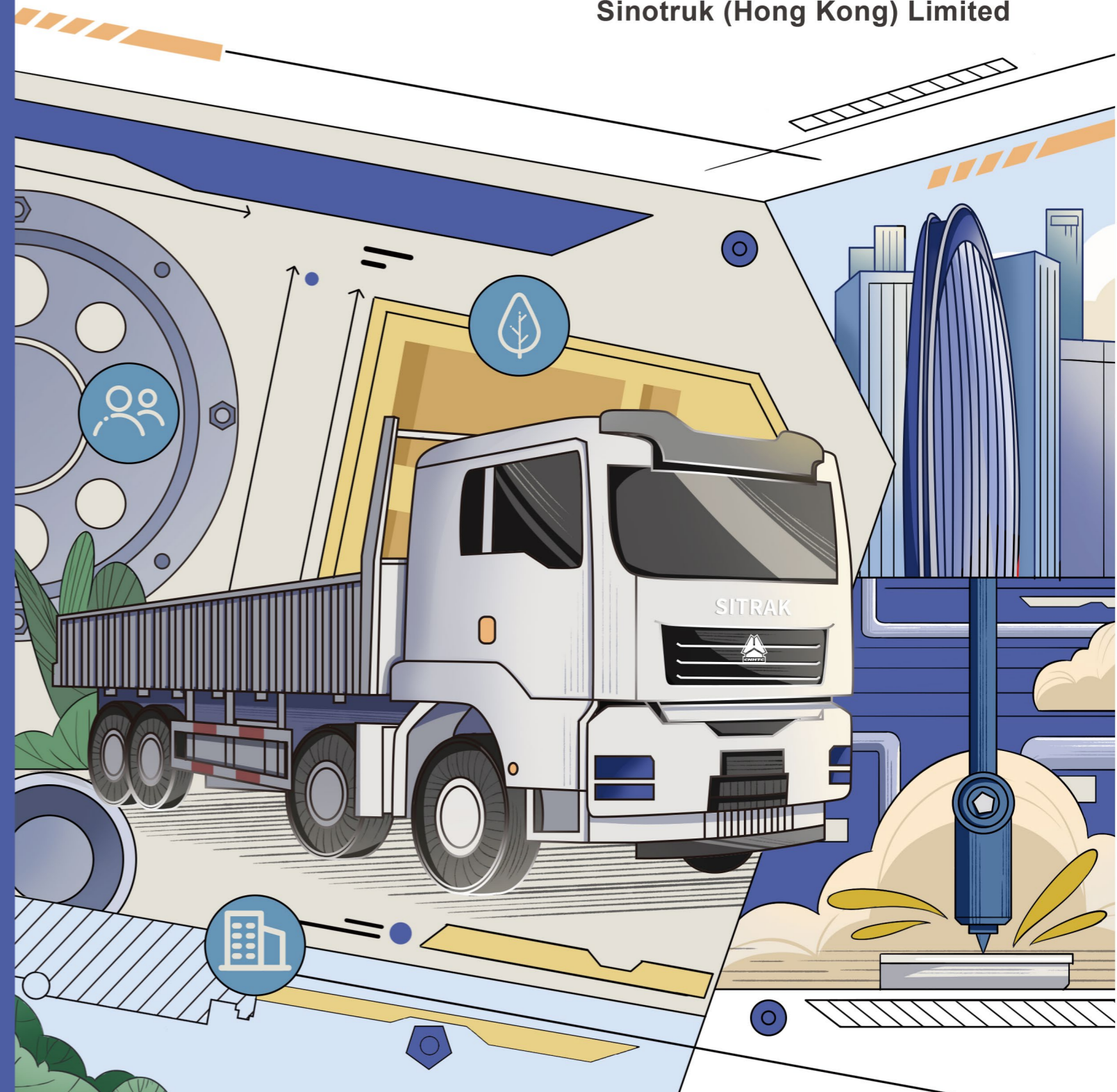


SINOTRUK
中国重汽

2022

**Environmental, Social
and Governance Report**
Sinotruk (Hong Kong) Limited

SINOTRUK
中国重汽



About this report

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



Reporting period

This report covers the period from 1 January 2022 to 31 December 2022. Part of the content extends beyond the reporting period.

Scope of reporting

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

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

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

Due to operational adjustments of the Group in mergers and acquisitions, compared with the 2021 Environmental, Social and Governance Report of Sinotruk (Hong Kong) Limited (2021 ESG Report), Sinotruk Mianyang Special Vehicle Co., Ltd., and Sinotruk (Weihai) Commercial Vehicle Co., LTD. (equity change) are excluded from the current reporting scope.

Data sources

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

Basis of preparation

This report is prepared in accordance with the the *Environmental, Social and Governance (ESG) Reporting Guide* in Appendix 27 of the Listing Rules, with appropriate reference to *GRI Sustainability Reporting Standards* developed by the Global Sustainability Standards Board (GSSB).

Description of references

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

Access to this report

For this report and any updates about our sustainable development initiatives, please visit the "Investors Relations" • "Financial Reports" section of our website (www.sinotruk.com) and the website of the Stock Exchange (www.hkexnews.hk).

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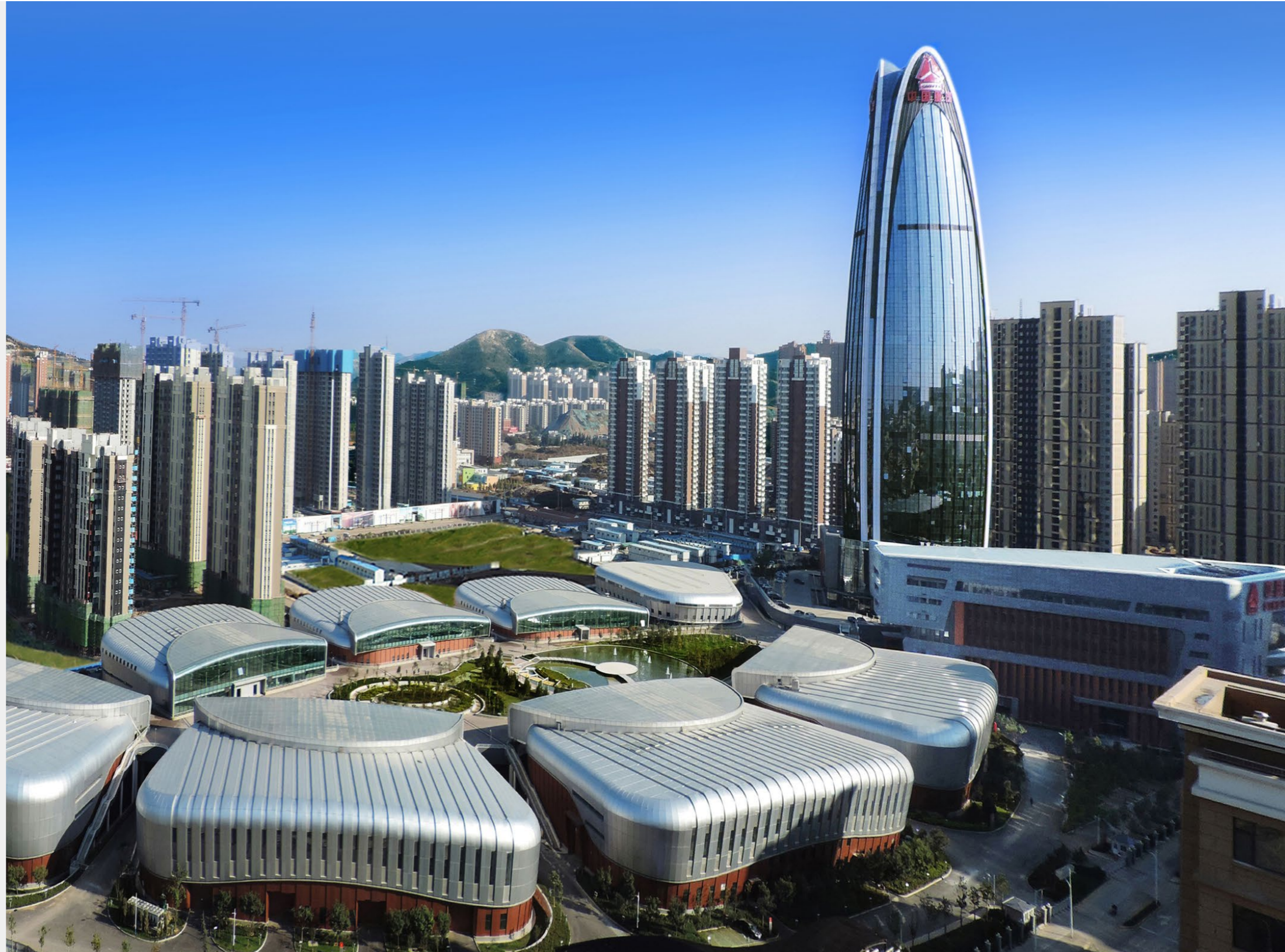


ESG Statement from the Board

Sinotruk is keenly aware of the importance of environmental, social and governance (ESG) matters to the risk management and sustainable development of the Group. A three-tier ESG governance structure featuring “the governance tier - the management tier - the execution tier”, has been established as part of our efforts to safeguard the smooth implementation of the ESG work. As the highest decision-making body for ESG issues, the Board assumes full responsibility for the Group’s ESG strategies, ESG-related goal setting, target progress review and ESG performance. As the strategic executor of the Group’s ESG work, the Audit Committee reviews the ESG performance of the Group and advances ESG resolutions of the Board. The Group has established the ESG Management Group within the management tier which is in charge of the management of daily ESG work and established the ESG Working Group in the execution tier which is responsible for the execution of daily ESG work.

The Group highly values suggestions and opinions of all stakeholders and continuously identifies and assesses material ESG issues. Based on the communication with major stakeholders through various channels, and with reference with disclosure-related requirements of regulators, industry policies and development trends, and the key concerns of rating agencies, we prioritize material ESG issues as important reference for ESG disclosure. In 2022, the Board reviewed material ESG issues and adopted proposals to adjust the materiality of ESG issues such as tackling climate change, development of new energy vehicles (NEVs), product R&D and innovation, talent attraction and retention, and effectiveness of board governance, in a bid to ensure the timeliness and rationality of the material issue matrix.

This Report contains full disclosure of the progress and achievements of the Group’s ESG work in 2022. It was submitted to the Audit Committee meeting for consideration on 28 March, 2023 and was reviewed and approved by the Board on 30 March, 2023.



About us

Group profile

The Group is one of the leading truck manufacturers in the PRC which specializes in the research, development and manufacture of HDTs, LDTs, 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 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 machinery to 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. In addition, the Group provides financial services for those parties related to the production and sales of Group's products and to the CNHTC Group.

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

1 Heavy-duty trucks segment

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

2 Light-duty trucks and others segment

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

3 Engines segment

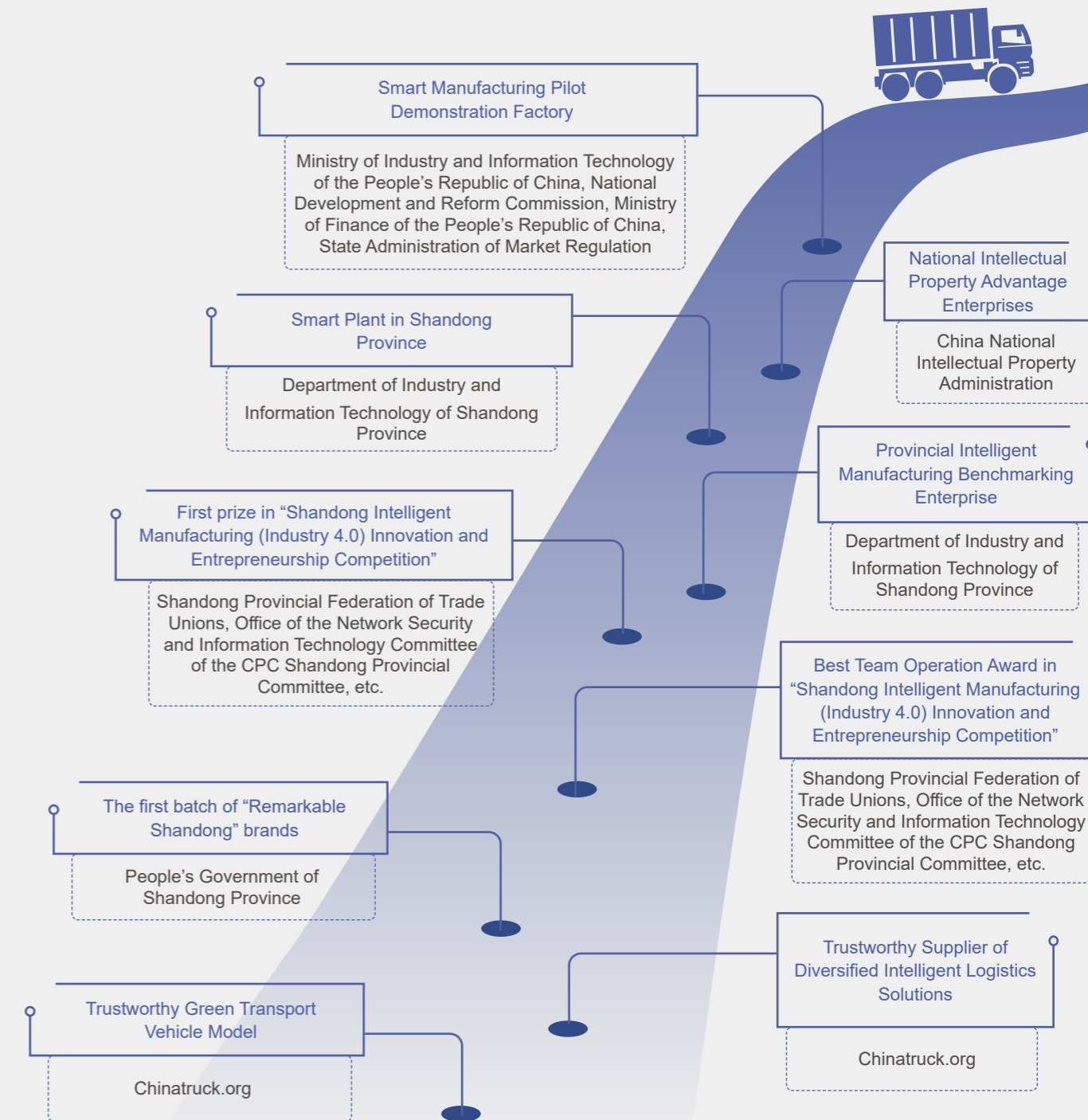
Although most of the engines produced by the Group are used to satisfy our own demand, the Group also sells industrial and construction machinery engines to third parties. In addition, the Group produces other HDT key assemblies, parts and components, such as gearboxes and various types of casting and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

4 Finance segment

The finance segment of the Group provides financial services to those parties related to the production and sales of 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 and build up an auto financing services network. Its financing services cover most areas in the PRC.

Accolades

Awards Received by the Group in 2022



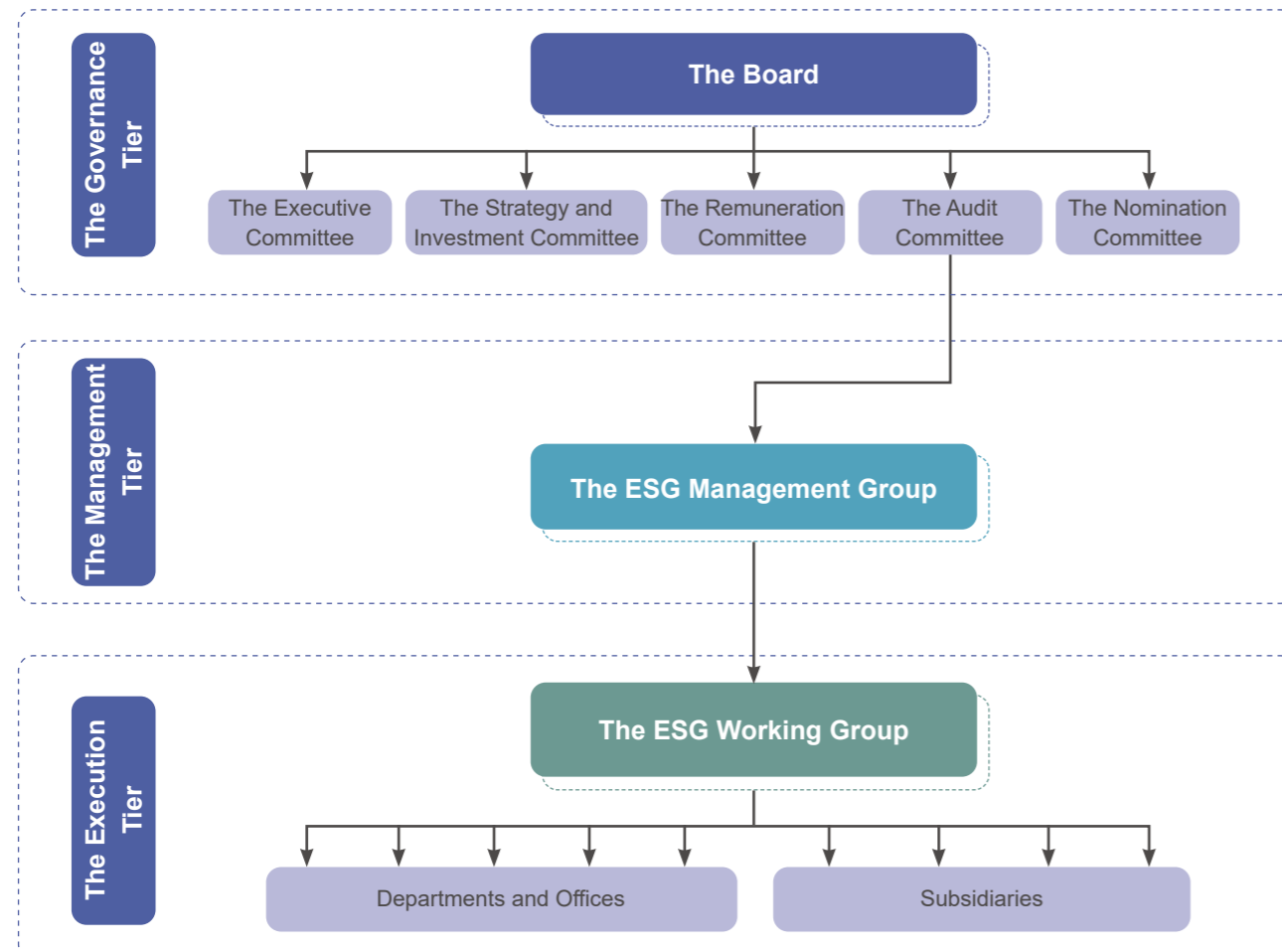
ESG Management

A sound ESG governance system is paramount to corporate ESG management. Sinotruk persists in improving our ESG governance by incorporating ESG issues into the Group's decision-making and daily operations and following impacts of our businesses on the environment and society. The Group responds to the environmental, social and governance demands of our stakeholders from multiple angles, and continuously promotes the sustainable and collaborative development of the Group and our stakeholders.

