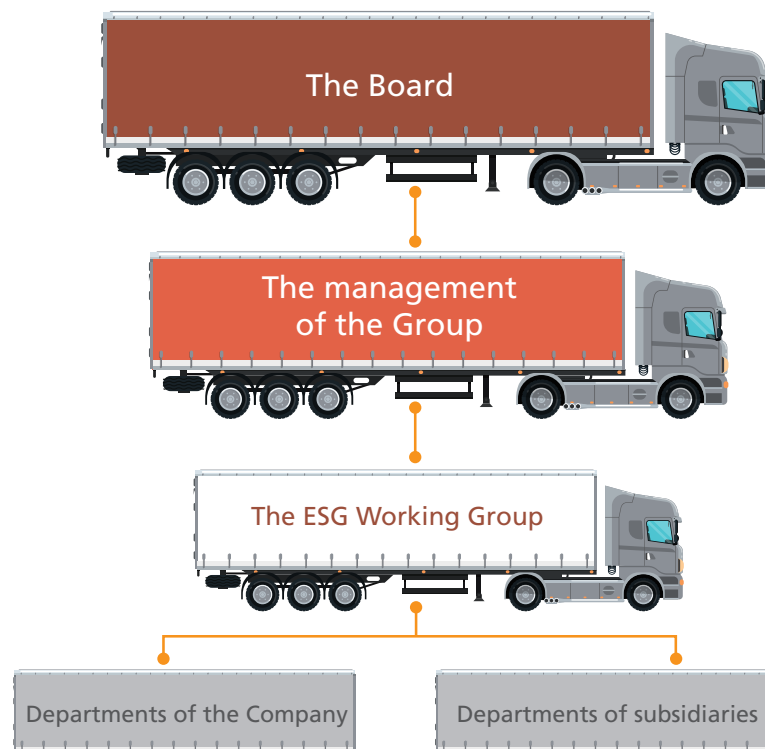
## 1.1 ESG MANAGEMENT

The Group follows the ESG policies, norms and guidelines of the market where it is listed, systematically plans its ESG governance work, and improves its ESG governance system.

The Board is the highest decision-making body for ESG issues. It assumes full responsibility for the Group's ESG strategies and reporting and is in charge of developing ESG management policies and strategies, including assessing and prioritizing issues related to ESG as well as the risks they would bring to the Group. It also reviews the ESG performance of the Group on a regular basis. The Directors are responsible for the approval of the communication results with stakeholders and the decisions for major ESG issues. It reviews and replies to the Group's annual ESG report.

The management of the Group conducts ESG work in line with the policies and strategies developed by the Board, identifies ESG risks and opportunities, regularly reports ESG issues and progress to the Board, and provides the Group's annual ESG performance and annual ESG reports.

The Group has established the ESG Working Group to fully carry out ESG work. The ESG Working Group, composed of the ESG working teams of the Company and those of its subsidiaries, is responsible for the implementation and promotion of the Group's specific ESG matters, and regularly reporting the progress of ESG work to the management.






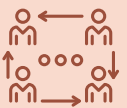



**ESG Governance Structure of the Group**

# 1. SUSTAINABLE DEVELOPMENT MANAGEMENT

## 1.2 STAKEHOLDER ENGAGEMENT

The Group values its communication with stakeholders, establishes effective communication and feedback mechanisms, listens to the opinions and suggestions of stakeholders from the following communication mechanisms to identify stakeholders such as government and regulators, shareholders and investors, customers, employees, society, partners and environment, etc and identifies their feedback and expectations, and responds to their demands in a targeted manner, so as to comprehensively improve the Group’s corporate social responsibilities (“CRS”) performance.

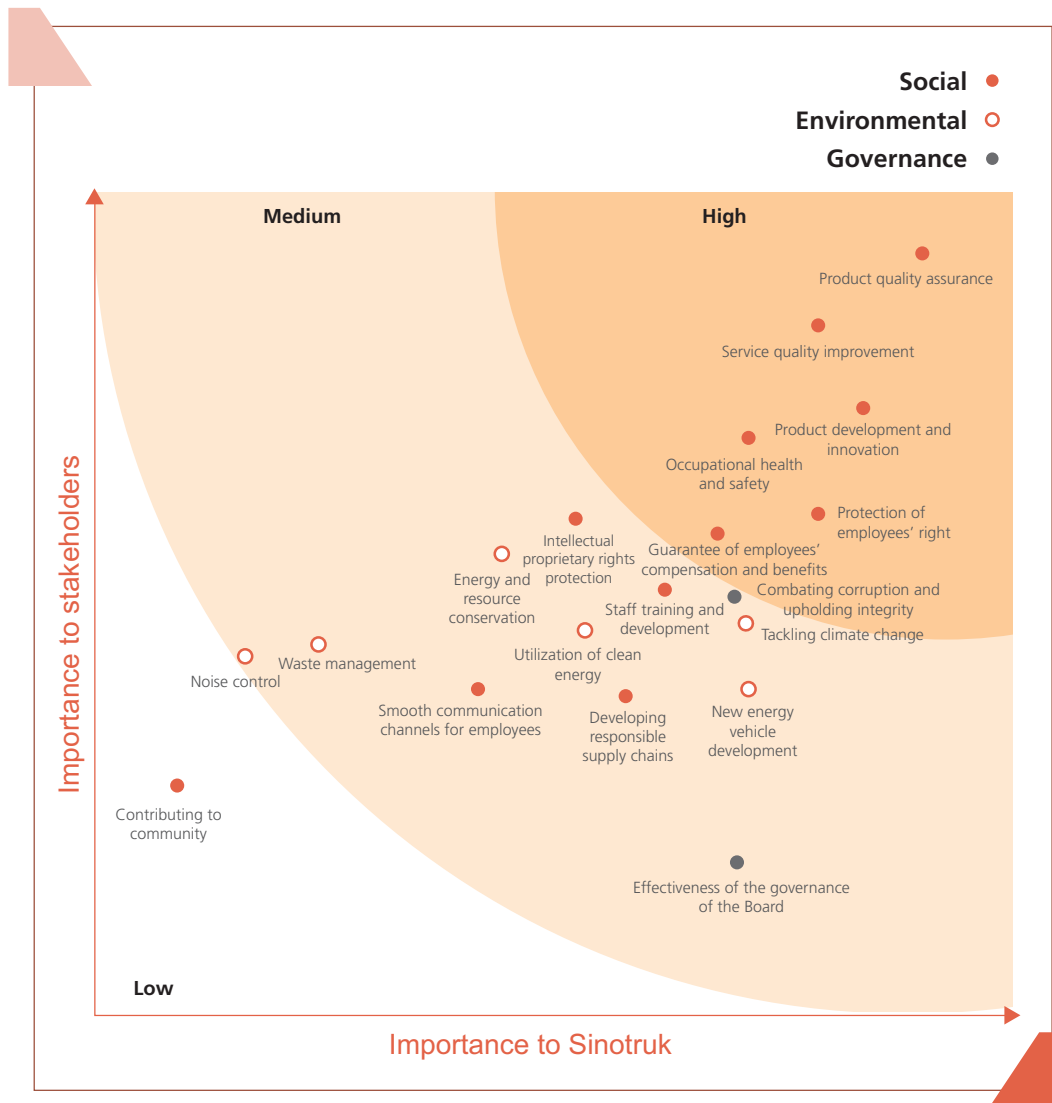
Stakeholders	Stakeholders’ Expectations	Communication Mechanisms
<b>Government and regulators</b> 	Legal compliance Compliant operations Tax payment Support local development	Information disclosure Daily communication and report On-site visits Supervision and inspection Visitor reception
<b>Shareholders and investors</b> 	Sustainable development, repaying shareholders Information disclosure, investor relations Corporate governance, risk control	General meetings of shareholders Regular report and announcement Communication meetings with investors
<b>Customers</b> 	High-quality products Excellent services Protections of rights and interests of consumers	After-sale service hotline Smart Sinotruk (mobile app) Product quality assurance Customer satisfaction survey Regular communication activities with customers
<b>Employees</b> 	Salaries and benefits assurance Healthy working environment and development platform Equal promotion and development opportunities	Compensation system Performance management Staff training Daily communication
<b>Partners</b> 	Commitment fulfillment Fair, open and equitable procurement Win-win development	Open tendering and bidding On-site reviews Suppliers’ meeting Business conference
<b>Society</b> 	Contributing to urban development Improving public awareness Contributing to community harmony	Voluntary service Supporting cultural and sports activities Voluntary unpaid blood donation Contributing to the fight against COVID-19
<b>Environment</b> 	Promoting environment protection Protecting ecological balance	Emission management Resource consumption reduction New energy vehicles

## 1. SUSTAINABLE DEVELOPMENT MANAGEMENT

### 1.3 ESG REPORTING PRINCIPLES

**Materiality:** In accordance with principles and requirements of the ESG Guide, by identifying the capital market's focuses on corporate sustainable development, by communicating with stakeholders via different channels, and by analyzing the ESG issues disclosed in the ESG reports of peer companies, the Group identifies and selects the ESG issues that are highly relevant.

In addition to daily communication, we engaged an external consultant and conducted an online questionnaire survey to assess the materiality in the aspects of (1) community including rights and benefits of employees, industry safety, supply chain, product quality, intellectual property rights, etc; (2) environment; and (3) corporate governance to learn the importance that stakeholders, both internally and externally, attached to the ESG issues we had selected and then prioritized the issues accordingly. In 2020, 17,129 valid questionnaires were collected. By analyzing the questionnaires, we determined the disclosure degree and the boundary of the issues and developed the following matrix of material issues concerning the sustainable development of the Group.





## 1. SUSTAINABLE DEVELOPMENT MANAGEMENT

**Quantitative:** The Group conducts regular statistics on the quantitative key disclosure indicators of all “environmental” sections and some of the “social” sections as stated in the ESG Guide, summarizes and discloses them at the end of the year. The ESG quantitative data are provided with related calculation methods and reference standards. For details, please refer to related sections of the report.

**Consistency:** Compared with our 2019 ESG report, four more subsidiaries, as mentioned in the section of “SCOPE OF REPORTING” in this report, have been included in the current reporting scope of key environmental performance indicators, hence, more statistics would be included. We continued to use consistent disclosure methodologies and specified some of the disclosure categories stated in the ESG Guide.

## 2. ROBUST AND HONEST OPERATIONS

The Group always upholds the principle of creating quality products with integrity. It constantly standardizes the operation process, actively invests in innovative research and development (“R&D”) and unremittingly improves the customers service system. In addition, the Group has established a comprehensive integrity and professionalism system to prevent corruption or incidents causing damage to the Group’s interests. In addition to strict self-regulation, the Group also applies full life cycle management of suppliers and maintains a friendly and cooperative relationship with suppliers based on equal and long-term win-win cooperation to seek common development.

### 2.1 PURSUING EXCELLENCE

We constantly pioneer and innovate to provide first-class products with high standards and strict requirements. The Group strictly abides by the *Product Quality Law of the People’s Republic of China* and other laws and regulations and formulates relevant quality management systems to strictly manage product quality. The Group has passed the ISO 9001:2015 quality management system certification and has exercised general control over its subsidiaries in accordance with the IATF 16949 quality management system (automotive industry), which has been applied to the whole process of product design and development, manufacturing, sales, and after-sales service. With reference to the quality management system standard, the *System for Managing Comprehensive Risks* was prepared to identify and control technical risks and quality risks in the Group’s quality system. At the same time, the Quality Department issues quality targets and stipulates quality indicators for each subsidiary at the beginning of each year, and regularly carries out quality evaluation among them according to the *Management Measures for Quality Evaluation and Accountability*.

Furthermore, we value the improvement of employees’ abilities for quality control, organize targeted training activities, such as quality conferences and 100-day quality competitions, to strengthen their competencies and skills.



#### Ji’nan Truck Company won the “Ji’nan 2020 Excellent Organization Award for Mass Quality Management Activities Experience Exchange Meeting”

In 2020, Ji’nan Truck Company won the “Ji’nan City 2020 Excellent Organization Award for Mass Quality Management Activities Experience Exchange Meeting”. Nine excellent quality control achievements of the Ji’nan Truck Company were enrolled for the selection with excellent results achieved. Among them, two projects, i.e. the project of T7H S34 vehicle wiring harness integration & improvement and the project of reducing lower guard plate upward fault rate of HOWO assistant driver dashboard won the first prize; three projects such as the solution to the sealing front windshield glass, assembly fall-off and leakage won the second prize; five projects such as the improvement of screw thread slippage inside AC16 and the HC16 rear axle V track bar bracket base won the third prize.



- Ji’nan 2020 Excellent Organization Award for Mass Quality Management Activities Experience Exchange Meeting

## 2. ROBUST AND HONEST OPERATIONS

### ADVERTISEMENT AND LABELS

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

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

As a pioneer in the transformation of new and old kinetic energy, the Group always adheres to independent innovation, vigorously implements a technology-leading strategy, builds its core competitiveness with independent intellectual properties, and continuously conducts independent research, development and application of key technologies for heavy duty trucks.

### INTELLECTUAL PROPERTY RIGHTS

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

The Group has formulated the *Management Procedures of the Approval of R&D Projects*, the *Patent Management Process*, the *Management Measures for Intellectual Property Rights*, the *Management Procedures for Safeguarding Intellectual Property Rights* and other applicable control procedures in accordance with “Patent Law of the People’s Republic of China”, to regulate management of patents and the *Outline of the National Strategy of Innovation-Driven Development*.

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

The Group has reached industry-university-research cooperation with Tsinghua University, Shanghai Jiao Tong University, Jilin University, Jiangsu University, Shandong University, Dalian University of Technology, Qingdao University, and other well-known high-tech research institutions, forming a stable scientific and technological team. Through industry-university-research cooperation, we make up for the shortcomings of basic research in a targeted manner while giving full play to the technological application and industrial advantages, leading and promoting the technological progress of the industry.

In 2020, the Group had 332 key research projects approved, invested RMB2.623 billion in scientific research, and obtained 391 national patents and RMB21.7415 million government fund. In 2020, the Group successfully applied for and presided over the project of Research and Application of Integrated Technologies of Fuel Cell Commercial Vehicles, a major research and development program of Shandong Province, with an additional investment of RMB200 million and a support fund of RMB36 million (including RMB18.09 million from the Group).



## 2. ROBUST AND HONEST OPERATIONS



### New generation of “Yellow River” trunk logistics tractor is a worldwide leader in many aspects

On 16 September 2020, the Group launched a brand-new logistics tractor on the Yellow River trunk line for users running an annual transport distance of over 200,000 km on the logistics transportation market. After multiple design optimization, compared with the existing models, the drag coefficient of this product is reduced by 25%, the comprehensive fuel consumption per 100 km is lower than 28L, and the model B10 Reliable Life can reach 1,800,000 km. The product has become a leader of its kind, both domestically and internationally, in low fuel consumption, high ride comfort level and long B10 Reliable Life.



### Hubei Huawei Company obtained the title of “High-tech Enterprise” for the fifth time

In 2020, Hubei Huawei Company was once again awarded the “High-tech Enterprise” certificate jointly issued by Hubei Science and Technology Department, Finance Department and Taxation Bureau. That was the fifth time that the company had won the honor since 2007. Through independent innovation, Hubei Huawei Company has obtained 21 national patents, including three invention patents and 18 utility model patents. It has grown into one of the few high-tech enterprises in Hubei Province with production, manufacturing, sales and service capabilities.



• Certificate of “High-tech Enterprise” of Hubei Huawei Company

In 2020, the Group leveraged the advantages of the heavy duty truck sector to the full by engaging in the formulation of national standards and professional standards. Actively cooperating with the National Technical Committee of Auto Standardization, the Group has joined the preparation of multiple standards based on the hands-on experience at the production line. In 2020, we joined in the drafting of four national standards (including the *Requirements and Test Methods for Right-turn Warning Tone of Vehicle*) and one professional standard, the *Technical Requirements for Safety of Road-going Vehicles Transporting and Operating Dangerous Goods*, to contribute to the standardization of the industry in China.

In response to the strategic requirements of the *New Energy Vehicle Industry Development Plan (2021-2035)* and in accordance with the *Three-Year Action Plan (2020-2022) of Further Accelerating the Adoption of New Energy Vehicles and the High-quality Growth of the Industry to Build a “New Energy Vehicle Fujian”*, Haixi Vehicles Company took its own actual conditions into consideration to develop new energy vehicles steadily and scientifically. The company undertakes the Group’s independent R&D of new energy vehicles and comprehensively ensures the control of product quality by enhancing its technological innovation capability.

## 2. ROBUST AND HONEST OPERATIONS



### Haixi Vehicles Company leads the development of new energy vehicles

Based on management of cab design and quality improvement in terms of automobile new energy use, automobile lightweight, comfort and other technologies developed, Haixi Vehicles Company has formed an on-line management solution of vehicle body quality and system technology, which is applied to cab welding quality control management.

In 2020, Haixi Vehicles Company undertook one provincial regional development project and three municipal science and technology projects and obtained nine authorized patents, including three invention patents, three utility model patents and three design patents.

In addition to R&D innovation, we attach the same importance to the transformation of innovation achievements. In June 2020, Haixi Vehicles Company produced the self-developed battery electric logistics vehicle with Contemporary Amperex Technology Co., Limited (CATL) batteries and Fujian Wanrun motor systems and completed the announcement and declaration of 7.5 tons battery electric vehicle chassis and van logistics vehicle. At the same time, Haixi Vehicles Company and the local environmental sanitation company docked and used that electric vehicle chassis to develop appropriate environmental sanitation vehicle model development.



● A New Energy Vehicle Developed by Fujian Haixi Vehicles Company

## 2. ROBUST AND HONEST OPERATIONS

### 2.2 VALUING CUSTOMER SERVICES

By offering full life cycle service, we practice our purposes to satisfy customers with concrete actions. The Group strives to provide its customers with comprehensive services and established a service brand “Family” on the basis of our “Family” service manual. The Group established a three-level service system consisting customer service centers, regional dealers and special service stations.



In 2020, the Group collected 2,492 customer satisfaction questionnaires, with a customer satisfaction score of 8.48 (out of 10) and received 3,531 complaints about products and services.

## 2. ROBUST AND HONEST OPERATIONS

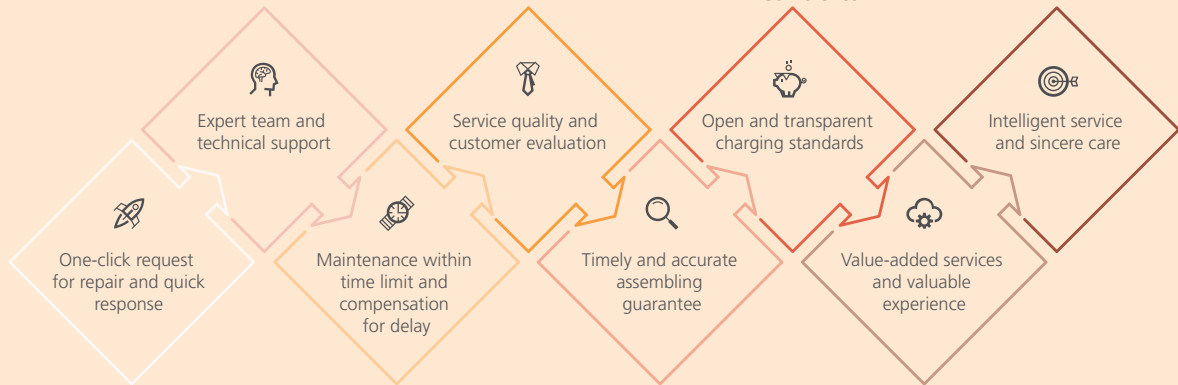


### Sinotruk Qinren Service Conference upgraded "Qinren Service"

On 20 November 2020, the Group held the Sinotruk Qinren Service Conference themed "New Era, New Technology, New Sinotruk". In this conference, 50 gold medals, 100 silver medals and 200 bronze medals for Qinren service staff were awarded, and 350 service stations were commended and awarded. A total bonus of RMB16 million was granted. This conference launched a series of "Qinren service" upgrading measures and made eight commitments to our customers.



• Award Presentation Ceremony of Qinren Service Conference



• Eight Commitments Made at the Sinotruk Qinren Service Conference to Our Customers

## 2. ROBUST AND HONEST OPERATIONS



### HOWO LDT product was named as a “Star Product of Customer Satisfaction in the Logistics Industry in 2020”

With its excellent market performance, our HOWO LDT product was rated as a “Star Product of Customer Satisfaction in the Logistics Industry in 2020” at the “2020 China Intelligent Logistics Technology Equipment Conference & Logistics Technology Equipment Entrepreneur Forum” held in September 2020. The Group is committed to providing customers with logistics equipment and solutions that maximize revenue. HOWO LDT is featured with strong power and high fuel saving, which fully meets customer demand for vehicles. It has achieved a high proportion of growth year after year since it was launched.



- “Star Product of Customer Satisfaction in the Logistics Industry in 2020”

Strictly complying with domestic and foreign laws and regulations pertaining to recalls of defective vehicles including the “Administrative Regulation on the Recall of Defective Motor Vehicles” and the “Measures for Implementation of the Administrative Regulation on the Recall of Defective Motor Vehicles”, the Group established a complete product recall program with the function of identifying, collecting, analyzing, delivering and storing quality issues-related information, and made its due efforts in routine filing and maintenance of both the corporate and product information as mentioned in the “Platform of Integrated Information Management for the Recall of Defective Motor Vehicles”. We will proactively recall (or instruct to recall) the defective products and take the corresponding remedial and prevention measures so as to preserve customers’ interests. In 2020, we have 0.012% of total products sold or shipped subject to recalls for safety and health reason.