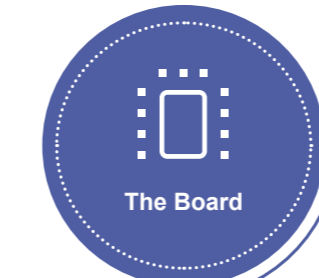
ESG Management System

Sinotruk is committed to building an ESG management system with a clear division of responsibility and authorities as well as a hierarchical structure. The Group follows the ESG policies, standards and guidelines of the market where it is listed, systematically plans the ESG governance, and realizes standardized and professional management of ESG work. We have built a three-tier ESG governance structure featuring "the governance tier - the management tier - the execution tier", to clarify the responsibilities of each tier and ensure the smooth implementation of our ESG work.

ESG management framework of Sinotruk



Responsibilities of ESG tiers of Sinotruk



- The highest decision-making and supervision body for ESG matters, with full responsibility for the ESG strategy and reporting of the Group
- Receiving regular reports on the Group's ESG work, approving the results of stakeholder communication and materiality assessments, and review and approve the annual ESG reports of the Group



- Execution body for ESG strategy with responsibility for developing ESG management policies and strategies, including identifying ESG risks related to the Group, managing ESG-related issues, reviewing ESG performance of the Group, and promoting the Board's ESG resolutions



- Coordinating ESG-related work in alignment with ESG policies and strategies of the Group
- Identifying ESG risks and opportunities and reporting regularly to the Board and the Audit Committee on ESG issues and progress
- Compiling the Group's annual ESG performance review and ESG reports



- Comprising of ESG staff from various departments and offices in the headquarters and each subsidiary, who are responsible for the implementation and promotion of specific ESG issues and regularly report the work progress to the ESG management

Stakeholder Engagement

The Group values the communication with stakeholders, establishes effective communication and feedback mechanisms, listens to the opinions and suggestions of stakeholders including government and regulators, shareholders and investors, customers, employees, society, partners, society and environment via different channels, identifies their feedback and expectations, and integrates their concerns into strategic decision-making of the Group, thus jointly creating the sustainable value.

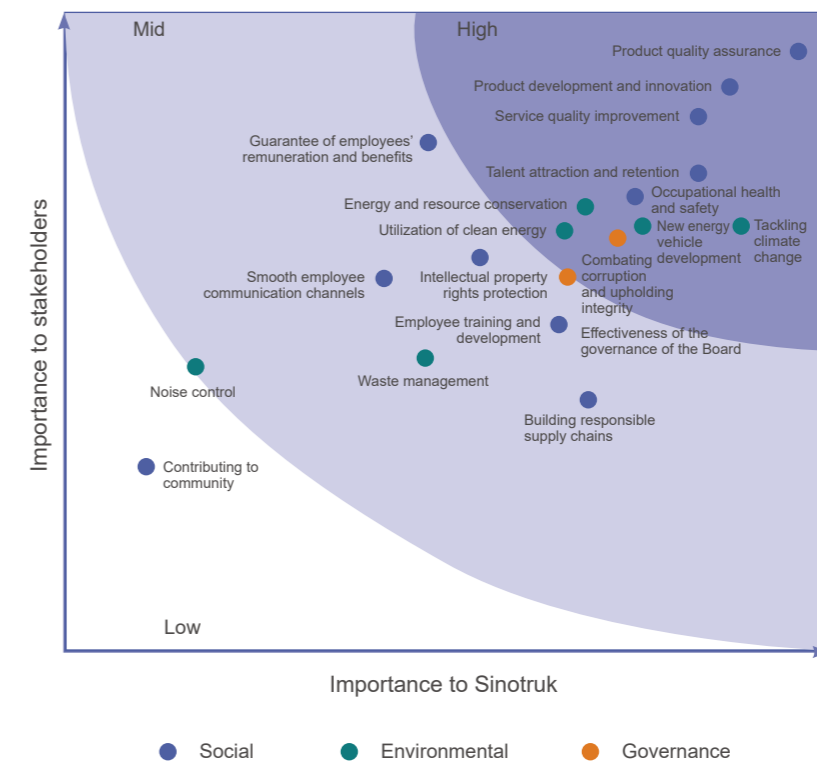
Stakeholders	Stakeholders' expectations	Communication mechanisms
 Governments and regulators	<ul style="list-style-type: none"> Legal compliance Compliant operations Tax payment Support local development 	<ul style="list-style-type: none"> Information disclosure Daily communication and report On-site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

ESG Reporting Principles

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

We conducted an online questionnaire survey to learn the importance that internal and external stakeholders attached to the ESG issues we had selected and then prioritized the issues accordingly. In the light of external trends and operating characteristics of our businesses, we reviewed the following material issues matrix on a regular basis and adjusted the materiality of some issues to ensure the timeliness and rationality of the matrix. In 2022, against the background of transportation electrification and intelligence, factoring into concerns of industry and capital market, we adjusted the materiality of such issues as tackling climate change, new energy vehicle development, product development and innovation, talent attraction and retention, and effectiveness of the governance of the Board.

Materiality Assessment of Sinotruk in 2022



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

Consistency: Compared with our 2021 ESG report, two subsidiaries have been excluded from the current reporting scope of key environmental performance indicators because they are no longer under effective control of the Group. Hence, statistics are subject to change. We continued to use consistent disclosure methodologies and specified some of the disclosure categories stated in the *ESG Reporting Guide*.

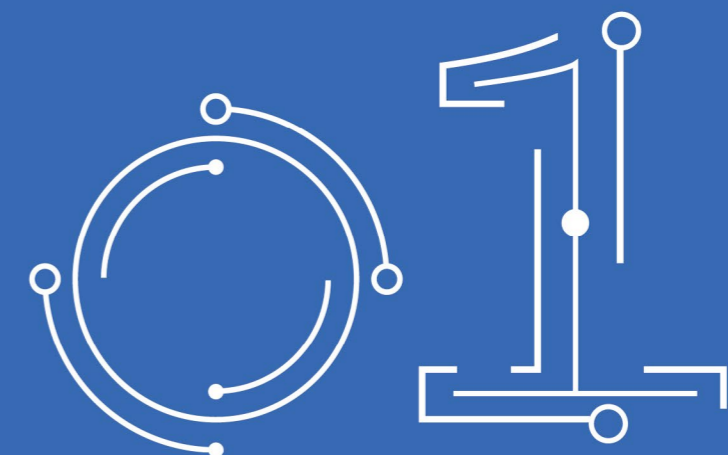


Operation and Governance

The Group is devoted to establishing a sound governance system and standardized governance procedures. By creating a professional and diversified governance structure, strengthening risk management, abiding by business ethics and enhancing the construction of an integrity culture, we fully protect the interests of all shareholders and stakeholders, and achieve long-term, stable and healthy development of the Group.

Highlights in 2022

- Organized **37** sessions of employee integrity training, with **27,884** views of online integrity training courses and **100%** employee coverage
- Organized one session of director integrity training with **100%** coverage



Consolidating Corporate Governance

The Group strictly abides by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and other laws and regulations as well as the Listing Rules. The Group has established a governance structure with a clear division of power and responsibility to ensure scientific and rational decision-making and efficient corporate operation.

Construction of the Board

The Group has adopted a modern corporate governance structure. The Board of Directors has set up the Executive Committee, the Strategy and Investment Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, which are responsible for supervising and inspecting such issues as corporate strategy, risk control and business performance. By the end of 2022, the Board had 17 Directors, including seven executive Directors, four non-executive Directors and six independent non-executive Directors.

Board Diversity

The Group strives to build a diverse and professional Board of Directors. Through such means as improving the systems and working mechanisms, the Board requires all board members to fulfill their responsibilities, and protects the interests of the Group, shareholders and other stakeholders. The Group strictly implements the *Board Diversity Policy*, and we set measurable targets for candidate selection based on a series of diversity indicators. In line with the specific needs of the Group, the Group fully and comprehensively selects candidates for the Board by factoring into gender, age, race, region, educational background, professional qualification and industry experience to provide strong support for scientific decision-making. Our current Directors specialize in automotive engineering, machinery, accounting, economics, law, human resources and finance, and a number of Directors boast rich industrial experience. Some members boast an abundance of professional industry experience, comprehensively improving the decision-making of the Board. By the end of 2022, approximately 12% of the Group's Director positions were held by female.

For implementing the board diversity policy, the Group sets the following measurable targets: at least one third independent non-executive Directors; at least one female Director and senior executive; and at least one Director with professional qualifications in accounting or other areas. During the reporting period, all targets were achieved.

Board Independence

The Group has established a sound system for independent non-executive Directors. In strict accordance with the Listing Rules and the selection procedures and tenure conditions stipulated in the *Articles of Association*, we select candidates of independent non-executive Directors from prominent figures and industry experts in China and beyond, and ensure that independent non-executive Directors account for no less than one third of board members. The Group requires all independent non-executive Directors to sign annual confirmation concerning their independence, ensuring that they review relevant proposals and express independent opinions based on independent judgments, with a responsible attitude to the Group, all shareholders and investors. By the end of 2022, the Board had six independent non-executive Directors, which represented approximately 35% of the board seats. The independent non-executive Directors fully engage in the work of the four committees, and the three independent non-executive Directors respectively serve as the chairman of the Remuneration Committee, the Audit Committee and the Nomination Committee.



By the end of 2022,

the Board had

6 independent non-executive Directors,
which represented approximately

35% of the board seats



Remuneration and Assessment of Directors and Senior Management

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



Remuneration
decision-making

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



ESG indicators

The Group incorporates ESG indicators into performance assessment in the form of binding indicators, mainly including production safety (including but not limited to safety accidents, safety penalties and contractor safety), environmental protection (including but not limited to greenhouse gas emissions, pollutant emissions, energy efficiency management and environmental penalties), anti-corruption, compliant operation and risk management. For those who fail to meet the assessment targets, points will be directly deducted from the overall score, and the results of the performance assessment will be linked to the remuneration.



Remuneration
payment

In order to ensure the effectiveness of ESG work, the Group sets goals or requirements for the performance of issues such as safety management, environmental protection, anti-corruption, compliant operation and risk management, which are included into the annual performance assessment system for the management at all levels. The assessment and remuneration payment are based on the annual implementation.

Upholding Business Ethics

In strict compliance with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations, the Group has formulated a series of rules and regulations on business ethics, including the *Provisions on Improving Style of Work and Strengthening Honesty and Self-discipline*, the *Opinions on Implementing Integrity Risk Prevention and Control*, and the *Provisions on Management of Integrity Files*. In 2022, we issued the *Management Measures for Consultations and Notifications on Integrity Building* and the *Measures for Operation and Management of "Macro Supervision" Mechanisms* to further improve system effectiveness and ensure efficient supervision.

In order to stay vigilant against corruption and nip it in the bud, the Group comprehensively promotes the institutional building for the identification, prevention, control and supervision of corruption risks. We also effectively control corruption risks in the production and operation process during links including earning inspections, audits, supervisions and lawsuits, striving to minimize and avoid integrity risk events. We vigorously implement integrity supervision mechanisms, organize the signing of the letter of commitment for "dual responsibility for one position", requiring employees to fulfill their responsibilities of the integrity building on their posts while performing their specific duties.

We investigate and handle violations of disciplinary regulations and establish diverse whistleblowing channels, including telephone calls, letters, e-mail messages and reporting to management. We investigate, handle and report relevant cases in a timely manner in the light of relevant procedures. We ensure confidentiality of information about whistleblowers and severely punish intentional disclosure of such information or retaliation against whistleblowers. During the reporting period, the Group did not receive any corruption-related clues and reports.

The Group constantly strengthens integrity education and regularly organizes integrity activities covering all employees¹, outsourcing staff and suppliers, including warning education, Party lectures, integrity lectures, visits to the integrity education bases and videos on integrity education. Through these endeavors, we help employees build a solid ideological line of defense to combat corruption. During the reporting period, the Group conducted 37 offline integrity and anti-corruption training sessions with 4,322 participants. We also launched online integrity training courses with 27,884 viewers. The Group achieved a training coverage of 100%, totaling 4,000 hours for general employees. We also organized one integrity training session for Directors, with 17 participants and a training coverage rate of 100%.



During the reporting period,



the Group conducted

37 offline integrity and anti-corruption training sessions



with

4,322 participants



We also launched online integrity training courses with

27,884 viewers



The Group achieved a training coverage of

100%

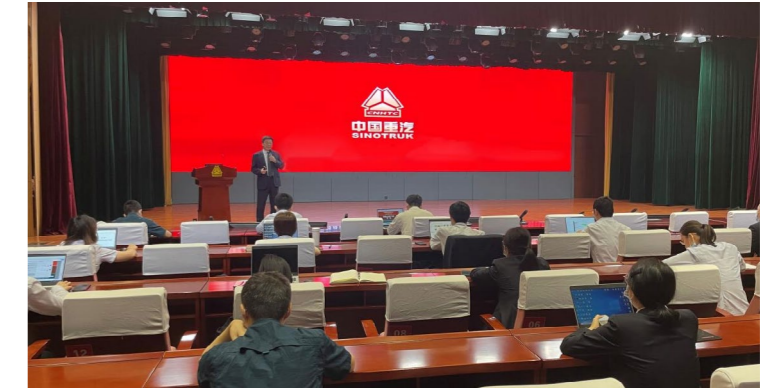
¹ All employees of the Group are regular employees working on the full-time basis. There was no part-time employees.

Case

The Group organized to watch the anti-corruption warning and education film *Zero Tolerance*



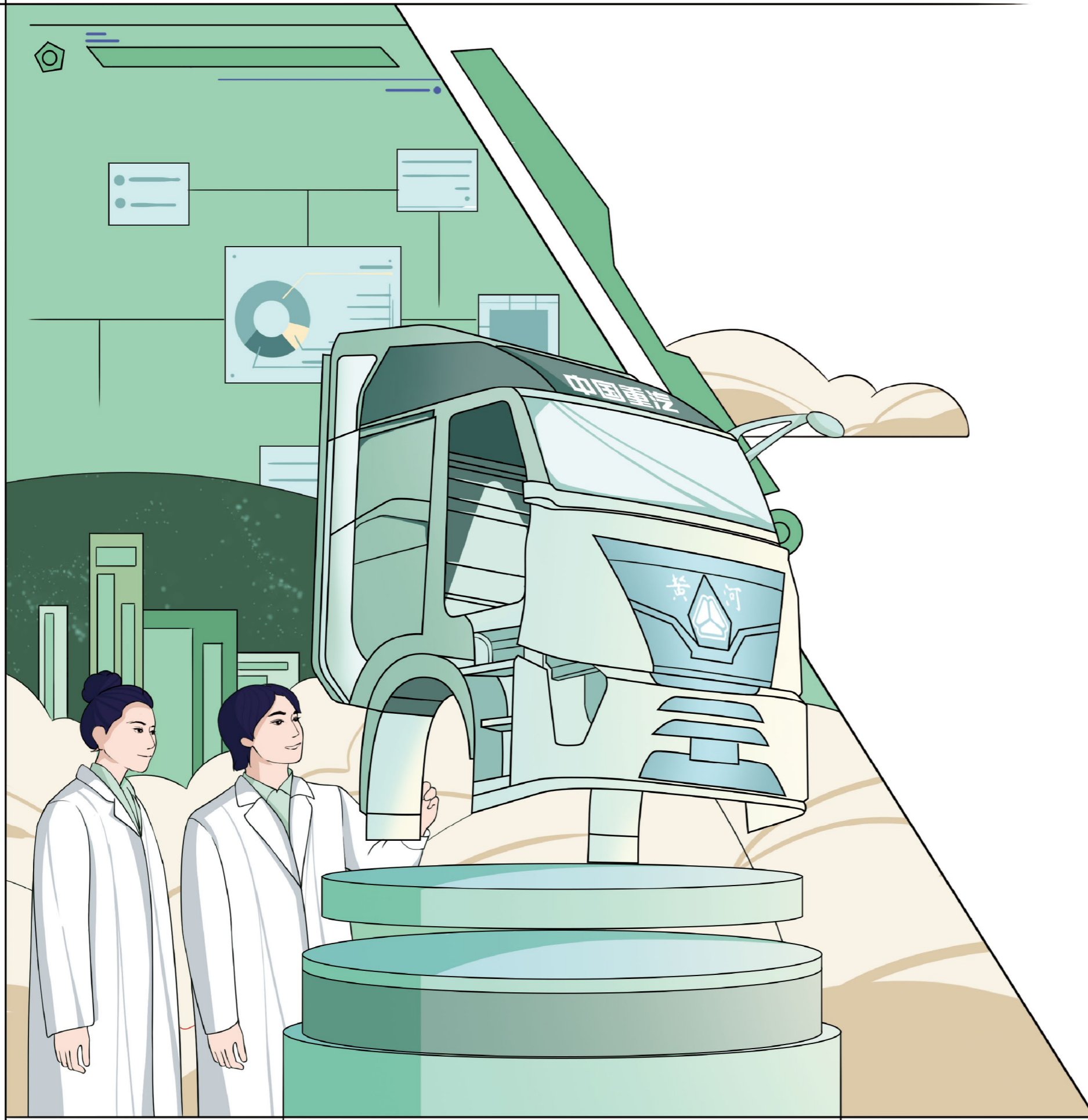
In 2022, Sinotruk organized 1,260 leaders at the deputy Director level and above to watch the anti-corruption education film *Zero Tolerance* through the online learning platform. These leaders are supposed to draw lessons from typical cases and constantly strengthen their ability to resist and prevent corruption.