The Group values the security of customer information. We strictly abide by the *Cybersecurity Law of the People’s Republic of China* and other laws and regulations and have formulated the *Administrative Measures for Trade Secrets Protection* and the *Administrative Measures for Protecting the Confidentiality of Information Systems, Information Equipment and Storage Equipment*. We implement confidentiality management of software and hardware at different levels, conduct security audits and risk assessments on a regular basis, and provide special technical training for confidential personnel to strictly protect customer privacy.

## 2. ROBUST AND HONEST OPERATIONS

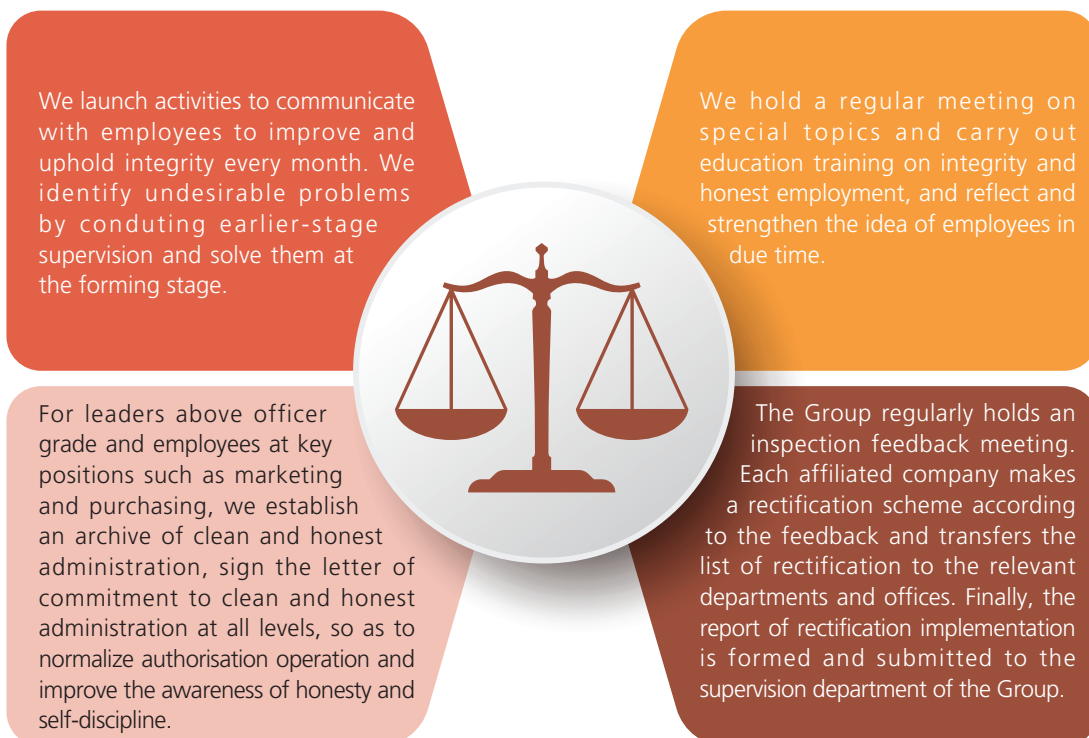
### 2.3 UPHOLDING INTEGRITY AND ENSURING COMPLIANCE

In strict compliance with the *Company Law of the People's Republic of China*, the *Tendering and Bidding Law of the People's Republic of China*, the *Law of the People's Republic of China on Anti-unfair Competition*, the *Interim Provisions on Banning Commercial Bribery*, and the *Anti-money Laundering Law of the People's Republic of China*, and other applicable national laws and regulations, the Group has formulated its own rules and regulations including the *Regulations on the Executives of State-owned Enterprises for Performing Management Duties with Integrity*, the *Provisions on Improving Style of Work and Strengthening Honesty and Self-discipline*, the *Implementing Opinions on Management of Risk Prevention and Control Concerning Corruption*, the *Provisions on Management of Integrity Files for Executives*, and the *Provisions on Executives Reporting on Their Work and Efforts to Perform Duty Honestly*, to strengthen the comprehensive supervision system and ensure the integrity and efficiency of the Company's operation.

In terms of whistleblowing procedures, our complaint and whistleblowing channels include face-to-face whistleblowing, telephone calls, letters, e-mail messages, investigation requests by the management, etc, all of which are protected by confidentiality measures. Each functional center is required to cooperate with the whistleblowing investigations to ensure a comprehensive collection of information. The relevant officer is required to compile an investigation report, the investigation results of which will be submitted to the leaders in charge before final review and approval by the management.

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

With respect to international trade, the Group has formulated the *Procedures for Managing Commission on International Transactions*, which specifies in details the payment of compensations or service fees to intermediaries in international trade businesses, and stipulates that commission payment shall obtain approvals from all levels of authorities prior to execution in the prevention of commission businesses related to terrorism, money laundering, corruption, commercial bribery and unfair competition.






During the reporting period, the Group was not involved in any lawsuit concerning corruption.



## 2. ROBUST AND HONEST OPERATIONS

### 2.4 PROMOTING A WIN-WIN SUPPLY CHAIN MANAGEMENT

The Group maintains a long-term cooperative relationship with suppliers based on mutual trust and purchases materials and services on the principle of fairness and openness. By setting up transparent rules and regulations, the Group manages the full life cycle of supplier access, management and evaluation, and actively engages suppliers in carrying out exchange and training on a regular basis. The Group, together with the enterprises in the supply chain, is committed to taking a leading role in jointly achieving social responsibility regarding environmental protection, safety and health, and promoting the quality development of building up the supply chain system.

 <p><b>Supplier review</b></p>	<p>The office of procurement committee reviews the first supplier of each affiliated company. The subsequent supplier review for the same kind of product is conducted by each affiliated company respectively.</p>
 <p><b>Supplier screening</b></p>	<p>According to the <i>Approval Procedure for Supplier Access to Auxiliary Products and Product Release</i>, we establish a strict screening process for suppliers, so as to ensure that the products or services provided by them meet the requirements of the Group.</p>
 <p><b>Supplier sustainable development</b></p>	<p>We circulate our policy on environment and quality to suppliers through different channels and methods, requiring that suppliers shall meet the relevant requirements for industry and environmental protection. We sign purchasing agreement with suppliers, requiring that suppliers shall practice their social responsibility.</p>

Based on our quality management system, environmental management system and occupational health and safety management system, we facilitate suppliers to establish quality, environmental, health and safety management system and assume CSR in the supply chain. Meanwhile, we envision the environmental risks and regulatory requirements in the supply chain and formulate relevant measures in advance to address the stress on resource supply in areas caused by production restrictions due to environmental concerns.

In 2020, the Group recorded transactions with a total of 2,599 suppliers with 2,478 ESG inspections conducted.

## 2. ROBUST AND HONEST OPERATIONS



### Suppliers by Region

Shandong	953	Fujian	66
Jiangsu	312	Henan	66
Zhejiang	265	Chongqing	66
Hebei	141	Anhui	53
Hubei	138	Guangdong	51
Shanghai	105	Others	219
Guangxi	87	Singapore	1
Sichuan	76		

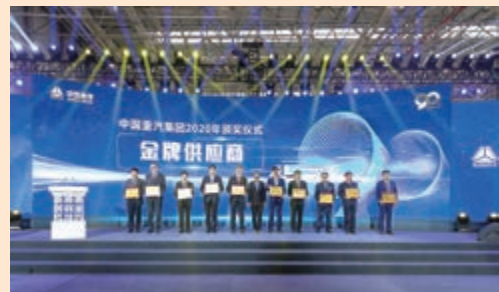
### Our Suppliers by Region

We have established a dedicated exchange mechanism for cutting-edge technologies and quality improvement. Through knowledge sharing with suppliers, we can enhance the overall strength of the supply chain team and improve the supply chain management strategy.



### Suppliers' meeting drives the front-end strategic transformation of supply chain

On 19 November 2020, the Group held the 2021 Suppliers' Meeting. Over 300 representatives from over 180 suppliers all over the country attended the event in the main venue of Laiwu Factory. More than 2,000 suppliers attended the sub-sessions for manufacturers. We have put forward "five requirements" for suppliers to guide the front-end strategic transformation of the supply chain and enhance the performance of compliance management and business ethics. In line with the principle of "equality and mutual benefit, win-win cooperation, resource integration and common development", we are committed to building a quality, green and environmental-friendly supply chain system.



Suppliers' Meeting of CNHTC Group

## 2. ROBUST AND HONEST OPERATIONS



### Datong Gear Company held a special exchange meeting for quality improvement

On 2 September 2020, Datong Gear Company invited 24 suppliers to convene a special exchange meeting regarding quality improvement, aiming to strengthen the quality control capability. To better manage our suppliers, the Group relayed its requirements on enhancing product quality assurance to the participants and offered continuous training on U9 System application to all suppliers. Since the trial run of the U9 System in May 2020, all suppliers have received professional training and are capable of operating the system properly.



• Datong Gear Company Special Exchange Meeting for Quality Improvement



### Ji'nan Commercial Truck Company conducted an on-site review of suppliers

In 2020, Ji'nan Commercial Truck Company completed an on-site review of 42 suppliers, covering various products ranging from brackets, castings and forgings, intake and exhaust systems, interior and exterior accessories, braking systems, gas supply systems, to lamps. The company has carried out evaluation and put forward rectification recommendations from eight aspects, namely management and personnel, quality and improvement, product R&D, production site conditions, production process control, sub-supplier management, logistics, cost management, and business.

## 2. ROBUST AND HONEST OPERATIONS



### Sinotruk Ji'nan Axle & Transmission Company developed a plan to improve the product quality of suppliers

On 18 September 2020, Ji'nan Axle & Transmission Company held a meeting for the "100-day Work Competition" and "Initiatives of Enhancing Product Quality". Aiming at the quality of purchased parts, it rolled out the supplier quality improvement plan.

#### Short-term system examination

- Resolutely implement the veto mechanism of quality, promote the PPM quality management, enhance quality control of suppliers, and improve the overall quality across the supply chain.

#### Medium-term guidance and assistance for the suppliers

- Improve access threshold for quality, actively audit and provide on-site assistance, and establish a collaborative platform for quality improvement.

#### Long-term elimination system

- Continuously optimize and eliminate unqualified suppliers and resolutely eliminate the suppliers who fail to maintain a strategic collaboration with the Group.



• Ji'nan Axle & Transmission Company Meeting for Improving the Product Quality of Suppliers

## 3. SAFETY AND GREEN OPERATIONS

The Group highly values work safety and green operations, and is fully aware of its importance to the sustainable development of a corporate. At the Group level, we set up the Safety & Environment Department that is responsible for the overall coordination of safety and environmental work for the Group. The department has been also assigned to implement the philosophy and strategies of work safety, environmental protection and energy conservation, solidify the “one post with a pair of responsibilities” system, and effectively carry out various safety and environmental protection work, so as to create a safe, stable, environment-friendly and sustainable development business model.