Online Learning of Sinotruk's Leaders

In order to underscore the integrity management of business activities and strictly maintain the business ethics of our partners, the Group has formulated the *Management Procedures of "Blacklist" for Business-related Parties*, and required all partners to sign the *Agreement on Mutual Commitment to Honesty and Integrity*. We also regularly audit the implementation of anti-corruption policies of our suppliers to regulate their behaviors. In addition, we have remained cautious about the business activities which involve the commission for international transactions, strictly verified the information about the counterparty, carefully control approval for commission payment in the prevention of misconducts related to terrorism, money laundering, corruption, commercial bribery and unfair competition. In 2022, the Group signed the *Agreement on Mutual Commitment to Honesty and Integrity* with 100% of our suppliers, and reported zero business ethics lawsuit regarding corruption, money laundering and monopoly.





Development and Innovation

As one of the leading truck manufacturers in China, the Group emphasizes product quality and innovation. We push forward all-round quality control and technological innovation, lay out plans for clean energy ecosystem, and benchmark with world-class brands. To honor our commitment to "Customer satisfaction is our purpose", we persist in improving the quality of services, upgrading the supplier management system, and offering safe, premium and comfortable products and services.

Highlights in 2022

- Obtained **107** national invention patents, **449** utility model patents and **123** industrial design patents; **19** domestic trademarks and **44** overseas trademarks approved for registration
- Devoted RMB **300** million to R&D of clean technologies and obtained **193** patents related to clean energy technologies



Honoring Product Responsibility

To achieve the "zero-defect" quality objective, Sinotruk has established a sound quality management system, implemented all-round quality control and management in the full life cycle of products from such aspects as quality talent training, and duly honor product responsibility.



Quality Management System

Focusing on quality objectives, the Group has been engaging in improving quality management. We set quality objectives from seven dimensions of comprehensive control, R&D, engineering, procurement, service, manufacturing and quality cost, broke down and assigned the indicators to the relevant departments and leaders, and implemented the quality management responsibility system.

In strict accordance with the ISO 9001:2015 quality management system certification and the IATF 16949:2016 quality management system certification and other quality management systems as well as relevant laws and regulations, the Group has built a sound quality management system covering the whole process including product design, development, manufacturing, sales and service. Meanwhile, we have formulated guidelines on quality management at all levels, which are revised and updated annually to meet the needs of business development. In 2022, the Group revised and released 74 quality system documents, and passed the third-party audit of the IATF 16949 quality management system certification. By the end of 2022, the Group and our 15 subsidiaries have passed the IATF 16949 quality management system certification.

In order to test the applicability and effectiveness of the quality management system, the Group carries out the quality management system maturity evaluation in accordance with the *Quality System Maturity Evaluation Method*. We conduct maturity evaluation from the five dimensions of incoming inspection, process inspection, finished product warehousing inspection, monitoring & measurement, as well as procurement control. Based on the evaluation results, we rectify the divisions with poor evaluation results. With reference to the *System for Managing Comprehensive Risks*, we identify and control technical risks and quality risks. In 2022, the Group completed 53 assessments of the quality system maturity evaluation, covering 100% of manufacturing divisions. The evaluation for conformity increased by 4.6% compared with that in 2021.



IATF 16949 Quality Management System Certification of Sinotruk

Full Life Cycle Quality Management

The Group has set up a quality management platform covering the whole process of products. We also adopt diverse measures for quality audit to ensure standardized, information-based quality management in the full life cycle of products. During the reporting period, the Group had zero safety and health-related recall of products sold or delivered.

Full Product Life Cycle Quality Assurance

<p>Product development</p>	<ul style="list-style-type: none"> Formulate the <i>Measures for Management of Quality Assessment of New Product Development</i> to standardize the quality assessment and management of new product development Develop the <i>Measures for Management of Pre-sales Issues of New Products</i> to control the pre-sales quality risks of new products
<p>Product design</p>	<ul style="list-style-type: none"> Lay down the <i>Product Development Control Procedures</i> and other guidelines to standardize the quality management of product development
<p>Product manufacturing</p>	<ul style="list-style-type: none"> Formulate the <i>Quality Gate Management Method</i> to identify monitoring points for key production steps, avoid defective products and further improve product quality Issue the <i>Product Audit Control Procedures</i> and the <i>Product Monitoring and Measurement Control Procedures</i> to evaluate the quality of products and parts and monitor the features of new products and mass-produced products
<p>Product delivery</p>	<ul style="list-style-type: none"> Comply with the <i>Control Procedures for Recall of Defective Motor Vehicles</i> to clarify the management procedures regarding the recall of defective motor vehicles in strict accordance with relevant domestic and international laws and regulations including the <i>Administrative Regulations on the Recall of Defective Motor Vehicles</i> and the <i>Measures for Implementation of the Administrative Regulation on the Recall of Defective Motor Vehicles</i> Comply with the <i>Integrated Information Management Platform for the Recall of Defective Motor Vehicles</i> to conduct routine filing and maintenance of both the corporate and product information, proactively recall (or instruct to recall) the defective products and take the corresponding remedial and prevention measures

Improving Quality Audit

We strictly control the product quality and regularly improve quality audit. Focusing on process compliance, we comprehensively improve product consistency through “product review, process audit and reliability enhancement”. Through such means as special scheduling, on-site breakdown and monthly improvement reports, we instruct the subsidiaries on quality improvement. In 2022, the Group saw a decline in the zero-kilometer failure rate² and part per million (PPM)³, which indicated a remarkable improvement in the consistency of product quality. We carried out 36 group-level improvement projects and 25 quality improvement projects. The overall failure rate of group-level quality improvement projects was reduced by more than 50%, while that of corporate-level improvement projects decreased by 39%.



The overall failure rate of group-level quality improvement projects was reduced by more than

50%,

while that of corporate-level improvement projects

decreased by **39%**.



Information-based Management Platform

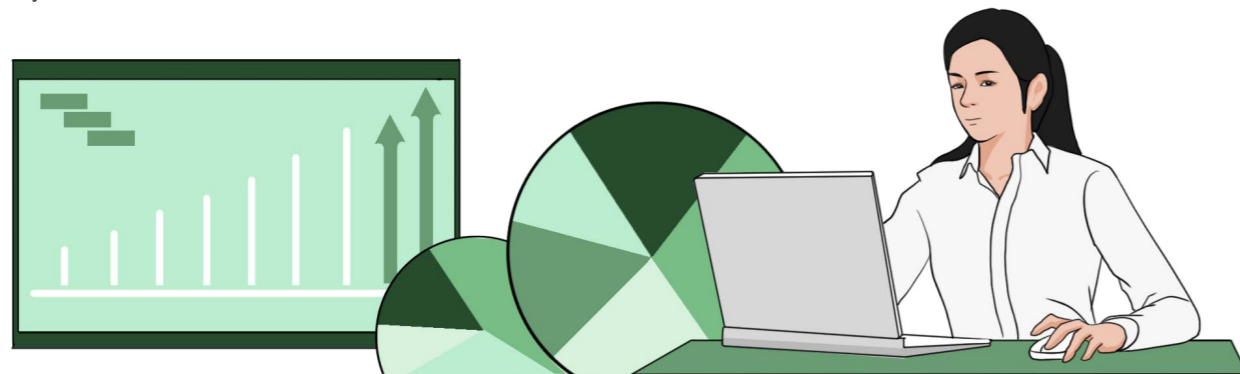
The Group has proactively built an information-based quality management platform, which consists of manufacturing quality, incoming inspection, after-sales quality, quality traceability, quality improvement and measurement analysis. The system also integrates the functions such as incoming inspection, online supervision of quality improvement projects and product traceability from production to after-sales, realizing online monitoring of the whole process of vehicle manufacturing and closed-loop management of quality problems. In 2022, the management platform was put into use in three vehicle plants, with 3,238 visitors per day.



In 2022, the management platform was put into use in

3 vehicle plants, with

3,238 visitors per day.



Nurturing Quality Culture

The Group gives high priority to nurturing quality culture for all employees and guides the all-round quality management improvement. We plan and organize a wide variety of activities, including course training, quality meeting, online Q&A and quality knowledge competition. We also encourage all staff to participate in quality management and circulate quality-centered ideas. In 2022, we launched the online course “knowledge-based improvement on employee skill and product quality” and offline quality training activities such as process audit (VDA6.3) and independent data analysis, to strengthen quality control skills of all employees.

Case

The Group carried out quality analysis training on self-service data analysis platform



With adoption of digital technologies, data has gradually become the core element of corporate operations. In 2022, the Group organized four 24-hour training sessions in quality data analysis to provide targeted data analysis guidance for employees, in a bid to improve the utilization of the Group's quality-related data resources. During the training, we provided training on big data analysis tools for quality data analysts from different divisions in after-sales analysis, vehicle reliability analysis, new product quality tracking and other related work to improve their ability to track and analyze vehicle quality performance. Thanks to this training project, the Group has successfully established a team of 86 quality analysis specialists covering 17 divisions, improving the ability to apply quality big data, and providing guarantee for efficiently improving product quality.



Quality Data Analysis Training

Case

The Group organized knowledge quiz on quality



In order to enhance the quality awareness of all employees and promote the quality culture of the Group, the Group organized a quality-related knowledge quiz in 2022. During the quiz, we examined the employees' understanding of the Group's quality culture, zero defect quality management, quality management tools and other quality-related knowledge. The quiz registered 21,696 enrollments. Through this activity, we helped employees better understand quality standards, thus further regulating their quality behaviors.

质量知识竞答-竞赛练习

增强质量意识
推动质量提升
共筑卓越品牌



姓名:

请输入

Knowledge Quiz on Quality

² Zero-kilometer failure rate refers to the proportion of failures occurring before the products are delivered to the customer for inspection and assembly in the batch of the products.

³ Part per million (PPM) is the number of defective products in a million.

Innovating Product R&D

Focusing on the development and revolution of the industry, the Group insists on increasing investment in R&D, advancing independent innovation, and building high-quality independent brands. With a diverse approach to developing new energy business, we have built an industry-leading new energy R&D and manufacturing system to embark on green and sustainable development.

Consolidating Innovation Foundation

The Group has released a series of internal management guidelines with the *Development Demonstration Control Procedures* as the core to strengthen the full-process control over R&D projects, as part of our endeavor to improve the scientific innovation system. We have set up a large-scale team with independent R&D capabilities. In this way, we build a matrix R&D system mode in which the whole vehicle acts as mainstay, and the performance R&D and assembly parts are reinforcing each other. We also keep offering advanced solutions in such areas as vehicle manufacturing and power system. To continuously and proactively increase R&D spending, we set the goals of maintaining a ratio of R&D spending over 3% of the Group's revenue. In 2022, the Group established 195 key scientific research projects and won 29 science and technology awards from national and provincial industry associations. We also invested RMB 2.52 billion in scientific research, and the ratio of R&D spending to the revenue accounted for 4.3%.

Key R&D Achievements of Sinotruk in 2022



Industrial
award

- The *Research and Application of Key Basic Performance Integration for Heavy Vehicles* won the first prize of the Science and Technology Innovation Award of the China Society for the Promotion of Science and Technology Commercialization in 2022
- The *Key Technology and Application of Worry-free Gear Changing of Commercial Vehicles* won the third prize of the 2022 Science and Technology Progress Award of the China Machinery Industry Science and Technology Award
- The *R&D and Application of Snow Wax Vehicles for the Beijing Olympic Winter Games* won the third prize of the 2022 Science and Technology Progress Award of China Society of Automotive Engineers



Provincial
award

- The *Novel 16-gear Double-Intermediate-shaft Locking Ring Type Synchronizer Gear Box* won the first prize of the Fourth Shandong Province Patent Award and the first prize of the 2022 Shandong Province Patent Award

The Group strictly abides by relevant laws and regulations, such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Madrid Agreement Concerning the International Registration of Trademarks* and complies with the *Enterprise Intellectual Property Management Standard (GB/T29490-2013)*, and has issued various internal guidelines, put in place a sound intellectual property management system and comprehensively protected the intellectual property rights of our scientific and technological innovation achievements. By the end of 2022, the Group has 4,078 valid patents, including 506 invention patents, 2,872 utility model patents and 700 industrial design patents.

Intellectual Property Rights Protection Mechanism

● Patent management

Formulate the *Management Procedures for the Approval of R&D Projects*, the *Patent Management Process*, the *Management Measures for Intellectual Property Rights*, and the *Management Procedures for Safeguarding Intellectual Property Rights* to comprehensively standardize patent management

● Trademark management

Formulate and implement the *Measures for Trademarks*, which specifies the department in charge of trademark management and relevant responsibilities, registration process, use, licensing, protection, file management and review of trademarks

Application and Grant of Patents and Trademarks in 2022

Patent & trademark	Unit	Number of applications	Number of grants	Number of cumulative grants
National invention patent	piece	509	107	506
Utility model patent	piece	535	449	2,872
Industrial design patent	piece	166	123	700
Registered domestic trademark	piece	135	19	489
Registered overseas trademark	piece	560	44	2,464

In the spirit of competition and cooperation, we aim to build an open and collaborative global chain innovation system, and advance industry-university-research cooperation and technology exchange with domestic research institutes and industry associations for mutual promotion. In 2022, the Group established strategic partnerships with 11 world-renowned universities and top-notch research institutes, including Shanghai Jiao Tong University and Xi'an Jiaotong University, and carried out 16 international technical cooperation projects.

Case Sinotruk pursues in-depth university-enterprise cooperation



In 2022, Sinotruk signed strategic cooperation agreements with Huazhong University of Science and Technology and Shanghai Jiao Tong University. Relying on the scientific research advantages of the universities and Sinotruk's massive production capacity, the Group is well positioned to pursue in-depth cooperation in high-tech sectors.



Sinotruk signs the strategic cooperation agreement with Shanghai Jiao Tong University



Sinotruk signs the strategic cooperation agreement with Huazhong University of Science and Technology

Layout for Clean Energy Ecosystem

To adapt to the changes in the global automobile industry and application environment, Sinotruk actively promotes "intelligent manufacturing, green manufacturing and high-end manufacturing" and sets a timetable for the new energy vehicle (NEV) industry. With a full series of in-house electric driving axles and hybrid systems as the core, the Group has developed technical routes for battery electric vehicle (BEV), hybrid vehicle (HV), and hydrogen fuel cell vehicle (HFCV). In 2022, the Group devoted a total of RMB 300 million to clean technology⁴ R&D, and obtained 193 clean technology patents.

Number of Clean Energy Patents of Sinotruk (2020-2022)

Year	2020	2021	2022
Number of clean energy patents	19	46	193

⁴ Clean technologies include technologies for "zero emission", "pollution control", "hybrid power", "recycling" and "clean vehicle".

Pure Battery Technologies

Sinotruk has made unremitting efforts to launch a BEV product line and deliver zero-emission products. We have launched BEV product series and vigorously promoted the construction of a sound pure electric technology ecosystem in China.

Pure Electric Models of Sinotruk



HOWO TX series pure electric tractor

The double motor structure and double motor control system can comprehensively improve the load rate and operation efficiency of the motor, reducing power consumption by 2%



HOWO TX-EV pure electric mixer truck

The model features double driving axles and intelligent electric control, achieving high efficiency and energy saving. With the transmission shaft removed, the transmission efficiency improves by 10%. The SOX algorithm is adopted to optimize charging management, thermal management and balance management



HOWO NX new-energy tractor

High-efficiency drive motor is combined with high-efficiency Man transmission gear and Man driving axle, saving electricity by 8% compared with peer models



HOWO V7-X pure electric (battery swapping) dump truck for smart city

Equipped with CATL's battery pack, the model has an endurance of 190 kilometers. Under the "separation of vehicle and battery" mode, it takes no more than 5 minutes to replace the battery, solving the problem of long charging time for pure electric heavy-duty trucks

Hybrid Power Technologies

Hybrid power technologies can help to reduce the dependence on fuel, fuel consumption and vehicle costs, thus facilitating the transition from fuel vehicles to NEVs. Sinotruk focuses on developing efficient hybrid systems and promoting the application of hybrid systems to achieve full electrification.

Case Sinotruk HOWO Hanjiang hybrid trucks

HOWO Hanjiang hybrid truck is equipped with Weichai high-efficiency engine WP2.3N130E61 engine and 80-kW P2 parallel motor. The synchronous power output of the engine and motor can reduce energy consumption and realize energy recovery. During frequent starts and stops in urban areas, the EV pure electric mode is initiated to further reduce energy consumption.



HOWO Hanjiang Hybrid Truck

Hydrogen Fuel Applications

Sinotruk actively responds to national strategies for hydrogen energy development. We also intensify efforts in hydrogen energy technology R&D and application, research the hydrogen fuel cell systems, and diversify the green and low-carbon transformation pathways of the Group.