### 3.1 SECURING SAFETY FOUNDATION

In strict compliance with the *Law of the People’s Republic of China on Work Safety*, the *Regulations of Shandong Province on Work Safety*, and other applicable laws and regulations, the Group has formulated and implemented various work safety management systems and policies, such as the *Management Regulations on Work Safety Responsibility System*, and the *Management Regulations on Contingency Plan of Work Safety Accident*. It has been fully promoting the construction of safety management systems, and actively carried out training and publicity for work safety. In addition, the Group has been making efforts to create a sound safety cultural atmosphere, enhance the work safety awareness of employees, and facilitate the comprehensive implementation of work safety.

#### 3.1.1 SAFETY MANAGEMENT SYSTEM

In strict accordance with the principle of “safety first, prioritizing prevention, and pursuing comprehensive management”, the Group has been constantly improving the safety management system and continuously furthering the identification and management of potential safety hazards. The Group has also set up the *Contingency Plan for Work Safety Accidents*, and established sound emergency response measures, targeting to comprehensively improve the safety management of the Group and to ensure the overall smooth operation of work safety for all production units.

In 2020, we further strengthened hierarchical management. On the basis of the dual prevention system of classified risk control and identification of potential hazards, we have carried out hierarchical management according to the four-tier safety management network and reported the hazard identification findings every week. In addition, we have incorporated the safety inspection for non-local affiliated units into our safety inspection management system, by increasing the inspection frequency from an annual to quarterly basis to ensure the full coverage of non-local affiliated units. We have also effectively helped our non-local branches improve their current safety management, implemented practical and effective measures to solve potential safety risks and problems, and effectively prevented the occurrences of varied accidents.

#### 3.1.2 EMPLOYEE HEALTH AND SAFETY

We provide good working conditions and perfect health protection measures for employees, so as to improve their sense of belonging and stimulate their creativity. In accordance with the policy of “putting emphasis on prevention and combining prevention with treatment” on the prevention and control of occupational disease and the *Law on Prevention and Control of Occupational Disease of the People’s Republic of China*, the Group hereby formulated the *Measures for Managing Occupational Health* and *Procedures of Labor Protection and Prevention and Control of Occupational Disease* and other rules, so as to strengthen the construction of occupational health and safety management system and prevent occupational disease.

### 3. SAFETY AND GREEN OPERATIONS

According to the relevant provisions in the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, the Group entrusts qualified technical service agencies for occupational health to evaluate the factors of occupational disease hazards every three years and implements relevant suggestions and measures based on the problems identified. According to the *Administrative Regulations on Periodic Testing of Occupational Hazards Factors by Employers* and the detection period of occupational hazard factor, the Group organized and supervised its manufacturing divisions in Ji'nan to conduct a comprehensive annual inspection of various occupational hazard factors in workplaces. During the reporting period, lost days due to work injury of the Group is 1,960, the number of work-related fatalities is zero.

The Group provides corresponding positions with labour protection supplies, establishes monitoring archives for operating personnel under occupational hazard, and pays close attention to the occupational hazard of special groups. Besides, the Group makes bulletin boards and warning signs to raise the awareness of occupational health. The Group provides a free physical examination for new employees, so as to help employees understand their health condition.

#### **Measures taken by Ji'ning Commercial Truck Company to protect the health and safety of employees:**

- Detection of occupational hazard factors: In November 2020, we invited an entity with professional qualifications to conduct a detection of occupational hazard factors in the workplace for the year of 2020.
- Occupational health publicity: From April to May 2020, Ji'ning Commercial Truck Company organized the 18<sup>th</sup> publicity week for the *Law on Prevention and Treatment of Occupational Disease*. The company carried out online health education by sending out videos and articles on the prevention and control of occupational diseases and by sharing web links, launching a comprehensive campaign to promote occupational disease prevention and control. In addition, the Group organized occupational health managers to conduct training and exams through its online platform.

#### **Measures taken by Haixi Vehicles Company to protect the health and safety of employees:**

- System building: Improve 10 provisions of *the Measures for Managing Occupational Health* and strengthen the building of occupational health management system.
- Detection of occupational hazard factors: In 2020, Haixi Vehicles Company commissioned a qualified third party to conduct tests on occupational work sites, with a total of 132 work sites tested for various occupational hazards.



### 3. SAFETY AND GREEN OPERATIONS

#### 3.1.3 CULTIVATION OF A CULTURE OF SAFETY

The Group actively carries out work safety publicity, education and training, enhances the cohesion of employees, cultivates their safety awareness and technical skills for work safety, inculcates and permeates safety concepts, and improves the construction of the Group's safety culture, by carrying out various forms of safety culture activities.

In 2020, facing the national demand for normalized pandemic prevention and control, and the reality that the scale of the safety training personnel was large, the need was wide, the curriculum was poor and it was difficult for the trainees to be released from their work for the training, we used the online training platform of Sinotruk Group to launch the new training form of online learning, create the online course of the *Sinotruk Safety Manual for All Employees*, and carry out corporate safety culture publicity activities to greatly enrich the dissemination form of safety culture knowledge, create a strong atmosphere of safety publicity and education, and promote the continuous improvement of the safety awareness among all employees of the Group. In 2020, the Group actively promoted the "Work Safety Month" campaign to all its affiliated companies and won the award of "Excellent Enterprise of Work Safety Month Event in Shandong Province".

During the reporting period, we launched a total of 44 work safety training courses with 395,776 training hours, attracted 11,577 participants and saved RMB645,000.



#### Sinotruk Ji'nan Rubber & Plastic Components Company held the 'Work Safety Month' event

In June 2020, Rubber & Plastic Components Company carried out the "Work Safety Month" event themed "eliminating risks of accidents and enhancing safety protection". Rubber & Plastic Components Company seriously carried out the deployment and mobilization, study and publicity, screening of hidden dangers, treatment and rectification, adhering to strictness, details, practicality, high standards and strict requirements from the beginning to the end, and always putting work safety in the most important position for better control and management. Through a series of activities such as safety month blackboard newspaper evaluation, all-staff safety training, watching warning educational films, organizing work safety inspection, hanging safety warning banners, safety fun fact contest, "team slogans" evaluation, public lectures on work safety by key persons in charge, etc, we greatly improved work safety regulations awareness of all the staff of Rubber & Plastic Components Company.



● Fire Emergency Exercise

## 3. SAFETY AND GREEN OPERATIONS

### 3.2 PRESERVING LUCID WATER AND LUSH MOUNTAINS

The Group has been always adhering to the concept of green development, upholding a high sense of social responsibility and actively undertaking environmental responsibility. We adhere to the operation concept of “lucid waters and lush mountains are invaluable assets”, and try to continuously establish a sound environmental management system. We stick to strengthening environmental and energy resource management as the starting point, actively introducing the ISO14001 international environmental management system, encouraging our members to carry out the building of environmental management system according to this standard and obtain relevant certification, effectively improving our environmental management level and energy resource utilization, and achieving continuous improvement of environmental performance. During the reporting period, no accident concerning environmental pollution occurred in the Group.

#### 3.2.1 POLLUTION CONTROL

The Group strictly abides by the laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention, and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and the *Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution*, and has formulated and implemented the *Management Measures for Environmental Protection* internally, and actively provides technical support to the subordinate entities of the Group concerning the approval, acceptance and evaluation of environmental protection projects. In the daily production process, we strictly regulate the management of the generation and discharge of the three wastes, requiring the disposal to meet the standards for discharge, thus further reducing the negative impact brought about by our production and operation and protecting the surrounding ecology with the dedication to building an eco-friendly enterprise.

##### Waste Gas Emission

The Group actively carries out the identification and determination of air pollutant emissions generated during its production and operation, adopts special treatment measures and regularly invites qualified third-party institutions to monitor the emissions of sulfur dioxide, nitrogen oxides, soot and volatile organic compounds of the Group's subsidiaries, so as to ensure that each subsidiary achieves the emission standards.

In 2020, the Group's Safety & Environment Department actively carried out special treatment actions for volatile organic compound generated in the paint spraying process. We thoroughly screened the existing production processes, the consumption of raw and auxiliary materials, the amount and whereabouts of wastes, and the content of volatile organic compounds (VOC). Through paint verification, equipment replacement and other measures, we drove the manufacturing entities to use low-VOC raw and auxiliary materials instead at the source. In addition, we actively organized the installation, inspection and acceptance, networking and filing of a continuous monitoring system for VOCs in each entity to reduce the risk of environmental violations by increase numbers of testing equipment.

### 3. SAFETY AND GREEN OPERATIONS

#### Waste Gas Emissions of the Group in 2020

Waste Gases	Unit	2019	2020
Sulfur dioxide	ton	2.36	6.54
Oxynitride	ton	38.52	92.52
Benzene	ton	9.59	1.43
Methylbenzene	ton	5.89	4.58
Xylene	ton	11.97	21.28
Non-methane hydrocarbon	ton	15.33	86.17
Smoke and dust	ton	23.43	64.48



#### Chengdu Wangpai Company conducted intensive treatment of VOCs emissions

In 2020, having taken VOCs treatment measures for cab assembly lines in the new factory, as well as the cab assembly lines, parts coating line, and special vehicle coating line in the old factory, Chengdu Wangpai Company continued its efforts in the intensified treatment of VOCs emissions and completed the technical upgrading of VOCs treatment facilities for its container coating line and frame electrophoresis line in October 2020. At the container coating line, an air-pipe-based technical solution was introduced and applied, which leads VOCs tail gas to treatment equipment located at the cab assembly line in the old factory. The process combines zeolite roller absorption with regenerative combustion to make the tail gas harmless. Moreover, an online monitoring device was installed at the site to monitor VOCs related data on a timely basis. At the frame electrophoresis line, a tail gas incinerator is applied to purify VOC emissions. Due to the treatment measures, VOCs emissions of the company fully meet the requirements of the *Emission Standards of Sichuan Province for Atmospheric Volatile Organic Compound from Fixed Pollution Source* (DB51/2377-2017) and the *Control Standards for Fugitive Emission of Volatile Organic Compound* (GB37822-2019). After the technical upgrading, up to 52.76 tons of VOCs emissions of the two coating lines were reduced.



• Air Pipes for VOCs Tail Gas Treatment Project of Container Coating Line

### 3. SAFETY AND GREEN OPERATIONS



#### Hubei Huawei Company installed automatic welding production lines to reduce smoke and dust emissions

In order to further reduce the fugitive emission of welding smoke and dust in dumper workshop, abide by national laws and regulations on safety and environment protection, and protect the occupational health and safety of employees, Hubei Huawei Company invested RMB9 million in 2020 to install automatic welding production line in dumper workshop. The new equipment is equipped with a welding smoke and dust collection and processing system, which automatically collects and processes tail gas produced in the welding process, so as to effectively reduce the negative effect of welding smoke and dust on employees and reduce the environmental impact.