Case Sinotruk and Weichai Power jointly released China's first commercial hydrogen internal combustion engine heavy-duty truck

In 2022, Sinotruk and Weichai Power Co., Ltd (hereinafter referred to as "Weichai Power") released China's first commercial hydrogen internal combustion engine heavy-duty truck. As the industry's first hydrogen internal combustion engine heavy truck, this model is equipped with the 13L hydrogen internal combustion engine from Weichai Power, achieving an effective thermal efficiency of 41.8%. With low pollutant emissions and low requirements on hydrogen fuel purity, it can be widely used in special transportation scenarios such as ports, cities, power plants, steel mills and industrial parks. It can greatly contribute to the green upgrading of the internal combustion engine industry chain.



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

Improving Service Quality

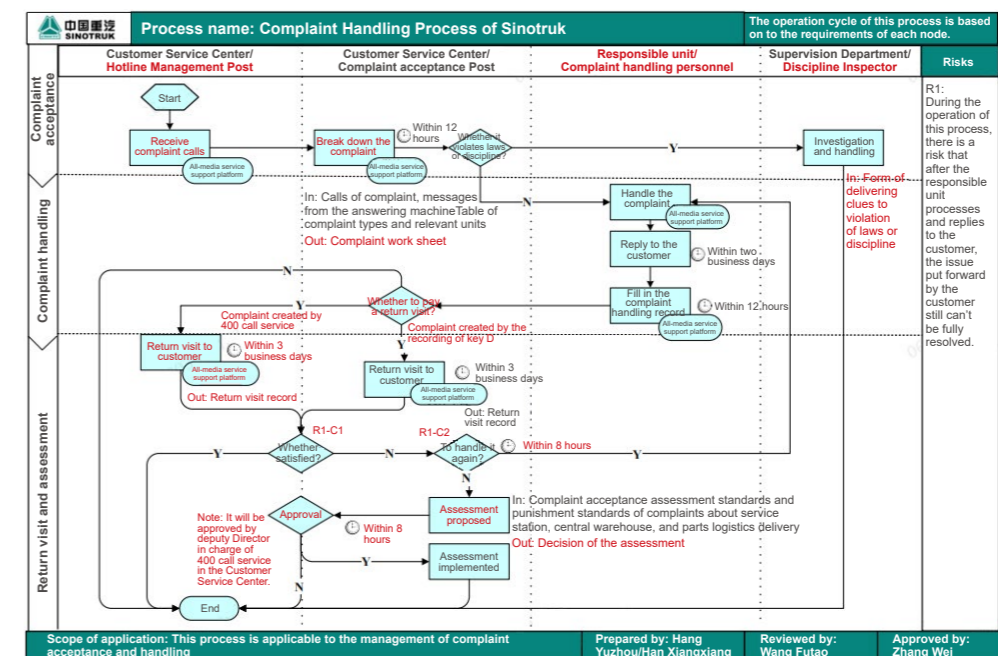
To honor our commitment to "Customer satisfaction is our purpose", the Group continuously optimizes the quality of customer services, strengthens customer privacy protection, as well as delivers safe, premium and comfortable products and services.

Delivering Premium Services

Adopting a customer-centered philosophy, the Group has established a sound customer service and after-sales management process system to continuously optimize the quality of customer services. In accordance with internal guidelines such as the *Sinotruk Settlement Standards of Automotive Product Warranty Service Fees*, the *Sinotruk Policy of Product Quality Warranty*, the *Customer Maintenance and Fund Management Process* and the *Guidance on Core Service Process*, we conduct standardized management of after-sales services from such aspects as service station management, on-site management, service process specification and after-sales maintenance. Meanwhile, the Group also carries out on-site management and inspection of service stations, implements comprehensive operation quality evaluation and dynamic grade adjustment of the service station, and improves the on-site management of service stations.

We attach great importance to user feedback. In accordance with the *Complaint Acceptance Management Process*, we have put in place a sound customer complaint handling mechanism, feedback mechanism and rapid response mechanism. We have also established a variety of reporting channels, including 24-hour 400 manual hotline for complaints, recording complaints, as well as online complaints via "Smart Sinotruk" App. Complaints will be transferred to the relevant units for solutions, the handling will be updated and reported in a timely manner, and the first person in charge will follow it up to ensure service quality. In 2022, we received 786 quality-related complaints, with a complaint handling rate of 100%.

Complaint Handling Process of Sinotruk

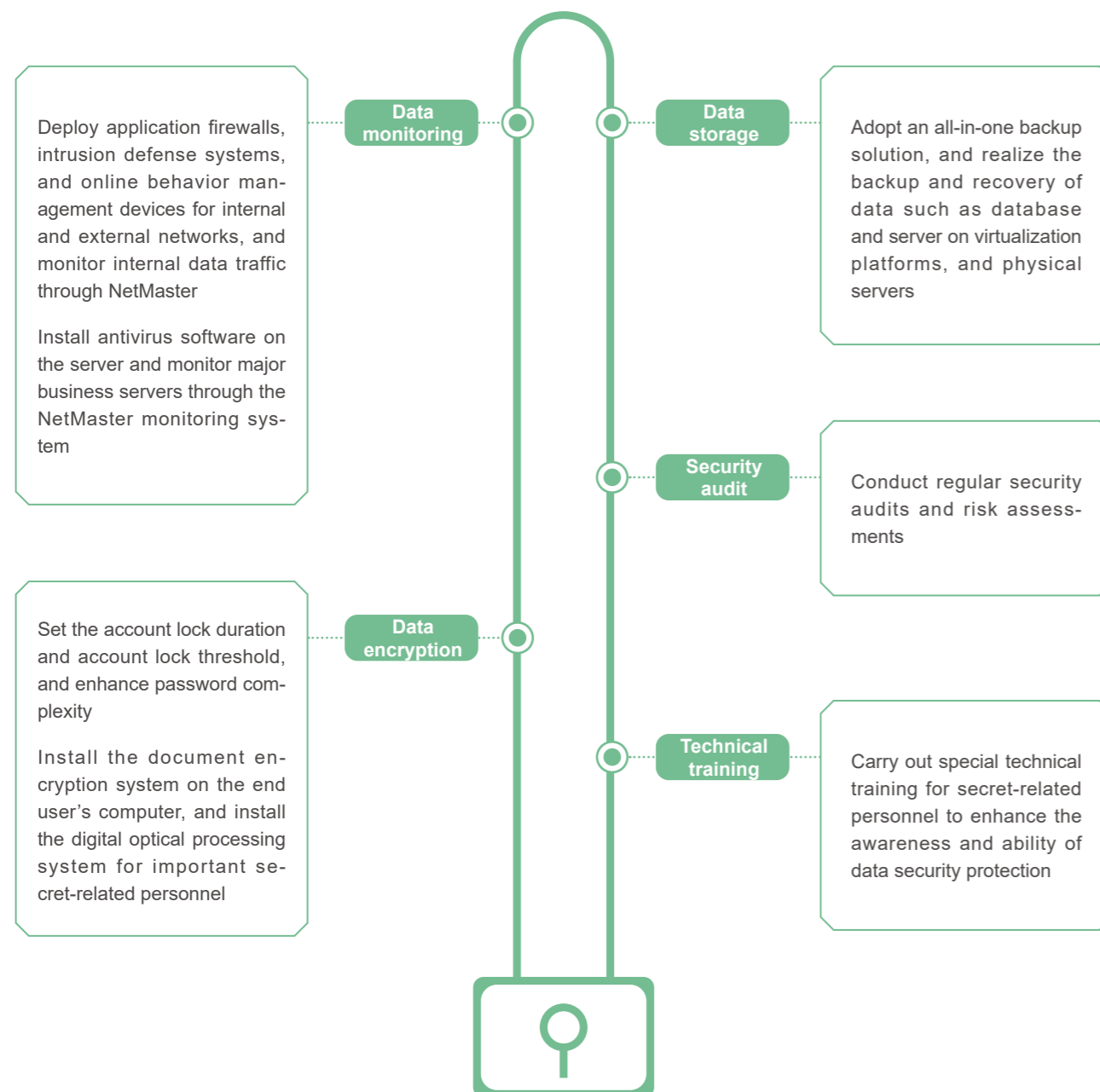


In order to continuously improve products and services, we have developed customer satisfaction survey plans, established satisfaction evaluation modules on multiple platforms, monitored and managed customer satisfaction evaluation in a real-time manner via the "Smart Sinotruk" App, and conducted quarterly quality satisfaction surveys in vehicle manufacturers and sales company-level service stations. We also understand and analyze customer expectations and demands, formulate rectification measures targeting negative customer feedback, and conduct on-site reviews to ensure closed-loop solutions. In 2022, we received a total of 2,639 questionnaires from 30 provinces, municipalities and autonomous regions, which covered HOWO, SITRAK and other products, with a customer satisfaction rate of 94%.

Protecting Customer Privacy

The Group strictly abides by relevant laws and regulations, such as the *Cybersecurity Law of the People's Republic of China*, the *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*, and the *Measures for Security Protection Administration of the International Networking of Computer Information Networks*. We also formulate internal management regulations such as the *Management Procedures for Information Security*, the *Administrative Measures for Protecting the Confidentiality of Information Systems*, *Information Equipment and Storage Equipment*, and the *Management Procedures for Trade Secrets Protection*, and take various measures to strictly protect customers' privacy.

Data Security and Customer Privacy Protection Measures of Sinotruk



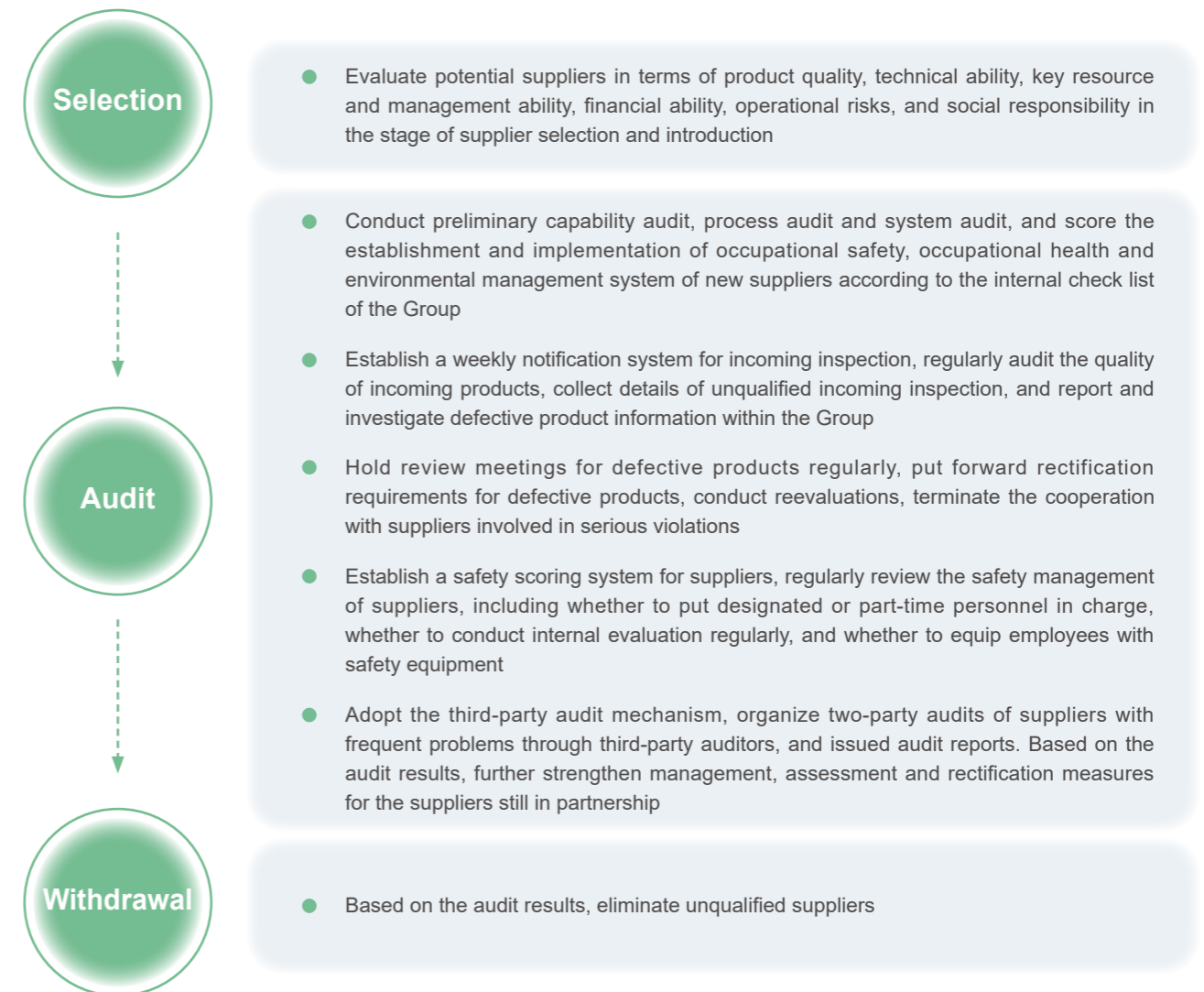
Building Responsible Supply Chains

Adhering to the supply chain management philosophy of mutual trust and win-win cooperation and focusing on our business development needs, the Group has formulated internal management documents, continuously improved the supplier management system, established efficient two-way communication channels with suppliers, enabled suppliers to grow, and ensured the safe and stable development of the supply chain.

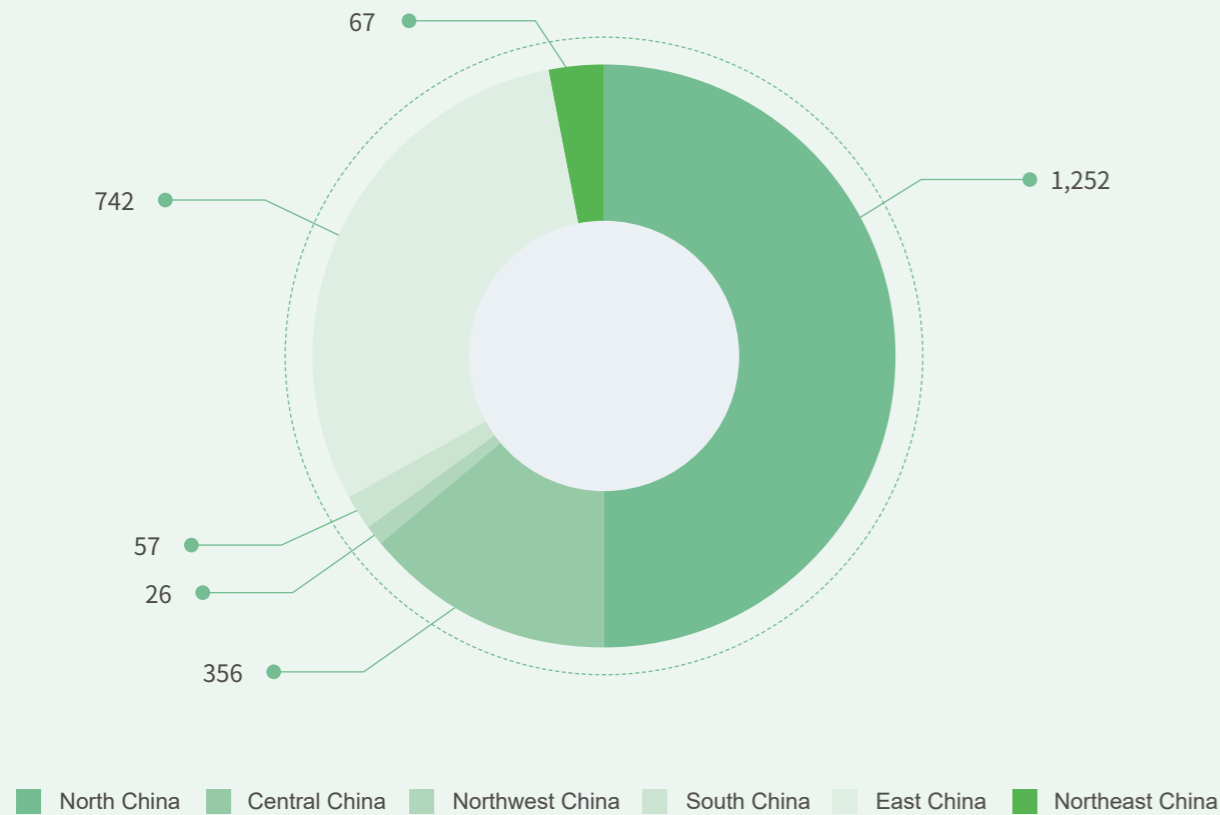
Supplier Access and Evaluation

The Group has formulated internal guidelines such as the *Procurement Control Procedures*, the *Supplier Selection Control Procedures*, the *Approval Procedure for Supplier Access to Auxiliary Products and Product Release*, the *Supplier Management Procedures*, the *Management Procedures for Product Bidding and Procurement*, and the *Measures for Supervision and Administration of Procurement of Auxiliary Products*. We have also built an integrated management platform for procurement operation, and conducted unified and centralized management of supplier introduction, selection, review and evaluation. In 2022, the Group audited 361 suppliers and conducted 345 on-site inspections of suppliers. Under the third-party audit system, we also organized 22 two-party audits of 22 suppliers and issued 22 audit reports.

Supplier Management Measures of Sinotruk



By the end of 2022, the Group had a total of 2,500 suppliers, the number of suppliers is divided by region and shown as below:



Sustainable Supply Chains

The Group constantly improves the sustainable management strategy of supply chain. We are devoted to incorporating environmental and social risks into the whole process of the supply chain management, and effectively controlling the environmental and social risks of suppliers through such means as strict incoming inspection, qualification inspection, regular assessment and audit. We have drafted the contract template for the *Procurement Agreement* to be signed with suppliers and partners, which specifies the requirements for suppliers on working environment and human rights, health and safety, business ethics and environmental protection.