• Automatic welding production line in the workshop

#### Waste Water Discharge

Waste water of the Group mainly comes from the production line and domestic area of the factory. We require every production unit to install sewage treatment facilities in their factories to pre-treat production waste water before discharging. The treated waste water shall comply with the *Integrated Waste Water Discharge Standard (GB 8978-1996)* and local sewage discharge standards, with an online sewage monitoring system deployed at the discharge outlet. The online sewage monitoring system is connected to provincial and municipal environment protection authorities to monitor chemical oxygen demand (COD) and ammonia nitrogen concentration on a timely basis, so as to guarantee production waste water meets discharge standards.

#### Waste Water Discharge of the Group in 2020

Indicator of waste water discharge	Unit	2019	2020
Waste water	ton	1,806,384	2,196,776
COD	ton	83.75	88.02
Ammonia nitrogen	ton	3.21	5.79

### 3. SAFETY AND GREEN OPERATIONS



#### Haixi Vehicles Company launched a project to upgrade and improve its sewage treatment plant

In 2020, Haixi Vehicles Company initiated the process improvement and facility reformation over the sewage treatment station of its factory. With existing online monitoring facilities as the basis, the company newly deployed ammonia nitrogen and total phosphorus monitoring equipment to meet the requirements of the national pollutant discharge permit. The equipment was connected with the Environment Pollution Platform of Fujian Province to monitor related data on a timely basis. In addition, the existing pressure filter and sludge conveyor belt cleaning process was renovated, which reuses circulating water from the hydrolysis acidification pool, saving 360 tons of water every month and further reducing sewage treatment cost.



● Upgrading of waste water treatment facility for hydrolysis acidification pool

#### Waste Management

The Group upholds minimal, resourceful and harmless pollution prevention and treatment principles to strictly control the production and emission of solid waste in the production process, so as to minimize environmental impact.

As for general wastes produced in daily manufacturing and operation and domestic wastes arising from work and life in the factories, we proactively implement garbage sorting policies. As for waste metal, paper, etc, we firstly sort them and then sell them to qualified enterprises for recycling. As for domestic garbage and other unrecyclable garbage, we work in cooperation with municipal and environment protection authorities to collect and deal with such garbage.

As for hazardous wastes such as oil, paint, slag, used mineral oil, used oil drums, sludge and used flaw detection solution, etc produced in the production process, we require all production units to comply with the "Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China" and the requirements of the "Standards for Pollution Control on Hazardous Waste Storage" and strictly follow the *Measures for Managing Environmental Protection*:

- Hazardous wastes shall be reported and registered.
- Transfer table system for hazardous waste shall be established in compliance with the "Measures for the Management of Hazardous Waste Transfer Manifest" and strictly implemented.
- Units producing wastes shall keep hazardous waste management ledger and take rigorous safety measures.
- Hazardous waste produced by tier-two units shall be in the charge of specially assigned personnel for categorized management. Qualified organizations shall be chosen via tendering for the transfer and treatment of the wastes.
- A special location shall be established for the storage of hazardous wastes, and signage of hazardous waste be set up or pasted at conspicuous positions.
- Environment accident contingency plan shall be prepared, and safety drills shall be organized on a regular basis.

### 3. SAFETY AND GREEN OPERATIONS

#### Waste Discharge of the Group in 2019 and 2020

Waste	Unit	2019	2020
Hazardous Waste	ton	6,109	9,046
Intensity of hazardous waste discharge	ton/revenue (RMB million)	0.068	0.091
Non-hazardous Waste	ton	184,922	243,173
Intensity of Non-hazardous waste discharge	ton/revenue (RMB million)	2.051	2.458

#### Noise Control

The Group strictly abides by the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*. Whilst guaranteeing the quality of products, all production departments are required to select production equipment and parts with low noise and are encouraged to promote and introduce advanced technology and process, and adopt environmental equipment of lower noise to reduce noise pollution. In the meantime, we are to identify noise spots, scientifically deploy production facilities, and regularly employ professional institutions to measure noise in accordance with environment protection rules, so as to avoid noise pollution.

#### 3.2.2 RESOURCE CONSERVATION

The Group strictly abides by the *Law of the People's Republic of China on Energy Conservation* and other related laws and regulations, practices energy conservation and emission reduction policies, proactively adopts energy conservation and emission reduction technologies, improves energy and water resource utilization rate, explores the recycling and reusing of packaging materials, integrates the consciousness energy conservation in every aspect of daily operation, and builds a resource-saving enterprise in an all-rounded way.

#### Energy Use

The Group has formulated and implemented the *Measures for Managing Energy* internally, upholding the principle that combines energy conservation by law, planned control and technical advancement with potential exploitation of existing resources, and establishing an energy management system steered by leaders, participated by all employees and administrated at different levels from the Group to subsidiaries. Energy conservation steering groups are established at the headquarters, branch and factory level. Workshop leaders are responsible for energy conservation, while special officers are assigned in work shifts and groups to be responsible for energy conservation. With regard to affiliated companies of key energy use organizations, we will implement an energy use registration system, regularly making the *Record of Energy Purchase, Consumption and Inventory*, and reporting to relevant government authorities. In addition, the Group annually reviews the energy consumption of each subsidiary and incorporates the energy consumption as one of assessment under the "Assignment of Economic (Management) Responsibility System" so as to promote all subsidiaries to take the initiative to engage in energy conservation.

The Group sets up special funds every year for energy-saving technology development, energy-saving technology upgrading, energy-saving publicity and training, promoting and adopting new energy-saving technologies, processes, equipment and materials, proactively decommissioning high-energy-consuming and obsolete process, technology and equipment, and fully implementing the concepts of energy conservation and emission reduction.



### 3. SAFETY AND GREEN OPERATIONS

#### Energy Consumption of the Group in 2020

Energy	Unit	2019	2020
<b>Direct energy</b>			
Natural gas	m <sup>3</sup>	35,084,477	<b>36,670,381</b>
Gasoline	ton	62.61	<b>27.57</b>
Diesel	ton	10,285.48	<b>14,094.96</b>
Liquefied petroleum gas	m <sup>3</sup>	1,014.26	<b>787.26</b>
Kerosene	ton	37.07	<b>62.16</b>
<b>Indirect energy</b>			
Electricity	MWh	510,153.00	<b>963,615.20</b>
Steam	ton	80,478.92	<b>127,935.51</b>
Purchased heat	GJ	55,821.60	<b>152,317.75</b>
Total consumption of integrated energy	tce	130,384.23	<b>202,440.78</b>
Intensity of energy consumption	tce/revenue (RMB million)	2.10	<b>2.05</b>

#### Greenhouse Gas ("GHG") Emissions of the Group in 2020

GHG Emissions	Unit	2019	2020
Scope I	tCO <sub>2</sub> e	95,052	<b>127,109</b>
Scope II	tCO <sub>2</sub> e	470,476	<b>643,517</b>
GHG Emissions in total	tCO <sub>2</sub> e	565,527	<b>770,626</b>
Intensity of GHG Emissions	tCO <sub>2</sub> e/revenue (RMB million)	6.27	<b>7.79</b>

### 3. SAFETY AND GREEN OPERATIONS



#### Hangzhou Engines Company took energy-saving measures at its rust-proof treatment lines

In the rust-proof treatment of cast parts, there are rigid requirements on drying temperature and duration, which may lead to high energy consumption and waste. In 2020, upon communication with paint suppliers, Hangzhou Engines Company comprehensively upgraded its cast part rust-proof treatment process, which introduces dual-component water-based epoxy primer and reasonable treatment process to reduce drying temperature and duration, reducing natural gas consumption by over 20,000 m<sup>3</sup> per year.



● Cast part rust-proof treatment line

#### Water Conservation

The Group strictly follows the *Law of the People's Republic of China on Water*, implementing water resource management rules and measures in the Group, enhancing production departments' water use management, requiring all subsidiaries to regularly report annual and quarterly water use plans, and incorporating water consumption in their operational performance evaluation, so as to fully improve the water utilization rate of the Group.

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

In daily work, we take a series of measures, such as multiple use of water, cycled water use and process adjustment to promote water-saving devices and reduce the unit consumption of water use. We require production departments to strengthen on-site inspection, strictly forbid the constant flow of water from not shutting-off of taps, solve problems timely once found, and prevent all kinds of wastage, such as leaking and dripping.

As for newly built, expanded and rebuilt projects, we require that the relevant department shall take water conservation into overall consideration in the preliminary design stage, actively use water-saving water facilities and utensils, so as to ensure that the reuse rate of industrial water is above 80%. During the construction, the water-saving facility and the main work shall be designed, constructed and used simultaneously, so as to realize the recycling and re-utilization of water resources.

### 3. SAFETY AND GREEN OPERATIONS

#### Water Consumption of the Group in 2020

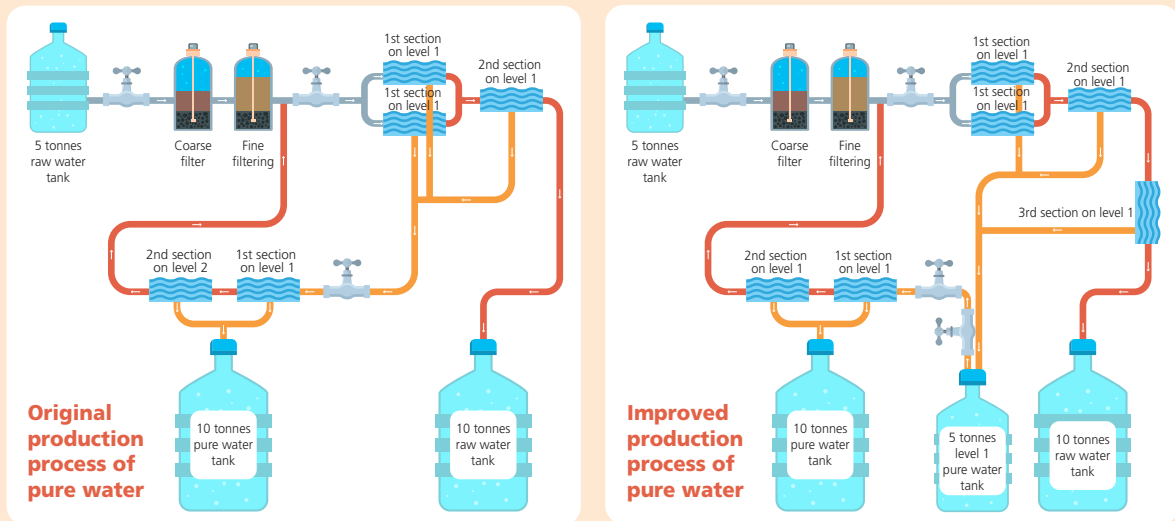
Water	Unit	2019	2020
Tap water	ton	/*	3,392,709
Underground water	ton	/*	1,433,856
Consumption in total	ton	3,312,347	4,826,565
Intensity of water consumption	ton/revenue (RMB million)	36.7	48.8

\* No such information is gathered for year 2019.



#### Ji'ning Commercial Truck Company optimized equipment structure to improve the output rate of pure water

In order to improve the recycling efficiency of water resources and reduce the overall consumption and waste of water resources, Ji'ning Commercial Truck Company made an active exploration to change the original structure of pure water equipment and recycle the waste water generated in the second section of the first stage. In this way, the output rate of pure water in the first stage was increased to 54.28%, the efficiency increased by 19.28%, and the annual reduction of consumption of tap water for a single vehicle can reach up to 10 tons.



Filtering Direction of heavy water   
 Source of water Direction of pure water

Comparison of the Original Process and the Improved Process

### 3. SAFETY AND GREEN OPERATIONS

#### Use of Packing Materials

The packing materials consumed by the Group mainly include plastic, iron box, timber and carton board used during the sale of engine and gearbox. In 2020, we took the benefit and sustainability of packing materials into overall consideration, actively explored the recycling methods for packing materials, and promoted cycled packing mode for packing product/components in the workshop, which reduced the use of paper packing and wood packing.

#### The Use of Packing Materials of the Group in 2020

Packing Material	Unit	2019	2020
Plastic	ton	240	2,128
Wood	ton	3,082	3,988
Box made of iron	ton	272	752
Corrugated paper	ton	/*	4,803
Paperboard	ton	/*	730

\* No such information is gathered for year 2019.

## 4. HARMONIOUS OPERATIONS

Employees are the most valuable assets of the Group. We safeguard their rights and interests, enable them to grow, protect their physical and mental health, and organize various activities to help them balance work and life. The Group also carries out many community activities to contribute to community prosperity.

### 4.1 RESPECTING EMPLOYEES' RIGHTS AND INTERESTS

The Group implements a labor policy that is fair, just and non-discriminatory to ensure that no one is discriminated by their gender, region, ethnicity, religion, age, pregnancy or marital status, disability and political affiliation and to avoid child labor and forced labor, thereby respecting and safeguarding the legitimate rights and interests of all employees.

When recruiting talents through social or campus recruitment, the Group strictly complies with related national laws and regulations, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and the *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China*, applies the rules and regulations we have formulated, including the *Management Procedures for Social Recruitment*, the *Administrative Measures for the Reception and Placement of PhD Graduates* and the *Administrative Measures for the Reception, Placement and Probation of Graduates*, and follows the principles of open and fair competition and merit-based recruitment. In strict compliance with "Provisions on Prohibition of Child Labor", the Group prohibits forced labor and child labor. The Group employs regular employees through open recruitment and verifies candidates' ID cards, degree, diplomas and other certificates during their on-boarding process. Overtime work is under stringent control of the Group and requires approval from supervisors. Where overtime work is required during statutory holidays, the Group pays employees or arrange compensatory leave of the same length in lieu. If the system of standard working hours is not applicable to any subsidiary due to characteristics of positions, the subsidiary could implement the system of flexible working hours. Prior to implementation, the applicable work system is examined and approved by the subsidiary and then submitted by the competent department for approval of the local labor administration department.

During the reporting period, the Group had a total of 25,469 employees that can be categorized by gender, region or age as follows:

Employees	2019	2020
<b>By gender</b>		
Male	20,865	20,918
Female	4,597	4,551
<b>By employment type</b>		
Full-time	25,462	25,469
Part-time	0	0
<b>By region</b>		
Chinese Mainland	25,118	25,141
Overseas	344	328
<b>By age</b>		
30 or below	3,684	5,800
30-39	11,913	9,926
40-50	5,532	6,333
51 and above	4,333	3,410

## 4. HARMONIOUS OPERATIONS

The Group respects the legitimate rights and interests of employees. It has formulated the *Measures for Implementation of the Labor Contract Management*, which specifies the rights and obligations of both the Group and employees to labor contracts, and clarifies terms and procedures to terminate a labor contract. The *Measures for Accountability, Discipline and Punishment Regarding Work of Employees* and the *Measures for Administrative Accountability (Trial)* it formulated states the conditions and measures on termination of contracts with employees who violate rules and disciplines. It has also developed the *Attendance Management Measures* to regulate the working hours and holidays of employees. In addition, the labor union of the Group has, on behalf of employees, signed a collective contract with the Group.

The Group funds social insurance and offers paid leave to employees. In compliance with the *Administrative Rules for the Filing for and Payment of Social Security Premiums*, the Group files for and funds social insurance for each employee, including the basic pension fund, medical insurance, unemployment insurance, work-related injury insurance and childbirth insurance. Employees are entitled to statutory holidays including the New Year Holiday, the Spring Festival, the Tomb Sweeping Day, International Labor Day, the Dragon Boat Festival, the Mid-Autumn Festival and National Day Holiday in accordance with relevant provisions of the State Council of the People's Republic of China. According to the prevailing national and local policies and regulations, employees are granted marriage leave, compassionate leave, home leave and maternity leave. Meanwhile, employees are entitled to paid annual leave as per the *Administrative Measures for Paid Annual Leave* formulated by the Group.

If employees experience any form of discrimination, harassment or unfair treatment, they are encouraged to report it at the first instance for further investigation. All complaints will be treated confidentially and impartially, and appropriate legal and internal disciplinary actions will be taken, including termination of employment. During the year 2020, we abided by all anti-discrimination ordinances aforementioned. There were no reported cases of discriminatory behavior, harassment or unlawful treatment in the workplace.

Loss of talents is a key issue of the human resource management of an enterprise. By identifying the turnover rate and its causes and then improving the situation accordingly, the Group aims to retain critical talents. In 2020, 912 employees left the Group, representing a turnover rate of 3.12%. The rate by category is as follows:

Category		Percentage
Turnover rate by gender	Male	2.68%
	Female	0.44%
Turnover rate by region	Other provinces	0.94%
	Shandong	1.98%
Turnover rate by age	30 and below	2.40%
	31-50	0.66%
	50 and above	0.06%



## 4. HARMONIOUS OPERATIONS

### 4.2 ENABLING EMPLOYEES TO GROW

The Group highly values the growth and development of all employees. It provides employees with a complete performance appraisal and promotion system and upgrades employees' occupational skillsets by providing everyone with opportunities and platforms for training and learning, hence building a high-quality workforce.

#### EMPLOYEE PROMOTION

Insisting on the guidance by strategies and performance, and based on the newly-built post hierarchy, the Group has established a new performance appraisal mechanism, using the "Promoted by Earning Credits" method to achieve the dynamic promotion of employees, and simultaneously established a dynamic and exceptional promotion mechanism for technological R&D personnel to expand their promotion channels, and further to motivate them to do more contribution in the field.

At the same time, the Group has provided smooth career development channels for employees. For professional and technical personnel in management and technology, we offer them a channel to be promoted as management and technical experts. For employees engaged in support services, we provide them with a dual-channel to turn into specialists and "gold-and blue-collar workers". By applying the *Interim Regulations on the Management of the Selection and Appointment of Leaders* and adopting a selection method that combines open competition and organizational review to provide a smooth promotion channel for leaders.

The post map of the Group is as follows:



## 4. HARMONIOUS OPERATIONS

### EMPLOYEE TRAINING

The Group values employee growth. By providing a sound training system, we improve the capabilities of our employees, turning them into creative and productive talents, hence enhancing our core competitiveness.

The Group has revised the *Procedures for Training Management* to improve the three-level training system for employee training; reviewed the training management systems including the *Internal Trainer Management Process* to build an efficient and complete team of internal trainers of varied modules; optimized trainers assessment and incentive mechanism and established a training evaluation system to satisfy the needs of different types and levels of training demanded by corporate development and employee growth and to improve the quality of training.



Three-level training system

The staff training in 2020 was guided by the Group's Vision of "Building a world-class full range commercial vehicle group" to facilitate its high-quality development. In terms of course content, special training activities on corporate culture, digital transformation, going global, smart growth, leadership, and quality management systems were strengthened to build a talent pool and improve their abilities and professional skills. As for the form of training, the Group has established an online learning platform "Sinotruk Cloud Academy" for employees by leveraging the "Internet +" technology to conduct, based on annual training target and departmental key tasks, multi-level and systematic training for different types of employees.

## 4. HARMONIOUS OPERATIONS



### Hubei Huawei Company provided employees with training on its corporate systems

In 2020, Hubei Huawei Company promoted its corporate system in a hierarchical, centralized and distributed manner and provided the training on the existing commonly used important systems and the relevant systems of various departments to relevant personnel, departments and posts.

In 2020, Hubei Huawei Company organized 12 training sessions on the common systems and eight training sessions on special systems to help employees understand the systems and to enhance the standardized management of the company.



• Hubei Huawei Company's training on corporate systems



### Ji'ning Commercial Truck Company provided employees with vocational training

In 2020, Ji'ning Commercial Truck Company organized various training initiatives aimed at improving employees' vocational skills.

- Cooperated with Ji'ning Technical College to carry out professional skills improvement training for over 500 people in front-line production posts;
- Carried out apprenticeship training for 240 people in front-line production posts;
- Cooperated with Ji'ning Technical College to organize front-line production and auxiliary personnel to apply for full-time college on-the-job training, and a total of more than 100 people were admitted;
- Organized special training for the team leaders of HOS (the Group's operation system) to improve their skills and the standard output ability of the team;
- Organized an internal trainer competition, and conducted a 15-day online course intensive training for participants, covering lecture skills and course design, with a total of 130 participants.

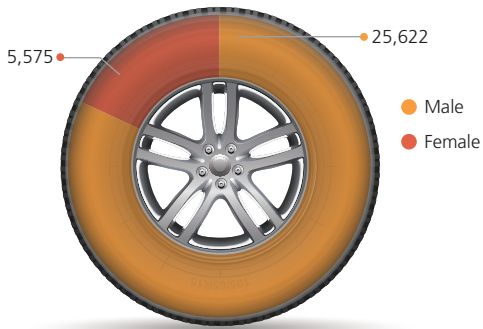


• Ji'ning Commercial Truck Company's vocational training

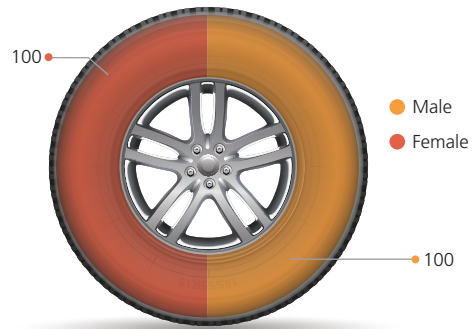
## 4. HARMONIOUS OPERATIONS

The performance of the Group on staff training in 2020 is as follows:

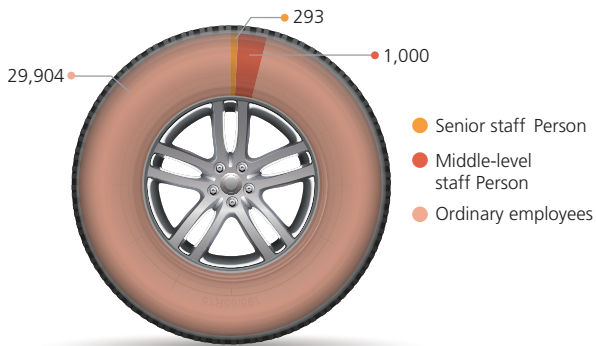
**Trained employees by gender** (Persons)