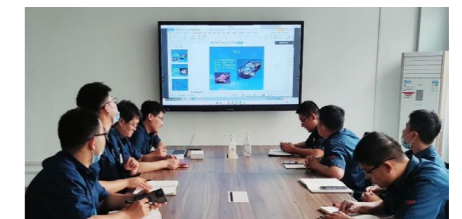
In terms of environmental protection, we require suppliers to comply with all applicable environmental laws and regulations, and to obtain and update all necessary environmental permits and related qualifications in a timely manner. Sinotruk requires suppliers to be certified by IATF 16949, and parts suppliers that have an impact on the environment also shall be certified by ISO 14000. As to occupational health and safety, the Group requires all suppliers to establish applicable Health, Safety, and Environment (HSE) systems and pass third-party occupational health and safety certifications such as ISO 45001. We also make sure that products related to the security industry should obtain a national safety license, and that products mandated by the state should be recognized or certified by relevant authorities.

Empowering Suppliers

The Group gives high priority to improving the professional abilities of suppliers and developing together with them. Focusing on increasing the benefits of the supply chain, we also make a point of communicating with our suppliers closely and efficiently through such means as daily communication, diverse training courses and supplier meetings. We promote the concept of sustainable development to suppliers through relationship incentives, information sharing, technical support, joint development and other means. In 2022, the Group organized four training sessions on quality awareness and quality management, with 422 supplier participants.

Case Ji'nan Transmission Plant organized supplier quality improvement training and exchange

In 2022, with the aim to further improve the quality management ability of suppliers and strengthen the communication between suppliers, Ji'nan Transmission Plant invited excellent suppliers to participate in five online supplier training events. During the training, these suppliers shared production technologies with each other, such as fork processing and input shaft processing.



Supplier training of Ji'nan Transmission Plant

Case Ji'ning Commercial Vehicle Company organized supplier quality training

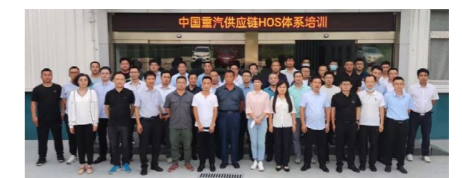
In 2022, the Procurement Department of Ji'ning Commercial Vehicle Company, together with the Quality Department and other relevant departments, conducted special quality training for more than 40 suppliers to narrow the gap in product quality. Ji'ning Commercial Vehicle Company also organized quality improvement training targeting each supplier, which covered issues such as delivery quality, zero-kilometer quality and after-sales product quality.



Specialized Quality Training for suppliers of Ji'ning Commercial Vehicle Company

Case Sinotruk carried out training on HOS system⁵ for supply chain

In 2022, the Procurement Center of the Group, together with the HOS Lean Promotion Office, the Quality Department, and other relevant departments, carried out Sinotruk Supply Chain HOS System Training for 422 suppliers in batches, in a bid to improve the suppliers' lean management level and reduce production costs.



Sinotruk's Supply Chain HOS System training

⁵ HOS (Heavy Truck Operating System) is a management system that undertakes the missions and visions of Sinotruk. Under the guidance of the corporate strategies and operating principles, it covers four sections, including indicator management, standard process, lean management and training support and continuously improves the corporate operation quality and efficiency through evaluation improvement, in order to take customer demands as input, take customer satisfaction as output.



Health and Safety

In strict accordance with the principle of “safety first, prioritizing prevention, and comprehensive management”, Sinotruk continuously improves the production safety and occupational health management, instructs our partners and relevant parties on safety and health, strengthens safety promotion and training, and ensures safe operation.

Highlights in 2022

- Safety investment up to RMB **88,938,800**
- The Group and all **19** subsidiaries or divisions passed the ISO 45001 occupational health and safety management system certification and received the external audit for ISO 45001 with **100%** coverage
- EHS training totaling **300,336** hours, covering all employees



Ensuring Production Safety

Sinotruk strictly abides by relevant laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and the *Regulations of Shandong Province on Work Safety*. We have formulated various internal policies, such as the *Management Regulations on Work Safety Responsibility System* and the *Management Regulations on Contingency Plan of Work Safety Accident* to provide institutional guarantee for safety production. In 2022, we comprehensively reviewed 26 safety management system documents, added three guidelines and revised 15 protocols to further strengthen safety management in a systematic and consistent manner.

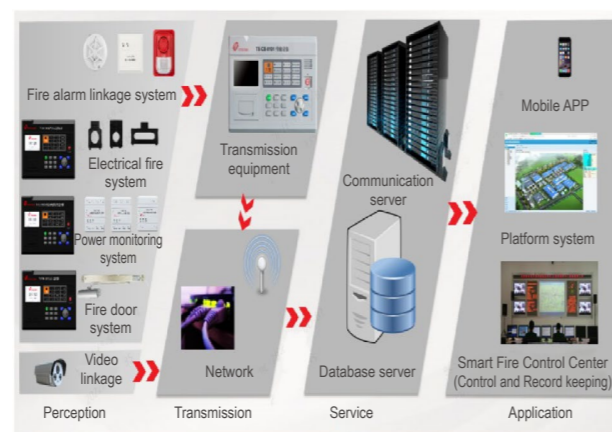
The Executive Committee under the Board is responsible for supervising the performance of safety management and incorporating safety objectives into the assessment of relevant management. According to the characteristics and problems identified in daily operations, we formed a qualified and capable safety management team. At the group level, we set up the Safety, Environmental Protection and Epidemic Prevention and Control Department in charge of the overall coordination of group-level safety and environmental work. On the basis of the dual prevention system of classified risk control and identification of potential hazards, we further strengthened the hierarchical safety management. We also signed the *Responsibility Letter for Safety, Environmental Protection and Fire Safety* with all subsidiaries to strengthen the process supervision and management, conduct classified safety production target management and ensure the effective implementation of safety responsibilities. In 2022, the Group invested RMB 88,938,800 in safety work.

In order to effectively prevent and control safety risks, we carry out comprehensive safety inspection for the subsidiaries at least once every six months in turn. We also issue a rectification notice about safety hazards, follow up the rectification results, and comprehensively supervise the implementation of the safety technical reform plan. Besides, we make electronic safety inspection maps based on the locations of safety risks to realize real-time monitoring and full coverage of risk points. Intelligent error prevention and correction systems are also installed in specific scenarios to improve intelligent safety management. During the reporting period, we conducted 463 safety inspections for production and manufacturing units, including regular safety inspections, irregular sampling safety checks, special inspections, seasonal inspections, nighttime safety inspections and comprehensive inspections. We identified 1,182 safety issues, with a rectification completion rate of 100%. We implemented 25 safety production improvement projects across all production and manufacturing units.

Sinotruk has established a fire safety evaluation system and strengthened capacity building. We conduct professional checks and evaluation from aspects such as fire filling, acceptance, building fire prevention, water supply and drainage, automatic fire alarm systems as well as building smoke control and drainage systems. We also issue professional evaluation reports, identify the fire hazards of each unit, and carry out targeted management improvement and rectification.

Case Sinotruk launched the smart fire safety project

In 2022, Sinotruk launched the smart fire safety project. Empowered by smart safety technologies, the project aimed to build an automatic fire safety system that integrates front-end sensing, network transmission, cloud platform and automatic fire extinguishing. The smart fire safety system has been officially operated in two subsidiaries, and three subsidiaries are tailoring the system to their specific needs. The smart fire safety project for commercial vehicles won the Innovation Project Award of the Department of Emergency Management of Shandong Province.



Operation process of smart fire safety system

Occupational Health and Safety

Sinotruk strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations. The Group implements world-class occupational health and safety management systems, formulates various regulations such as the *Measures for Managing Occupational Health* and the *Procedures of Labor Protection and Prevention and Control of Occupational Diseases*, and promotes the construction of the occupational health and safety management system. In order to ensure the applicability, adequacy and effectiveness of the management system, the Group regularly carries out the internal audit, management review and third-party supervision in accordance with the ISO 45001:2018 occupational health and safety management system certification, and supervises timely rectification of unqualified projects and problems. In 2022, Sinotruk and all the 19 major subsidiaries or divisions passed the ISO 45001 occupational health and safety management system certification, with 100% coverage. During the reporting period, the external supervision and audit coverage of the occupational health and safety management system certification reached 100%.



Occupational health and safety system certificate of sinotruk

Sinotruk persists in strictly implementing prevention and control measures targeting occupational disease hazards from the source. We actively identify and monitor occupational hazard factors, invite a third-party agency to evaluate the status of occupational hazard factors every three years, and implement prevention and control measures targeting the problems identified. According to the factors of occupational diseases, we establish monitoring archives for employees' personal occupational hazard and sign the notification of occupational hazards. In 2022, the Group had three safety accidents, and 237 working days lost due to work-related injury. There were no work-related fatality accidents. In accordance with laws and regulations, we carried out thorough investigations and rectification of all accidents to reduce the risk of accidents and prevent resurgence.

Work injury and Fatality of the Group (2020-2022)

	Unit	2020	2021	2022
Lost days due to work injury	Day	1,960	610	237
Fatality accident	Event	0	0	0
Number of work-related deaths of employees	Person	0	0	0

Occupational Health and Safety Target Performance of the Group in 2022

Occupational health and safety indicator	Target	Actual
Incident rate of occupational diseases	0	0
Incident rate of major injuries per 1,000 employees	0	0
Incident rate of minor injuries per 1,000 employees	0.08‰	0.07‰

We highly value the health of employees and provide comprehensive safety protection for employees, such as distributing labor protection articles, promoting the safety-oriented transformation of production equipment and facilities, setting up health bulletin boards and warning signs, and putting reminders at hazardous points. We also implement the health examination system for employees and offer regular health checkups to all employees, so as to protect their health rights and interests. In 2022, we organized health checkups for 6,513 operators exposed to occupational hazard factors.

While engaging in close cooperation with relevant parties, Sinotruk constantly strengthens safety management and shows concern for the health and safety of relevant parties. The Group formulated the *Safety Management Measures for Relevant Parties* to specify the safety requirements of relevant parties. Meanwhile, we signed the *Notification Letter to Relevant Parties* and the *Safety Production Management Agreement for Relevant Parties* to clarify the responsibilities and key issues of safety management and implemented safety control measures for relevant parties from multiple dimensions.



In 2022, we organized health checkups for

6,513

operators exposed to occupational hazard factors



Case **Ji'nan Engine Plant strengthens safety management cooperation with relevant parties**



In 2022, Ji'nan Engine Plant cooperated with key relevant parties to take a series of safety improvement measures. The on-site inspection of electricity and fire facilities was conducted to ensure that all the facilities are in good condition. All the personnel of relevant parties watched the fire accident warning video to improve the awareness of fire safety and compliance with safety rules and regulations. Fire escape drills were carried out to improve the ability for fire prevention and self-recuse. These activities greatly improved the fire safety abilities of relevant parties, laying a solid foundation for further cooperation.



Inspection on fire safety and facilities of relevant parties



Fostering Safety Culture

Sinotruk highly values the construction of safety culture and actively adheres to the safety strategy of “ensuring safety through education”. Focusing on the construction of safety awareness, we publicize and study the *Law of the People's Republic of China on Work Safety* and the *Regulations of Shandong Province on Work Safety* and other laws and regulations, so as to improve the safety responsibility awareness of all employees.

The Group actively organizes various forms of safety education and training. We further improve the online training platform, develop online courses and innovate training forms. Through such means as establishing the column called “Voice of Safety and Environment” and “Tips on Safety and Environment”, hanging banners, placing warning signs, and organizing skill contests and knowledge contests, we conduct education and training on professional technology, emergency response and self-protection ability, popularize various knowledge about safety, environmental protection and fire protection, and improve the safety and prevention abilities of all staff. In 2022, the EHS training of Group totaled 300,336 hours, covering 27,080 employees, achieving 100 % coverage.

While improving the safety awareness and skills of employees, we continuously build a competent safety management team. In 2022, the Group organized qualification training for the personnel including the principal personnel in charge of manufacturing units, leaders responsible for safety production, and full-time management personnel in Ji'nan. A total of 632 employees on safety management positions obtained the safety management qualification certificate after taking the examination, and 100% of the safety management personnel perform their duty with certificates.

Case **Sinotruk won honors in the safety-themed competition**



Sinotruk actively participates in safety-themed competitions. Through systematic and practical safety training, Sinotruk further enhances employees' safety awareness, knowledge and skills to effectively prevent accidents. In 2022, the Group won the first prize in the Production Safety Knowledge Competition of Ji'nan Emergency Management Bureau and the third prize in the Special Operation Personnel Safety Skill Competition of Ji'nan Emergency Management Bureau.



Sinotruk wins the first prize in Safety Production Knowledge Competition of Ji'nan Emergency Management Bureau



Sinotruk wins the third prize in Special Operation Personnel Safety Skill Competition of Ji'nan Emergency Management Bureau

Case Sinotruk often carries out safety emergency drills



On 30 June 2022, Sinotruk carried out a fire safety evacuation drill near the Sinotruk Tower and the Marketing Building, covering a total of 3,805 people. It explained how to use fire-fighting equipment to the employees and conducted fire escape drills, which improved their ability to respond to emergencies and rescue themselves.



Fire safety emergency drill at the Sinotruk Tower park of Sinotruk

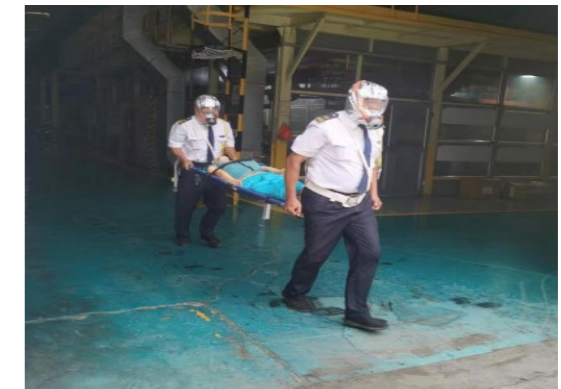
In 2022, the subsidiaries of the Group carried out 418 comprehensive, special, and on-site emergency response drills focusing on fire and explosion accidents, mechanical injury accidents, vehicle injury accidents, confined space operation accidents, object strike accidents, poisoning and suffocation accidents and more than 21,000 employees participated in the drills, providing an important guarantee for the health and safety of employees.



Ji'nan Transmission Plant organized fire safety emergency drills



Ji'nan Axle Company conducted emergency drills for fire and explosion accidents



Ji'nan Transmission Shaft Company conducted emergency drills for poisoning and suffocation accidents



Ji'nan Commercial Vehicle Company conducted emergency drills for confined space accidents

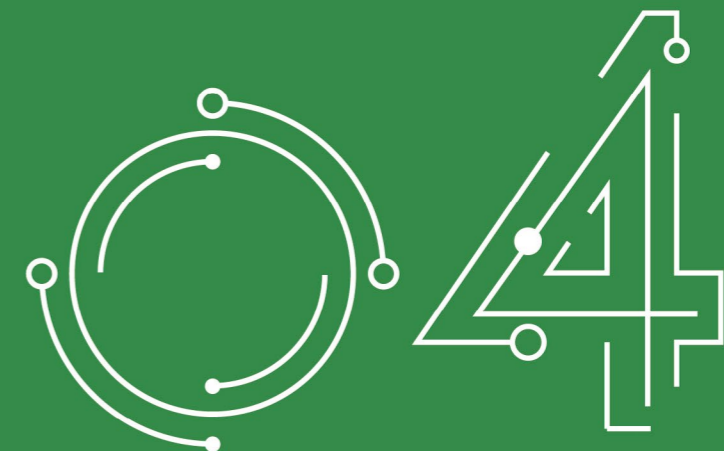


Green and Low-carbon Practices

“Lucid waters and lush mountains are invaluable assets.” and sustainability drives corporate development. Sinotruk unwaveringly supports the national “carbon peaking and carbon neutrality” goals, continues to track the climate-related policies and operational risks, actively responds to the climate-related risks and opportunities brought, and adheres to green and low-carbon operations, making unremitting efforts to build a clean, environmentally friendly, and sustainable green society.

Highlights in 2022

- The Group and **19** major subsidiaries or divisions all obtained the ISO 14001 Environmental Management System certification, representing **100%** coverage and the ISO 14001 external audit coverage rate reached **100%**
- We established and accomplished the objective of reducing COD emission per RMB 1 million of operating revenue by **5%** and ammonia nitrogen emission per RMB 1 million of operating revenue by **10%** compared with 2021
- We established and accomplished the objective of reducing solid waste/hazardous waste discharge per RMB 1 million of operating revenue by **2%** compared with 2021
- The energy consumption per RMB 10,000 of industrial output value has reached **16.8** kgtce/RMB 10,000, which is lower than the target of **22** kgtce/RMB 10,000
- We have developed and constructed the energy information platform and energy station automation platform



Tackling Climate Change

Sinotruk keeps a close watch on the trends of global climate change and the impact of climate change on its business. To address challenges brought by climate-related risks, we regularly identify and analyze climate-related risks and opportunities presented by climate change to the Group during its operations by referring to the disclosure framework of the Task Force on Climate-Related Financial Disclosures (TCFD), based on which we formulated an action plan to address climate risks, and improved our ability to address the risks brought by extreme weather events, thus building the foundation for steadily promoting the low-carbon transition of the Group.