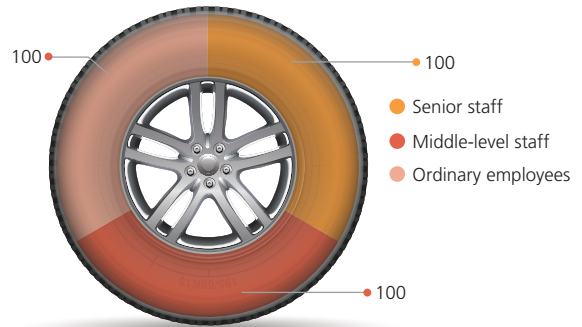
**Ratio of trained employees by gender** (Percentage)



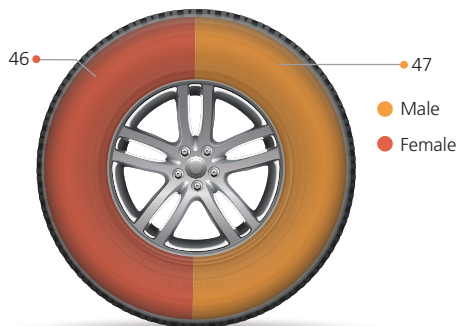
**Trained employees by category of employment** (Persons)



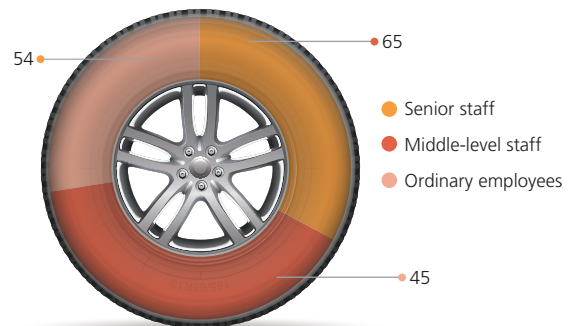
**Ratio of trained employees by category of employment** (Percentage)



**Average training hours obtained by gender** (Hours)



**Average training hours obtained by category of employment** (Hours)



## 4. HARMONIOUS OPERATIONS

### 4.3 CARING FOR EMPLOYEES' LIVES

The Group provides employees with care and protection based on their needs. We provide varied recreational, sports and cultural activities to help them balance their lives and work. Especially during the pandemic, we have been trying our best to create a healthy and safe workplace for them to protect their health.

#### SPECIAL CARE DURING THE PANDEMIC

In 2020, in order to combat the COVID-19 pandemic, the Group established the pandemic prevention and control working group and formulated a related work schedule at the first priority. Each department started to implement the "Daily Report" and "Zero Report" to ensure that cases could be reported as soon as they were detected. During the pandemic, the Group took strict measures to prevent and control the disease, including collecting and reporting data on the physical conditions of employees and requiring those who passed in and out of the Group to have their temperature measured and to wear a mask. Also, during the resumption of work and production, the Group carefully tracked the employees who had returned from their hometowns or gone back from other cities and provinces, arranged them for self-quarantine, determined their time to resume work based on the observation results during quarantine, and closely followed the physical conditions of those who had resumed work. The Group also provided well-stocked personal protective supplies and disinfectants including masks, alcohol and sanitizers to facilitate the smooth resumption of work and production.

The Group actively promoted the knowledge of COVID-19 prevention and control among employees to better protect their health and safety. We have also developed a slogan for combating the pandemic to carry out extensive publicity within the Group.

#### EMPLOYEES CARE

The Group cares about the physical and mental health of employees. We provide all employees with heatstroke prevention and cooling items during the hot season and prepare commonly used medical supplies such as medical cotton swabs, gauze, iodophor and hydrogen peroxide for them, so as to better support front-line employees during the hot season and the period of peak production.

The Group helps employees in need and rewards role models. We have established a charity fund to provide timely support for the employees who have difficulties in life caused by accidents, acute and serious illnesses and other problems that happened on themselves or their families, and to award the role models who behave righteously in helping others and who make donations without any additional conditions. To ensure the good management and use of the fund, we have formulated the *Management Measures for Employee Relief Fund*. The Group relentlessly adheres to the development concepts of contributing responsibly and putting employees first. In 2020, we helped 1,155 employees with RMB1.5629 million granted, letting employees feel the care and warmth.

## 4. HARMONIOUS OPERATIONS



### The Group visited employees who lived in difficulties

During the Spring Festival of 2020, representatives from the Group paid visits to employees to better understand their living conditions and to help those in difficulties and the marketing staff overseas. A total of 336 employees were visited, and RMB361,700 was offered as bonuses or gifts. Visits were paid to nine senior employees who were being treated in hospital for occupational diseases and they received blessings of Lunar New Year and gifts from the Group.



- Visiting patients with occupational diseases during Spring Festival



### The Group launched a special relief program for employees in difficulties during the Mid-Autumn Festival

In 2020, the Group launched a special relief program for employees in difficulties during the Mid-Autumn Festival. The recipients of this relief program were families registered in the file management systems for employees in difficulties of labor unions at the national and local levels and their assistance work management systems, and employees who lived in difficult conditions due to major illnesses of themselves, their spouses, children or dependent parents. A total of 119 employees in need were helped with RMB226,500 received.



- Special relief program for employees in difficulties during Mid-Autumn Festival and National Day



## 4. HARMONIOUS OPERATIONS

The Group has provided employees with varied sports and cultural activities to help them better balance work and life. We carry out employee inclusive service activities and provide mutual assistance activities for treating employees with serious illnesses. To better implement the work philosophy of “Working in Sinotruk Happily”, the Group continues to visit employees stationed abroad. The Group also cares for its employees from many aspects, for example, visiting front-line employees during holidays, conducting the “Hot Summer Employee Care” activity (sending cooling facilities and other items needed in hot summer to employees), so as to truly stay close to and care for employees.

The Group also organizes varied sports and cultural activities to promote communication and exchanges among employees, and to create a pleasant working atmosphere to enhance their sense of happiness and belonging. In 2020, taking the opportunity to promote the “Yellow River Spirit”, the Group held a series of cultural and sports activities, including corporate culture themed knowledge competitions, online blessing relays, snapshot event, table tennis competitions, painting and calligraphy exhibition competitions, and other sports competitions, all of which have greatly enriched employees’ life after work.



### The Group held the 10th Staff Table Tennis Competition

On September 12, 2020, the Group organized the 10th Staff Table Tennis Competition with the theme of “Inheriting the Yellow River Spirit and Rebuilding the Yellow River Brand”. A total of 108 employees participated in Team (Men/Women), Mixed Doubles and Singles (Men/Women). The event has effectively enhanced the cohesion and collaboration of teams.



● The 10th Staff Table Tennis Competition

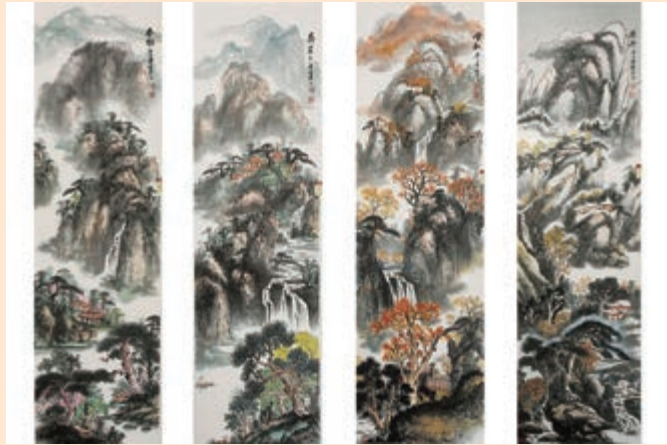


## 4. HARMONIOUS OPERATIONS



### The Group held a painting and calligraphy exhibition

In order to inherit the spirit of Yellow River, reshape the Yellow River brand, reflect the 90 years of struggle of CNHTC, and dedicate to the 90th birthday of CNHTC and the 71st anniversary of the founding of the People's Republic of China with excellent results. In September 2020, the Group held a staff painting and calligraphy exhibition with the theme of "Inheriting the Yellow River Spirit and Rebuilding the Yellow River Brand", which attracted many leaders and employees to participate. A total of 122 calligraphy works and 55 paintings were recommended by different departments as entries. In late September, selected excellent works were mounted and displayed in the Science and Technology Building.



• The Painting and Calligraphy Exhibition



### The Snapshot Event themed with "Demonstrating a Passionate Sinotruk and Uniting Employees"

To further promote the spirits of model workers, labor, and craftsmanship, the Group launched the event in May 2020. A total of 323 works was recommended by different departments as entries. After the assessment of judges, five were awarded the first prize, 10 were awarded the second, 15 were awarded the third and 60 were given recognition awards. The event has enhanced communication among employees and help them relax.



• The Snapshot Event

## 4. HARMONIOUS OPERATIONS

We also held varied activities for female employees to enrich their intellectual and cultural life, including the 2020 Employees Culture Seminars and the Moms' Room which were popular among female employees.



### 2020 Employees Culture Seminars

To better implement the pandemic prevention measures to protect female employees, and to relieve their mental pressure, the Group held the 2020 Psychological Care for Female Employees Seminar special lecture on 21 July 2020. Several female psychological counseling experts were invited to give a special lecture entitled Psychological Care for female employees. Over 200 female workers, representatives of advanced female workers, and full-time and part-time female workers of the trade union from the production line and various departments of the Group attended the lecture.



• 2020 Employees Culture Seminars

## 4. HARMONIOUS OPERATIONS

### 4.4 CONTRIBUTING TO COMMUNITY

Intending to build a better community and by leveraging its business advantages, the Group called on employees to participate in voluntary activities and contributing to the prevention of COVID-19.

#### SOCIAL SERVICE

The Group actively participated in social welfare and charity activities to assume its CSR. For example, we organized and encouraged our employees to participate in voluntary activities such as blood donation.



#### Ji'ning Commercial Truck Company helped relieve poverty by purchasing flowers

On the occasion of the International Women's Day of March 8, 2020, Ji'ning Commercial Truck Company purchased 9,580 slow-selling gerberas from flower farmers in a key poverty alleviation village in the province and distributed them to all of its female employees. This move also helped increase the income of 62 poor households and the village.



• Ji'ning Commercial Truck Company helped relieve poverty by purchasing flowers

## 4. HARMONIOUS OPERATIONS



### The Gearbox Division of the Group participated in social services

On 30 April 2020, the Gearbox Division sent 10 volunteers to help community residents to fit electronic vehicles with number plates, which was well received by the community.



- The Gearbox Division helped to hang number plates in electronic vehicles

On 10 May 2020, volunteers from the Gearbox Division worked over three hours to complete the cleanup of a 1500-meters drain before the arrival of the flood season and 20 bags of silt and waste, equivalent to nearly two tons, were cleaned up.