List of Identified Climate Change Risks

Risk Category	Specific Risk	Risk Description	Risk Response
Transition Risk	Policy and Legal Risk	<ul style="list-style-type: none"> As China advances towards the carbon neutrality goal, climate change-related national laws, regulations and policies have been issued gradually, putting forward more specific requirements for the management of the industry, which may limit the emissions of heavy vehicle industry and lead to an increase in cost. The Ministry of Ecology and Environment, the State Council and some other departments have successively printed and issued many polices such as the <i>Guiding Opinions on Integrating and Strengthening Efforts in Climate Action and Ecological and Environmental Protection</i>, the <i>Action Plan for Carbon Dioxide Peaking Before 2030</i>, the <i>Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Development Economic System</i> and the <i>Interim Rules for Carbon Emissions Trading Management</i>. In 2022, the <i>National Climate Change Adaptation Strategy 2035</i>, the <i>Implementation Plan for Carbon Peaking in the Industrial Sector</i>, and the <i>Implementation Plan for Synergizing the Reduction of Pollution and Carbon Emission</i> and other policies and regulations have been issued. With the implementation of these polices and regulations, the Group will face more regulatory and policy compliance risks. With the change of carbon trading policies and the expansion of carbon trading market, carbon emissions will be limited, and enterprises may face the risk of being included in the management of mandatory emission control enterprises. As the international and domestic regulators and capital market rating indexes strengthen carbon emission regulation, enterprises may face more stringent regulatory policies on carbon emissions. If they fail to meet the relevant requirements, they will face more stringent regulatory penalties. 	<ul style="list-style-type: none"> We continue to pay close attention to international and domestic climate change-related policies and regulations and the requirements of regulators, on the basis of which we will timely adjust the climate strategy and management model accordingly, and develop climate management measures and adaptive measures to address climate risks. We will pay close attention to our own carbon emissions, and actively explore the greenhouse gas emission reduction pathway; we will set short-term, mid-term and long-term carbon emission reduction goals and strategies, and regularly disclose our progress. We comprehensively promote the transformation of our energy structure, change energy use plans, regulate workshop production, and increase the use of clean energy.
	Technical Risk	<ul style="list-style-type: none"> There is an increasing demand for green transportation and low-carbon automobile products in the global market. Traditional fuel vehicles will be gradually replaced by new energy vehicles. Enterprises will increase investment in research and development of new energy technologies, deploy and apply more energy-saving and environment-friendly technologies and facilities. The electrification trend and the emergence of new energy vehicles may make it necessary to gradually replace or update the original equipment, thus causing the risk of asset impairment to the enterprise. 	<ul style="list-style-type: none"> We will improve the development and layout of finished vehicles and core assembly products, comprehensively improve the ability to research and develop new energy finished vehicles and components, and insist on the development of pure electric vehicles, hybrid vehicles and fuel cell electric vehicles to deal with technical risks. Patent protection on eco performance of products shall be considered in the assessment of climate change-related legal risks.

Risk Category	Specific Risk	Risk Description	Risk Response
Transition Risk	Market Risk	<ul style="list-style-type: none"> In response to the national call for low-carbon travel, customers may reduce their demand for traditional energy-powered vehicles due to their preference for low-carbon energy saving products, which may further lead to the risk of business transformation in the automobile industry. With the increasing number of people pursuing low-carbon life, the Group needs to identify changes in customer preferences and needs in a timely manner, so as to prevent the loss of revenue and market share. The scarcity of non-renewable resources and energy will lead to the gradual increase of prices, which will affect the cost and price of products and services, and bring additional financial burden to the Group. 	<ul style="list-style-type: none"> We will adjust the future planning and objectives according to the current trends, and plan the low-carbon development pathway as a whole. Oriented towards consumer preferences and needs, the Group tries to establish efficient and diversified communication and feedback channels, conducts regular customer needs assessment surveys, and makes timely adjustments to business operations. Following the principle of cost-reduction and efficiency improvement, we analyze the price trend of equipment and facilities, and take energy saving and consumption reduction attributes as production and operation standards. We will continue to increase the proportion of renewable energy in our production bases.
	Reputation Risk	<ul style="list-style-type: none"> As a player in heavy vehicle industry, our efforts to reduce carbon emissions are closely watched by all stakeholders. We should set an example to other enterprises by supporting the transition to a low-carbon economy and preventing any action that damages the ecology, or the corporate image will be compromised and the operating income of the Group will be adversely affected. 	<ul style="list-style-type: none"> We constantly strengthen the comprehensiveness and accuracy of climate-related information disclosure, and continue to disclose data on carbon emissions to enhance public confidence. We conduct annual self-evaluation, and actively cooperate with third-party institutions to carry out external inspections to ensure low-carbon compliance of our business operations.
Physical Risk	Acute Risk	<ul style="list-style-type: none"> Typhoon, flood, extreme rainfall, and other extreme weather conditions may damage the sewage discharge equipment of the plant and cause economic losses and casualties. The occurrence of extremely heat and extremely cold may bring health and safety risks to employees. 	<ul style="list-style-type: none"> We effectively assess the damage that typhoon, flood, and other "acute" risks may bring to the production facilities and employees of the Group, and work out emergency contingency plans for flood, lightning, typhoon, heat-stroke and other risks to enhance our capacity to respond to emergencies and disasters.
	Chronic Risk	<ul style="list-style-type: none"> The chronic risks such as continuous extreme weather and sea level rise caused by climate change may damage the existing production and operation equipment and facilities, affect the efficiency and quality of production and operations, destroy the stability of the supply chain, and increase energy consumption. 	<ul style="list-style-type: none"> We deploy professional maintenance and repair teams. We increase the R&D spending, improve management efficiency and capacity to address extreme weather, safeguard stable production and operations, to enhance production efficiency and decrease energy ration.

Strengthening Environmental Management

Sinotruk strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other laws and regulations and the industry-related emission standards during its operations, and makes efforts to establish and improve its management system. In accordance with the ISO 14001:2015 Environmental Management System (EMS), we have formulated the procedure documents, standards, and evaluation specifications for the environmental management system. And we actively promote the ISO 14001 EMS certification in all production and operation sites. In addition, EMS external audits are conducted for our subsidiaries every year. In 2022, Sinotruk and its 19 major subsidiaries or divisions all passed the ISO 14001 EMS certification, with 100% coverage and the coverage of ISO 14001 external audit also reached 100%.



In 2022, Sinotruk and its

19 major subsidiaries or divisions all passed the ISO 14001 EMS certification, with

100% coverage and the coverage



The Safety, Environmental Protection and Epidemic Prevention and Control Department of the Group is responsible for the strategies and performance of environmental management, and all departments and subsidiaries of the Group are responsible for the environmental management operation, environmental objectives setting and setting of performance review requirements. We incorporate the EMS objectives into the annual individual performance objectives of relevant functions and levels to ensure that the EMS objectives can be achieved by the Group.



Sinotruk Certificates of Environmental Management System Certification

Implementing Green Operations

The Group keeps improving the long-term mechanism of pollution prevention and control, striving to develop a sound emission management system and disposal process to standardize the management and prevention of pollutants such as wastewater, waste gas, solid waste, and noise in production, in a bid to reduce the negative impact on the environment. In 2022, a compliance rate of 100% was achieved by the Group for wastewater and waste gas emissions, and 100% of the hazardous wastes were disposed in compliance with the regulations. No major environmental complaints or penalties were received.

Waste Gas Management

During the business operations of the Group, volatile organic compounds, soot and dust, waste gas from natural gas combustion and other atmospheric pollutants are produced during such links as painting, welding, cutting, heating, and drying. With regard to atmospheric pollutants, the Group has always complied with laws, regulations, and standards such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and tried to ensure the legal compliance of exhaust emissions by implementing strict emission standards over internal control and introducing advanced low-emission production technology. We continue to optimize equipment and process flow, trying to control waste gas emissions from the source and in production process, in a bid to reduce the impact of waste gas emissions on the environment. In 2022, we established and accomplished the objective of achieving 100% compliance in exhaust gas emissions.

Key measures adopted by subsidiaries to control waste gas emissions in 2022

- Ji'nan Molding Plant has tried to prevent and control pollution from the source by using water-based primer for paint spray antirust line with ultra-low emissions, and has effectively reduced the emissions of VOCs.
- Ji'nan Engine Plant has newly adopted two-stage activated carbon adsorption facilities for the paint waste gas across the coating lines, and the concentration of VOCs in the paint waste gas was reduced by 10% after treatment. The paint overspray treatment facilities in the spraying booths were replaced by dry overspray treatment systems. After the change, the circulating water pump rooms in the spraying booths is stopped, and the waste water containing paint residue is cleaned, reducing the generation of unorganized waste gas in the paint residue rooms.
- Ji'nan Commercial Vehicle Company carried out the transformation project of centralized collection of welding fumes, soot, and dust for emissions reduction; after the waste gas from the spray painting of the body is treated by the regenerative thermal oxidation (RTO) technology, online real-time monitoring is available to monitor the waste gas emission, and the waste gas won't be discharged until it meets the relevant requirements. In this way, waste gas emissions can be reduced.
- Ji'nan Transmission Plant has carried out waste gas treatment in oil mist. According to the different characteristics of raw and auxiliary materials and pollutants in the workshop, the plant formulates targeted construction process to plan the pipeline layout of oil mist treatment system, with a total of 71 pieces of equipment incorporated into the treatment system by the shaft splines and the shells. It has been tested that the efficiency of the system for waste gas collection and treatment reaches up to 80%.
- Ji'nan Rubber & Plastic Parts Company has comprehensively upgraded the automatic coating production line of rubber damping parts. The automatic spraying technology can significantly reduce the escape of waste gas in an all-round way, since the paint spraying booths are always kept closed and under negative pressure. In this way, the unorganized diffusion of paint waste gas in the workshop is controlled from the source, with remarkable reduction in the concentration of unorganized VOCs in the periphery of the workshop.

Case

Technical upgrading project of Ji'nan Molding Plant for a more intelligent and environment-friendly casting coating line



In 2022, Ji'nan Molding Plant built a new powder spraying production line, which mainly consists of cleaning room, soot blowing room, robot spraying system, preheating furnace, curing furnace, antirust liquid spraying room. After being put into production, this new production line is used for powder spraying for the cylinder blocks and cylinder heads in place of the original painting production line, reducing the consumption of water-based primer and high-solid coatings. By doing this, they can reduce VOCs from the source with new raw and auxiliary materials, effectively reducing the production of VOCs, and creating great environmental and social benefits.



Technical transformation project of Ji'nan Molding Plant for a more intelligent and environment-friendly casting coating line

Waste Gas Emissions of the Group in 2022

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

Wastewater Management

The wastewater of the Group mainly comes from the production process and domestic sewage in the production areas. In strict compliance with the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Discharge Standard of Water Pollutants*, the *Regulations on Urban Drainage and Sewage Treatment*, and other relevant laws, regulations and standards, the Group implements wastewater depth processing with the approach of control from the source and treatment at the terminal. All kinds of sewage and wastewater generated during the manufacturing process will be monitored and controlled during the whole process to ensure that all the wastewater generated within its operations is properly treated and discharged up to standard. In 2022, we established and accomplished the objective of reducing COD emission per RMB 1 million of operating revenue by 5% and ammonia nitrogen emission per RMB 1 million of operating revenue by 10% compared with 2021.

Highlight measures adopted by subsidiaries to control wastewater discharge in 2022

- The comprehensive sewage treatment station of Ji'nan Molding Plant has adopted the process of anaerobic treatment + contact oxidation + efficient filtration. Online monitoring facilities are installed to carry out independent testing, and online data are monitored closely to ensure that the sewage is discharged satisfying relevant standard and avoid environmental risks.

Wastewater discharge of the Group in 2022

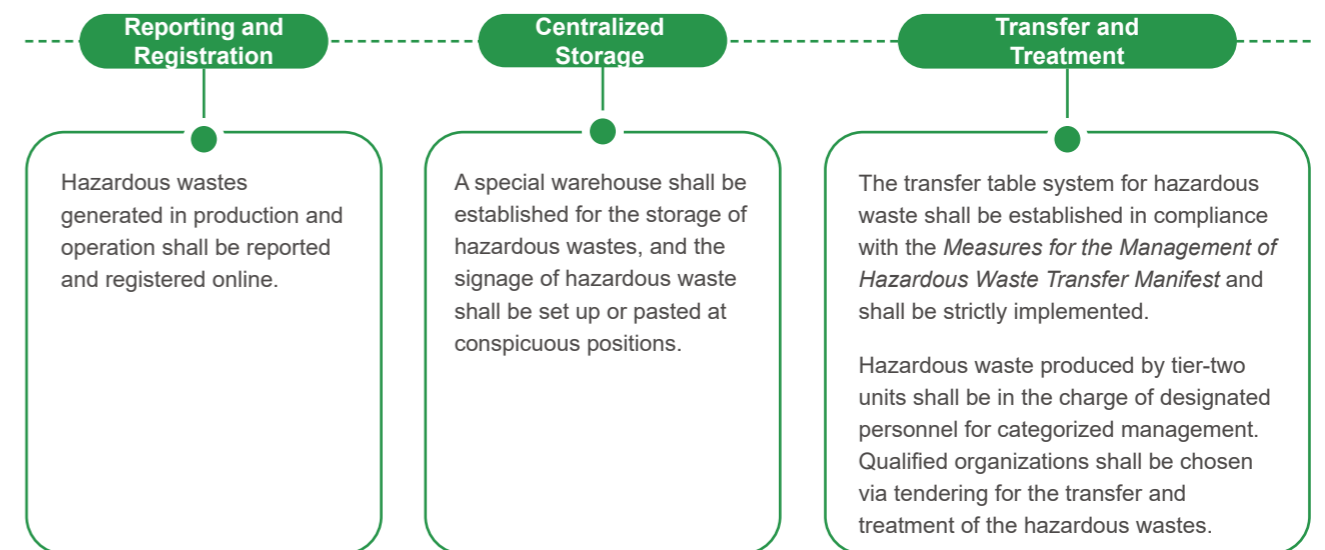
Indicator of wastewater discharge	unit	2022	2021
Wastewater	Ton	1,588,486.78	2,166,683.98
COD	Ton	51.04	87.64
Intensity of COD discharge	Kg / revenue (RMB million)	0.861	0.939
Ammonia nitrogen	Ton	2.05	4.61
Intensity of ammonia nitrogen discharge	Kg / revenue (RMB million)	0.035	0.049

Waste Management

In strict compliance with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, and other laws and regulations related to waste management, the Group has formulated special waste management systems such as the *Standardized Management of Hazardous Wastes* and implemented standardized management to ensure that all kinds of waste are properly disposed.

Considering individual production characteristics, all subsidiaries of the Group implement waste management and control measures that meet the actual production needs, and implement waste reduction and recycling from the aspects of waste generation, material use, material recycle, etc., to reduce the pressure on waste treatment and improve the efficiency of resource utilization. We reasonably reuse the residues from production, recycle the iron filings generated by cutting, and reduce the generation of industrial solid waste. In addition, we continue to promote the work of replacing oily paint with water-based paint to reduce the amount of hazardous solid wastes such as paint residue and paint barrels. For the generated hazardous wastes, they shall be fully enclosed to prevent secondary pollution and handed over to a qualified third party for treatment. In 2022, we established and accomplished the objective of reducing solid waste/hazardous waste discharge per RMB 1 million of operating revenue by 2% compared with 2021.

Disposal mechanism of hazardous wastes



Case

Sinotruk's special project for the emission reduction of hazardous waste



Sinotruk has undertaken the special project of replacing raw and auxiliary materials with VOCs commissioned by Ji'nan Municipal Bureau of Ecology and Environment. After paint verification, process improvement and equipment transformation, the coating operations of Ji'nan manufacturing units all use high-solid materials or water-based primer and coatings. Due to the use of water-based primer, the production of hazardous waste and paint residue (HW12) in 2022 was reduced by 30%, compared with 2021.

Ji'nan Molding Plant has been continuously evaluated as a Class A enterprise in the casting industry; Ji'nan Commercial Vehicle Company, Ji'nan Light Truck Company, Ji'ning Commercial Vehicle Company, Ji'nan Engine Plant, Ji'nan Rubber & Plastic Parts Company, Ji'nan Transmission Plant, Ji'nan Truck Company and Ji'nan Axle Company were rated as Class B enterprises in automobile manufacturing and industrial coating.

Case Ji'nan Commercial Vehicle Company built water-based paint coating lines



In 2022, Ji'nan Commercial Vehicle Company has built two complete vehicle water-based paint coating lines for commercial vehicles with the support from Dürr. State-of-the-art technology has been used for the process facilities, which has improved the coating production efficiency and reduced the amount of waste paint residue from coating.



Ji'nan Commercial Vehicle Company built water-based paint coating lines



Waste Discharge of the Group in 2022

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

Case Ji'nan Transmission Plant has reconstructed its iron filings pond



In March 2022, Ji'nan Transmission Plant completed the project to reconstruct the iron filings pond. Two new briquetting machines were added to the shaft splines line and the shell line. The metal scraps are collected and briquetted, and the waste cutting fluid is filter-pressed and directly stored into the equipment's own tank, effectively preventing the potential pollution of the cutting fluid carried by the residual iron filings and aluminum filings to the soil, reducing the volume of non-metallic scraps, and reducing the environmental risks during the temporary storage of waste metal materials.



Ji'nan Transmission Plant has reconstructed its iron filings pond

Noise Control

The Group actively carries out the prevention and control of noise pollution. In strict compliance with the *Law of the People's Republic of China on Noise Pollution Prevention and Control* and other relevant laws and regulations, the Group continues to improve the noise emission management procedures and special noise prevention and control plans, continuously optimizes the original equipment and facilities while introducing new production processes, and timely identifies and strictly controls the noise sources. We make great efforts to avoid the generation of noises as much as possible while ensuring the production quality, to reduce the negative impact on the surrounding environment and the health and safety of employees.

Noise control measures

- Identify noise points, strictly control noise sources, and put forward special management plans.
- Scientifically plan the setting of production and working areas, and regularly organize professional organizations to test noise emission according to environmental management requirements.
- The promotion and application of advanced technologies and processes are considered in the design process, and low-noise and environment-friendly equipment and components are selected and purchased for production.
- For mechanical equipment and motor vehicles with loud noise and vibrations, we have introduced sound elimination, shock prevention and noise reduction facilities to make the noise within the factory boundary to meet the emission regulations.

Case

Independent silencing system upgrading project of Ji'nan Molding Plant



In March 2022, Ji'nan Molding Plant carried out the independent upgrading of exhaust silencing system for the MP8000 hot forging pressure brake and clutch. The original dual-valve silencing device for the host clutch performed poorly with harsh exhaust noise. Ji'nan Molding Plant makes good use of the hollow pull rod by discharging the gas from the clutch into the pit through the silencing pipe and the equipment pull rod for noise reduction. According to the reactive silencing principle of microporous plates, a three-layer silencing device is designed for the brake. After upgrading, the noise of clutch and brake is reduced by about 25% and 17% respectively, greatly improving the working environment of employees.



Ji'nan Molding Plant transformed the silencing system independently

Promoting Low-Carbon Operations



The Group takes low carbon and emission control, energy conservation and consumption reduction as the main task, continues to promote energy and resource management and improves the efficiency of energy and resource use. According to internal operation conditions and the changes in external standards, we timely update the energy conservation and water conservation objectives. We are committed to integrating green and low-carbon into production, construction, and operation.

Energy Use Targets of the Group

Energy	Unit	Actual value in 2022	Target value for 2022	Target value for 2023
Electricity	10MWh / vehicle	0.20	0.42	0.42
Natural gas	10,000 m ³ / vehicle	0.01	0.24	0.24
Water	Ton / vehicle	11.05	15.83	15.83

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

Indicator category	Indicator name	Unit	Indicator explanation	Calculation	Actual value in 2022	Target value for 2022	Target value for 2023
Energy	Comprehensive energy consumption per RMB 10,000 of output value	kgce / RMB 10,000	Energy consumed by the enterprise per each RMB 10,000 of industrial output value (kgce)	Comprehensive energy consumption of the Group/ Industrial output value	16.8	22	22

Energy Use

In strict compliance with the *Law of the People's Republic of China on Conserving Energy*, the *Measures for the Administration of Energy Conservation of Major Energy-Consuming Entities*, and some other relevant laws and regulations, the Group starts from upholding the operation principle that combines law-based energy conservation, planned control and technical advancement with potential exploitation of existing resources, and has formulated the *Energy Management Measures* and other rules and regulations to implement intensive management of energy use.

We have been comprehensively promoting the construction of energy management system and has built up a three-tier energy management framework at different levels ranging from the Group to subsidiaries with leaders of the Group as supervisors. Energy conservation work leadership groups are established in all subsidiaries, and designated officers are deployed in work shifts and groups to be responsible for energy conservation. And we continue to improve the energy use registration system, under which key energy consumption entities of subsidiaries shall regularly compile and prepare a report on the *Record of Energy Purchase, Consumption and Inventory*. In addition, the Group closely monitors and regularly reviews the energy consumption of each subsidiary and incorporates the energy consumption in their operational performance evaluation, to mobilize all subsidiaries to engage in energy conservation.

We promote green and low-carbon operations by constant improving energy structure, fully adopting clean energy and renewable, intensifying the investment in the R&D of new low-carbon technologies and operational energy-saving technology innovation. We set up special funds for energy conservation R&D, technology improvement, and equipment update etc. every year to promote the R&D and application of low-carbon technologies in the heavy vehicle industry. We insist on providing technical support and guarantee for all subordinate enterprises and helping them upgrade their equipment and processes for production. We are committed to replacing old equipment and processes with high energy consumption and high emissions by new energy-efficient and environment-friendly technologies and processes. In 2022, Sinotruk witnessed 5.98 million kWh of PV production and self-consumption.

Case Construction of energy information platform and energy station automation platform



In 2022, the Group upgraded the metering facilities for water, electricity and natural gas and sensors in the plants, and developed and applied the energy information platform and energy station automation platform to improve the digitalization and automation of energy management. The energy information platform includes such functions as automatic data collection, analysis, prediction, and alarm, etc., which has realized hierarchical management of the enterprises, production lines and key energy-consuming equipment, and can effectively reduce energy consumption. The energy stations have realized "centralized control + video patrol" with automatic means. Remote control and intensive patrol of main equipment are available, which has reduced manual operation, and completed the transformation from manual patrol to automatic detection.

Case PV power station project of Ji'nan Light Truck Company



In 2022, the Light Truck Manufacturing Company has built a new PV power station with a total investment of RMB 15.91 million, mainly using 9900 single-crystal high-efficiency 300WpBIPV modules with a total installed capacity of 2,970kWp. On 30 September 2022, the project began to be connected to the grid for power generation, and, in 2022, the total power generation was 593,800 KWH.



PV power station of Ji'nan Light Truck Company

Energy Consumption of the Group in 2022

Energy indicators	Unit	2022	2021
Direct energy			
Natural gas	m ³	24,745,793.02	41,191,900.99
Gasoline	ton	52.42	54.25
Diesel	ton	7,938.34	12,269.16
Liquefied petroleum gas	m ³	577.26	751.79
Kerosene	ton	2.65	28.58
Indirect energy			
Electricity	MWh	465,259.10	750,074.63
Steam	ton	92,990.18	122,370.42
Purchased heat	GJ	53,581.00	101,028.04
Total comprehensive energy consumption	tce	110,827.17	175,971.28
Energy consumption intensity	tce / revenue (RMB million)	1.87	1.88

Greenhouse Gas ("GHG") Emissions of the Group in 2022

GHG Emissions	Unit	2022	2021
Scope I (Direct)	tCO ₂ e	80,966.96	131,161.37
Scope II (Indirect)	tCO ₂ e	318,064.00	505,995.41
Total GHG emissions	tCO ₂ e	399,030.96	637,156.78
GHG emissions intensity	tCO ₂ e / revenue (RMB million)	6.73	6.82

Water Conservation

The Group attaches great importance to the conservation and reuse of water resources. Strictly abiding by the *Water Law of the People's Republic of China* and other relevant laws and regulations, we continue to improve the water resources management system and process and actively strengthen the water use management of all subsidiaries by requiring them to regularly formulate annual water-saving plans and objectives in alignment with their operational conditions and deploy implementation measures. We strive to build an exemplary water-saving automobile enterprise by fully considering the factors that may have impact on local water resources during business operations, and applying new water-saving and environment-friendly processes, new facilities, and new technologies to improve the efficiency of water resources.

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

Main measures of the Group for water saving management

- The Group requires all subsidiaries to fully evaluate their potential for improving the utilization efficiency of water resources according to their actual production and operation conditions, formulate scientific water use plans and targets, and link the water resources consumption indicators with the performance evaluation of managers, so as to continuously improve utilization efficiency of water resources.
- The Group strictly implements the accountability system and reward and punishment system for water conservation, implements multi-level measurement and management and maintains water use ledger. Efforts have also been made to monitor water use in regular and irregular manner, break down monthly targets, conduct monitoring at intervals of ten days, and perform month-end monitoring and assessment, so as to eliminate unnecessary loss of water resources.
- We require production departments to strengthen on-site inspection, regularly monitor the use of water resources and timely solve problems once found, preventing all kinds of wastage, such as leaking and dripping.
- As for new construction, expansion and reconstruction projects, we require that the relevant departments should take water conservation into overall consideration in the preliminary design stage, implement water-saving measures, and actively use water-saving facilities and utensils, so as to maximize the reuse rate of industrial water.

Case Ji'nan Light Truck Company reuses the concentrated water from coating



In March 2022, Ji'nan Light Truck Company completed the renovation for the concentrated water reuse in the body coating workshop. The previous concentrated water tanks in the coating workshop were installed on the ground. Now, the tanks have been raised above the washing machine with increased pipe diameter so that there's no need to use tap water for mop washing; the concentrated water is led to the deluge station and the circulating water tank respectively through the pipeline, and the automatic water make-up system is added to automatically replenish water for the circulating water tank of electric spray painting, reducing the tap water consumption by 20m³/ day.



Project of reusing concentrated water from coating by Ji'nan Light Truck Company

Water Consumption of the Group in 2022

Indicators	Unit	2022	2021
Municipal water	Ton	2,188,626.00	3,742,993.15
Underground water	Ton	1,371,032.34	1,282,673.00
Total consumption	Ton	3,559,658.34	5,025,666.15
Water consumption intensity	Ton/Revenue (RMB million)	60.04	53.83

Packaging Materials Use

The packaging materials consumed by the Group mainly include plastic, timber, iron box, and carton board used during the sale of gearbox and engine. We actively implement the recyclable and sustainable packaging concept, and take the benefit and sustainability of packaging materials into overall consideration, and fully implement the reduction and recycling of various packaging materials. For transportation packaging, we encourage the use of reusable station appliances. For production in workshops, we promote reusable packaging methods, products and components, research, develop and apply various reusable packaging materials, and explore the recycling of packing materials in the workshop. In daily work, we accelerate the popularization of the concept and application of recycling packaging, and effectively ensure green production. In 2022, the number of component products of the Group sold with the packaging of recyclable boarding boxes reached 12,000 standard pallets.



In 2022, the number of recyclable boarding boxes used for sale of products of the Group reached



12,000 standard pallets.

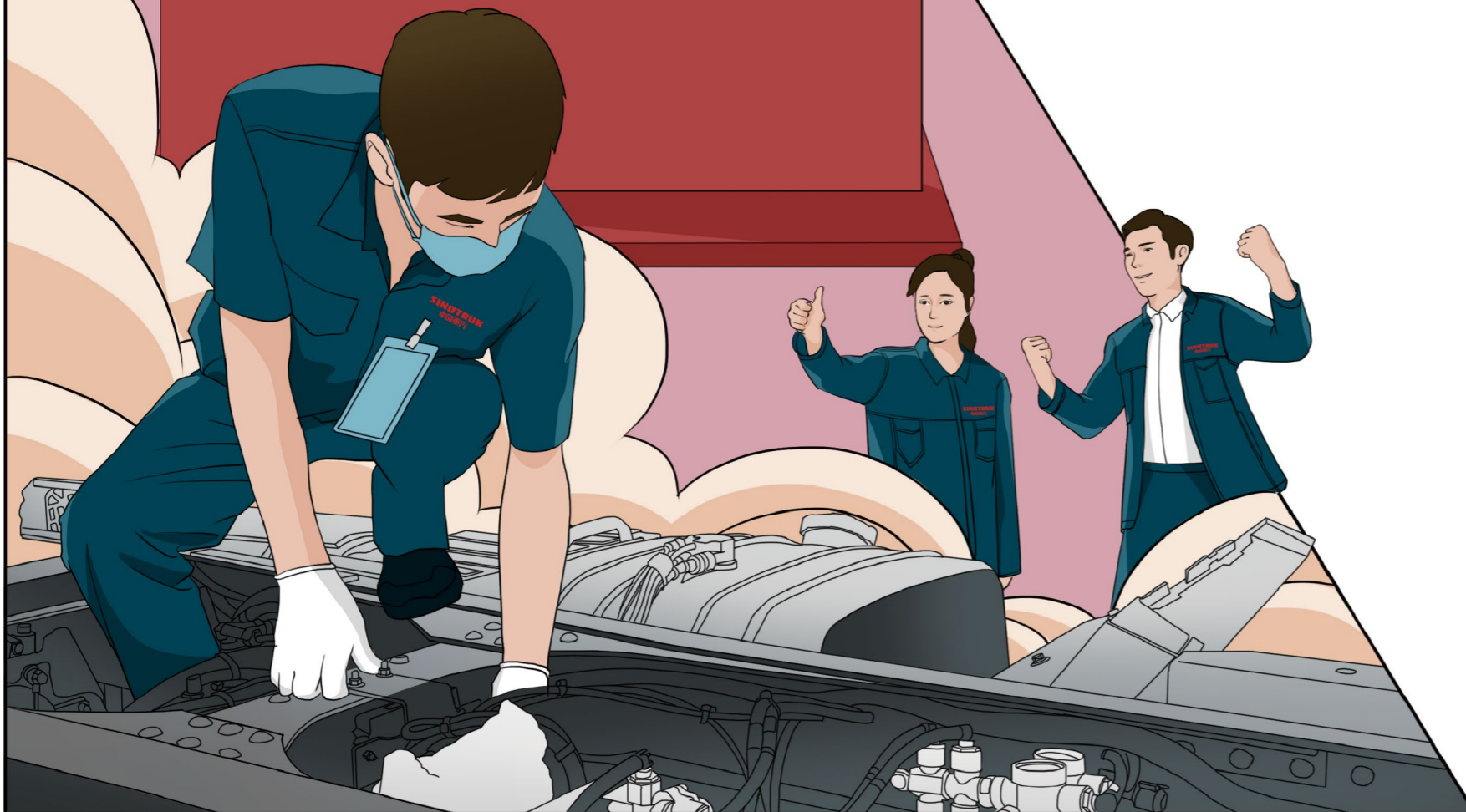
The Use of Packing Materials of the Group in 2022

Packing materials	Unit	2022	2021
Plastic	Ton	1,416.32	1,846.37
Wood	Ton	3,771.72	2,808.80
Iron box	Ton	0.27	0.00
Corrugated paper	Ton	3,173.15	1,138.42
Paperboard	Ton	510.44	14.00



Sinotruk

"Olympic Professional Skills Competition" in 2022



Employees and Philanthropy

Sinotruk adheres to the people-oriented concept and values employees as an important asset and guarantee for the operation and development of the enterprise. We firmly safeguard the legitimate rights and interests of employees, help them achieve growth and develop, care for their physical and mental health, and provide them with good workplace experiences. The Group actively assumes its corporate social responsibility (CSR) as a responsible corporate citizen and has been engaging in public-interest programs to contribute to building a better community.

Highlights in 2022

- Employee training coverage of **100%**
- Help **1,531** employees in difficulty with RMB **2.0759** million granted as relief funds
- A total of **19,515** volunteer hours

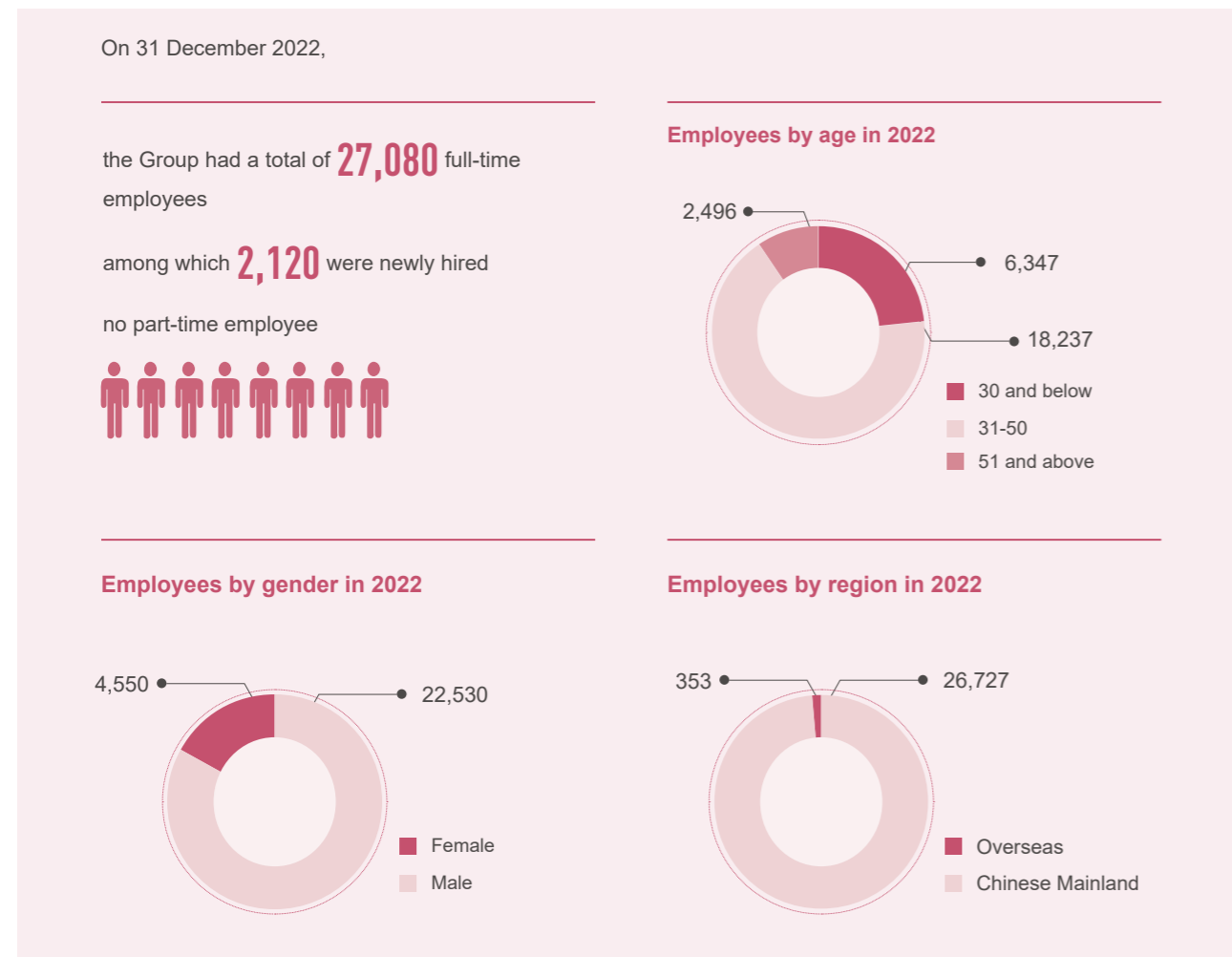


Protecting the Rights and Interests of Employees

When recruiting talents, the Group strictly complies with related national laws and regulations, such as 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*, and applies the rules and regulations we have formulated, including the *Administrative Measures for Social Recruitment*, the *Administrative Measures for the Reception and Placement of PhD Graduates* and the *Measures for the Introduction of Talents in Short Supply*, strictly managing talent recruitment to provide institutional guarantee for the allocation of diversified talent teams.