- The Gearbox Division cleaned a drain

On 1 September 2020, employees of the Gearbox Division went to a poor school to send school bags, books and other school supplies to the students there, bringing them goodwill and encouragement.



- The Gearbox Division visited school

## 4. HARMONIOUS OPERATIONS



### Ji'nan Auto Parts Company

#### Donating money to a young employee who was in financial difficulties

On 11 August 2020, Ji'nan Auto Parts Company organized all employees to donate money to Mr. Wang, who needed money to pay for high medical expenses as his father was injured at the construction site and needed urgent medical treatment. Upon learning of this, the Youth League Committee of the company called on all employees to give a helping hand to him, with RMB29,246 collected for him through WeChat transfers, cash, and the Water Drop Fundraising Platform.

#### Visiting children in needs and their families

Intending to provide further care for children from difficult families, representatives from Ji'nan Auto Parts Company paid visit to the homes of two children from difficult families in the No. 2 Primary School in Shengjing Town of Zhangqiu to send them gifts, bringing them care and warmth.

### VOLUNTARY SERVICE

As a national civilized unit, the Group actively assumes its CSR in business development. We have established a "Sinotruk Group Voluntary Service Alliance" to enhance to regularly provide voluntary service, hence better serving the society. Currently, the alliance has 11,295 registered volunteers with a total of 66,287 hours of services completed, and it has become an important platform to promote our company culture and a useful approach to promote harmony and advancement of the enterprise and society.



### Hubei Huawei Company organized the unpaid blood donation event

On 12 November 2020, Hubei Huawei Company, working with the Suizhou Central Blood Station organized the 2020 Employee Blood Donation Event in front of its Marketing Building. It has organized such events for many years, reflecting the sense of responsibility and dedication of employees. A total of 57 employees participated in the event with a total blood donation volume of 17,600 ml.



- Hubei Huawei Company organized the Unpaid Blood Donation Event



## 4. HARMONIOUS OPERATIONS



### The Group launched a volunteer activity to care for left-behind children

On 9 January 2020, the Group launched the “Caring for the Growth of Children and Helping Them Realize Dreams” volunteer activity in the Huinan Primary School of Zhangqiu, sending them school supplies including books and other items such as scarves and gloves, and encouraging them to work hard and grow healthily.



- The “Caring for the Growth of Children and Helping Them Realize Dreams” volunteer activity

On 9 September 2020, a group of five young volunteers from the Group went back to Huinan Primary School to carry out the “Keeping the Original Aspiration, Taking the Responsibility and Providing Care and Love during the Back-to-school Season” volunteer activity. They inquired about the children’s study and living conditions, and handed out school bags, stationery, and extracurricular reading materials to each partner student of assistance, conveying the group and society’s care for them.



- The “Keeping the Original Aspiration, Taking the Responsibility and Providing Care and Love during the Back-to-school Season” volunteer activity

## 4. HARMONIOUS OPERATIONS

### COMBATING COVID-19

When COVID-19 broke out, the Group acted quickly in providing financial support to society and formulating comprehensive pandemic prevention and control strategies. The Group aided communities to combat COVID-19 by helping them check information about residents as well as providing masks and disinfectants. Our employees worked as volunteers to promote knowledge of pandemic prevention, stand on duty, conduct disinfection and temperature measurement work in communities, thereby making their contributions during the challenging period.

In 2020, the Group took “prevention and control of COVID-19” as a top priority and responded quickly to prevent and control the pandemic based on science. In light of the characteristics of the pandemic in different stages and the reality that the Group continued to achieve full production, we constructed a mechanism composed of seven systems: the organisational guarantee system, the information channel system, the supplies guarantee system, the measures guarantee system, the overseas pandemic prevention and control system, the inspection and supervision system, and the emergency response system. By constantly improving the requirements and systems relevant to pandemic prevention, providing needed protection supplies and funding, and strictly implementing relevant policies, the Group provided the solid protection for the smooth operation and production of the Group, the health and safety of employees during the pandemic, especially during the period of resumption of work and production at the beginning of the year. In 2020, while pursuing high-quality development and making performance breakthroughs throughout the year, the Group strived to make sure that no confirmed COVID-19 cases occurred among our employees.

### Donations during the pandemic

- Hubei Huawei Company donated RMB115,000 for the prevention and control of pneumonia caused by the new coronavirus infection in Suizhou, Hubei Province;
- Haixi Vehicles Company donated RMB158,000 to the pandemic prevention and control center of Yong’an City.



### The Group assisted Wuhan

During the pandemic, Hubei, the epicenter, was in an acute shortage of supplies. On 3 February 2020, the Group urgently collected 25 tons of fresh vegetables and transported them to Wuhan of Hubei Province.



## DEFINITIONS

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

“Board”	the board of directors of the Company
“Casting & Forging Centre”	the casting and forging center of the Group
“Chengdu Wangpai Company”	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“China” or “the PRC”	The People’s Republic of China, and for the purpose of this report, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Chongqing Fuel System Company”	Sinotruk Chongqing Fuel System Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“CNHTC”	China National Heavy Duty Truck Group Co., Ltd., a state-owned enterprise organized under the laws of the PRC with limited liability, being the ultimate holding company and the controlling shareholder (as defined in the Listing Rules) of the Company
“CNHTC Group”	CNHTC and its subsidiaries
“Company” or “Sinotruk”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03808)
“Datong Gear Company”	Sinotruk Datong Gear Co., Ltd., a company organized under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“Fuqiang Power Company”	Sinotruk Ji’nan Fuqiang Power Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Gearbox Division”	the gearbox division of the Group
“Group” or “We”	the Company and its subsidiaries
“Haixi Vehicles Company”	Sinotruk Fujian Haixi Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“Hangzhou Engines Company”	Sinotruk Hangzhou Engines Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“HDT(s)”	heavy duty truck(s) and medium-heavy duty truck(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“HOWO Bus Company”	Sinotruk Ji’nan HOWO Bus Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Hubei Huawei Company”	Sinotruk Hubei Huawei Special Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“Ji’nan Auto Parts Company”	Sinotruk (Ji’nan) Auto Parts Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Ji’nan Axle & Transmission Company”	Sinotruk Ji’nan Axle & Transmission Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“Ji’nan Commercial Company”	Sinotruk Ji’nan Commercial Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Ji’ning Commercial Truck Company”	Sinotruk Ji’ning Commercial Vehicle Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Ji’nan Truck Company”	Sinotruk Ji’nan Truck Co., Ltd., a joint stock company organized under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000951)
“Ji’nan LDT Company”	Sinotruk Ji’nan Light Truck Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“LDT(s)”	light duty truck(s)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Yunli”	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd. and its subsidiary, Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. both companies incorporated under the laws of the PRC with limited liability, being non-wholly owned subsidiaries of the Company
“Mianyang Special Vehicles Company”	Sinotruk Mianyang Special Vehicles Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“Power Division”	the power division of the Group
“Rubber & Plastic Components Company”	Sinotruk Ji’nan Rubber & Plastic Components Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

# STOCK EXCHANGE ESG REPORTING GUIDANCE INDEX

ESG Index	General Disclosure	Index
<b>Environmental</b> <b>A1</b> <b>Emissions</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.2 Preserving Lucid Water and Lush Mountains
	A1.1 The types of emissions and respective emissions data.	3.2.1 Pollution Control
	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2.2 Resource Conservation
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2.1 Pollution Control
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2.1 Pollution Control
	A1.5 Description of measures to mitigate emissions and results achieved.	3.2.1 Pollution Control
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2.1 Pollution Control

## STOCK EXCHANGE ESG REPORTING GUIDANCE INDEX

ESG Index	General Disclosure	Index
<b>A2 Use of Resources</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2.2 Resource Conservation
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2.2 Resource Conservation
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2.2 Resource Conservation
	A2.3 Description of energy use efficiency initiatives and results achieved.	3.2.2 Resource Conservation
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2.2 Resource Conservation
	A2.5 Total packaging material used for finished products (in tones) and, if applicable, with reference to per unit produced.	3.2.2 Resource Conservation
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.2 Preserving Lucid Water and Lush Mountains
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.2.1 Pollution Control 2.1 Pursuing Excellence

## STOCK EXCHANGE ESG REPORTING GUIDANCE INDEX

ESG Index	General Disclosure	Index
Social	<p><b>B1 Employment</b></p> <p>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.</p> <p>B1.1 Total workforce by gender, employment type, age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p>	<p>4.1 Respecting Employees' Rights and Interests</p> <p>4.2 Enabling Employees to Grow</p> <p>4.3 Caring for Employees' Lives</p>
	<p><b>B2 Health and Safety</b></p> <p>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.</p> <p>B2.1 Number and rate of work- related fatalities.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	<p>4.1 Respecting Employees' Rights and Interests</p> <p>4.1 Respecting Employees' Rights and Interests</p> <p>3.1 Securing Safety Foundation</p> <p>3.1.2 Employee Health and Safety</p> <p>3.1.2 Employee Health and Safety</p> <p>3.1.2 Employee Health and Safety</p> <p>3.1.3 Safety Culture Cultivation</p>

## STOCK EXCHANGE ESG REPORTING GUIDANCE INDEX

ESG Index	General Disclosure	Index
<b>B3 Development and Training</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	4.2 Enabling Employees to Grow
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Enabling Employees to Grow
	B3.2 The average training hours completed per employee by gender and employee category.	4.2 Enabling Employees to Grow
<b>B4 Labour Standards</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Respecting Employees' Rights and Interests
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	4.1 Respecting Employees' Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	4.1 Respecting Employees' Rights and Interests
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of the supply chain.	2.4 Promoting a Win-win Supply Chain Management
	B5.1 Number of suppliers by geographical region.	2.4 Promoting a Win-win Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.4 Promoting a Win-win Supply Chain Management

## STOCK EXCHANGE ESG REPORTING GUIDANCE INDEX

ESG	General Disclosure	Index
<b>B6 Product Responsibility</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Pursuing Excellence 2.2 Valuing Customer Services
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Valuing Customer Services
	B6.2 Number of products and service-related complaints received and how they are dealt with.	2.2 Valuing Customer Services
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.1 Pursuing Excellence
	B6.4 Description of quality assurance process and recall procedures.	2.2 Valuing Customer Services
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.2 Valuing Customer Services	
<b>B7 Anti- corruption</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.3 Upholding Integrity and Ensuring Compliance
	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.	2.3 Upholding Integrity and Ensuring Compliance
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.3 Upholding Integrity and Ensuring Compliance
<b>B8 Community Investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.4 Contributing to Community
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). B8.2 Resources contributed (e.g. money or time) to the focus area.	4.4 Contributing to Community 4.4 Contributing to Community



## READERS FEEDBACK FORM

Dear readers,

Thank you for reading the 2020 ESG Report of Sinotruk (Hong Kong) Limited. In order to provide you with more professional and valuable ESG information and further improve the quality of our ESG reports, we would welcome any feedback or suggestions about this report.

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