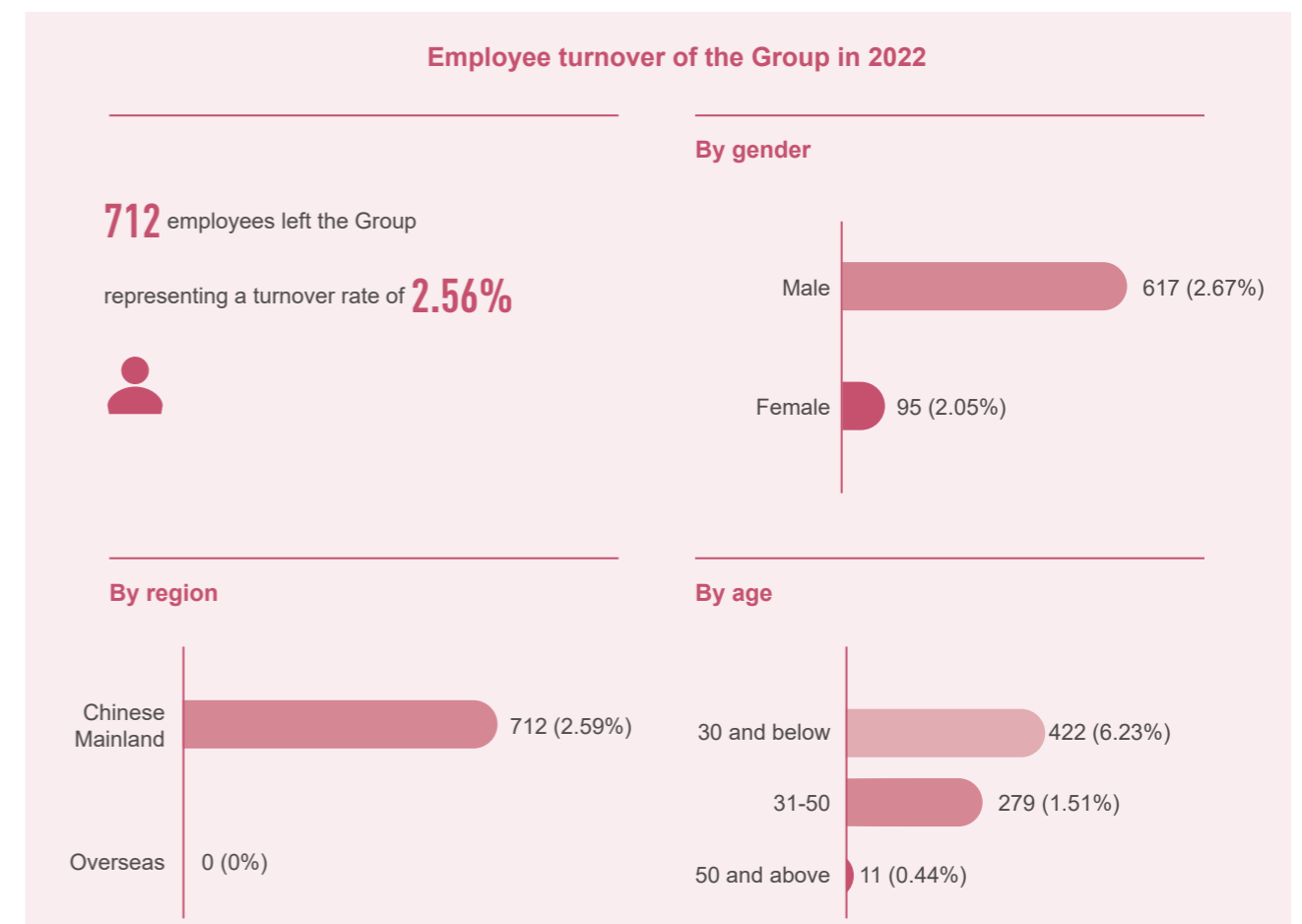
We are committed to providing all employees with harmonious, inclusive, and equal employment opportunities and a non-discriminatory work environment to maximize the potential of each employee. According to the needs of the Group's business development, we timely recruit more outstanding talents through internal and external selection, while implementing fair, just and non-discriminatory employment policies. We ensure that no one is discriminated by their gender, region, ethnicity, religion, age, pregnancy or marital status, disability, and political affiliation.

We have carried out industry-university-research cooperation on a global basis. We have successively established strategic partnerships with 11 world-famous universities and top scientific research institutes. We have recruited outstanding graduates from universities and colleges in China included in the "Double First-Class" initiative and overseas prestigious universities to provide talent guarantee for the global chain innovation system. In 2022, we recruited 1,251 outstanding graduates, including 26 doctors and 575 masters, and absorbed 869 new hires through social recruitment. The introduction of high-level talents has continued to expand the Group's professional talent teams. During the reporting period, we have a total of 3,262 R&D personnel.



We comply with the *Regulations Banning Child Labor* and other regulations, and the provisions of the International Labour Organization (ILO) and the United Nations Global Compact on human rights. We resolutely avoid child labor and forced labor. If any violations found, the Group would immediately stop such behaviors and deal with them in accordance with laws, regulations, and relevant provisions. We avoid employing child labor by checking employee age information during recruitment. We insist on legal employment in accordance with laws and regulations. We avoid overtime work, which is under stringent control of the Group and requires approval from supervisors. Where overtime work is required, the Group pays employees or arranges compensatory leave in lieu. For the employees in the subsidiaries where the system of standard working hours is not applicable to due to characteristics of positions, the system of flexible working hours can be implemented. Prior to implementation, the applicable work system is examined and approved by the subsidiary and then submitted by the competent department for the approval of local labor administration departments. In 2022, the Group signed labor contracts with all employees. There was no child labor or forced labor in 2022. We strictly protect the personal privacy information of employees and prevent the intentional or unintentional disclosure of employee privacy information to non-relevant staff.

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



We provide employees with diversified, reasonable, and competitive salaries and benefits. In compliance with the *Administrative Rules for the Filing for and Payment of Social Security Premiums* and local rules and regulations, the Group files for and funds social insurances (including the basic pension fund, basic medical insurance, unemployment insurance, work-related injury insurance and childbirth insurance), and housing provident fund for each employee. Employees are entitled to such statutory holidays as the New Year Holiday, the Spring Festival, the Dragon Boat Festival 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, and maternity leave. Meanwhile, employees are entitled to paid annual leave. In 2022, we revised the *Administrative Measures for Welfare and Leave of Overseas Employees* to further safeguard the rights and interests of overseas employees.

Promoting Employee Growth

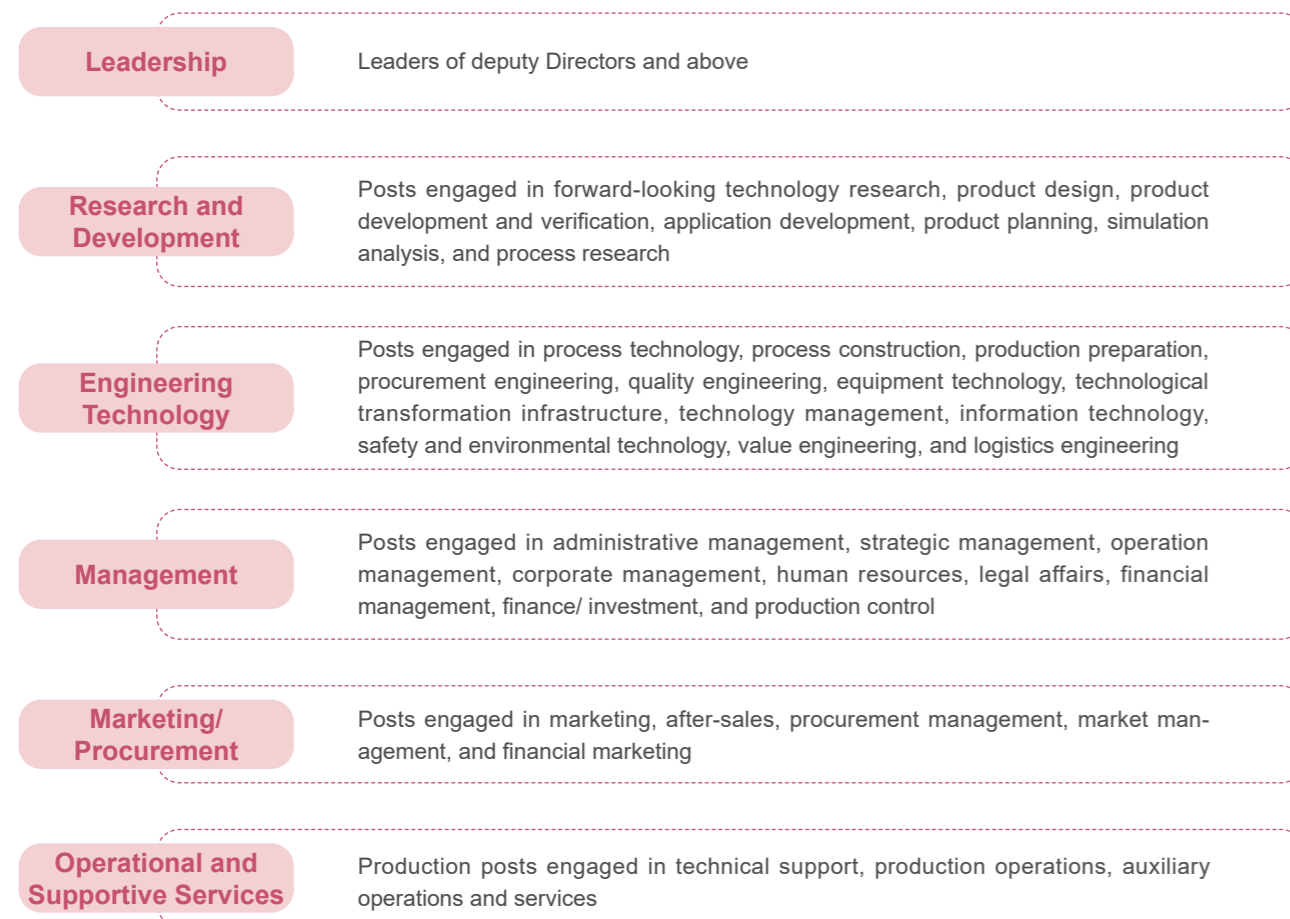
Sinotruk attaches great importance to empower shared growth of employees with the Company. We have built smooth promotion channels, and an efficient and complete employee training system, on top of targeted employee training programs to help employees achieve substantial progress.

Employee Promotion

Upholding the concept of "putting each employee in the right position to tap their full potential", the Group has developed a fair and just performance evaluation system driven by performance and based on the post map. We implement point-based rank promotion. Guided by the *Interim Regulations on the Management of the Selection and Appointment of Leaders*, we have combined open competition and organizational selection to select and appoint leaders, providing important guarantee for the talent management of the Group.

We have created multiple career development channels for employees with special promotion channels for specific posts; for professionals in management and technology, we offer them a channel to be promoted as management and technical experts. For employees in operational posts, we provide them with two channels to grow into a "skilled specialist" or a "gold-and-blue-collar worker". In order to stimulate scientific research personnel to create greater value, we have developed a dynamic exceptional promotion mechanism for scientific research and development personnel. In 2022, the Group recruited 670 skilled talents, including technicians, senior technicians, and chief technicians.

The post map of the Group



Employee Training

We actively build an internal talent pool by providing employees with training in line with professional needs and development plans to help employees improve personal value, and provide driving force and support for the development of the Group. We have formulated the *Procedures for Training Management*, the *Internal Trainer Management Process* and other relevant policy documents, and put forward a three-level training system. In 2022, we added and revised documents such as the *Management Process for On-the-job Employees Studying for Postgraduate Degree and High-level Training*, and the *Management Process for Skill Level Improvement of Skilled Talents* to further optimize the training process system.



The Group has established a training system to support its business development based on its own characteristics in multiple fields such as corporate culture, digital transformation, going global, and smart growth. We have put forward an online learning platform "Sinotruk Cloud Academy", which has provided employees with rich online training courses. Besides, the Group is trying to stimulate learning enthusiasm and build a good learning ecology through the integration of online and offline training. In 2022, Sinotruk Cloud Academy developed a total of 1,161 courses, including 522 internal courses, and the employee online learning coverage rate was 100%. There were over 30,000 enrollments in online and offline training programs throughout the year, with more than 1.44 million training hours, about 53 class hours per employee.

Guided by the spirit of craftsmanship, we aim to cultivate more "Sinotruk Craftsmen". Through technical competitions, we guide and encourage all employees to improve professional qualities and skills. In 2022, we have organized "Olympic Professional Skills Competition", post training activities, skills competitions, and other technical competition activities to promote mutual learning among employees and stimulate the enthusiasm of employees to improve their professional qualities based on their posts.

Case Training of "Hundreds of Managers, Thousands of Elites" in marketing system



In 2022, Sinotruk invited leaders of the Group to give lectures to the front-line marketing staff in a bid to further improve their professional skills. Conducted through the combination of online live broadcast and offline intensive training, the training mainly focused on knowledge about products, market analysis, marketing skills and how to improve the comprehensive ability in an organized way. It was aimed to help them achieve new breakthroughs in marketing throughout the year. In 2022, a total of 18 marketing training sessions were held, with 3,176 participants.



Sinotruk carried out training in marketing system

Case “The Way of Craftsmanship” training for skilled leading talents



Sinotruk continues to empower skilled leading talents, giving full play to the exemplary and leading role of skilled leading talents, and strengthening the construction of skilled talents team. In 2022, we organized 59 skilled leading talents who won municipal and above honors to participate in “The Way of Craftsmanship” with the aim of empowering training of high-level skilled leading talents to enhance their leadership in ideology, skills, team building and innovations.



“The Way of Craftsmanship” training for high-level skilled leaders

Case “Create a Brighter Future with Collected Wisdom and Joint Efforts” course development competition of internal trainers and the second microlecture competition



In 2022, Sinotruk held the “Create a Brighter Future with Collected Wisdom and Joint Efforts” course development competition of internal trainers and the second microlecture competition. Compared with the first one, efforts have been made in mechanism innovation. A “Microlecture Series” track has been added to this competition, mainly collecting curriculum resources for key businesses, and producing nearly 700 microlecture works. Three of the top 14 winning works won the national “Best Animation Microlecture”, “Best Mixed Video Microlecture” and “Top 100 Excellent Microlecture” awards in the National Microlecture Competition. The courses developed by the internal trainer have further enriched the training courses of Sinotruk and provided important support for the training of employees of the Group.



“Create a Brighter Future with Collected Wisdom and Joint Efforts” course development competition of internal trainers and the second microlecture competition

Employee training of the Group in 2022

Category		Data
Number of trained employees by gender	Male	22,530
	Female	4,550
Training hours by gender	Male	1,188,475
	Female	260,551
Number of trained employees by rank	Senior staff	223
	Middle-level staff	964
	Ordinary employees	25,893
Training hours by rank	Senior staff	56
	Middle-level staff	74
	Ordinary employees	1,448,896

Caring for Employees

Upholding the people-oriented concept, Sinotruk strengthens democratic management and tries to create a warm working and living environment for employees. We care for employees and have carried out a variety of recreational and sports activities to continuously improve their sense of belonging and happiness.

Employee Communication

With a complete employee congress system and trade unions, the Group effectively safeguards the employees' rights right to know, to participate, to express, and to supervise, protects employees' rights of collective bargaining and deepens democratic management. Trade unions at all levels have fulfilled their roles in raising the income and improving the production and living conditions of employees, and providing accommodation, dining, and shuttle bus. We listen to the voices of employees through trade unions, and understand and respond to the expectations and demands of employees through the column “Voice of Employees”. We collect employees' problems and suggestions extensively, analyze and evaluate them, and determine the key factors affecting employees' rights, interests, satisfaction, and enthusiasm. Employees can also make complaints or appeals through direct communication with the human resource department, e-mails and other channels.

The Group greatly values the satisfaction of employees in life and work, and makes every effort to meet their needs in work and life. Every year, we conduct opinion surveys on our employees' views on six aspects including corporate strategy and brand culture, organizational atmosphere and leadership, remuneration and performance appraisal, talent selection, use and occupational training, holiday benefits and team-building, service and support. We analyze the survey results in time and take adequate improvement measures. In 2022, the employee satisfaction of Sinotruk reached 88.10 points.

Employee Care

The Group cares for employees and carries out a variety of activities that benefit all employees. We distribute holiday gifts on traditional festivals such as the Spring Festival and the Mid-Autumn Festival, spend holidays with employees, celebrate employees' birthday by giving them gift cards to buy birthday cake, organize social activities, and create a good communication atmosphere for employees. In 2022, we distributed 25,284 birthday cake vouchers to employees, and allocated RMB 2.7492 million of trade union funds to carry out the activities of “Care for All Employees During This Energetic Quarter of the Year” to comprehensively improve the employees' sense of happiness.

Case Sinotruk implemented measures to care for front-line employees



The Group cares about the frontline employees and makes every effort to ensure their health and safety. In 2022, we organized six special caring activities for the production frontline employees during hot weather and cold weather, such as “Hot Summer Employee Care” and “Employee Care in Winter”. We create good production and living conditions for the front-line production staff, and distribute heatstroke prevention and relief foods and drugs such as watermelon, ice-cream, and Huoxiang Zhengqi Shui to the frontline employees during hot weather in summer to ensure work safety in summer. During the epidemic, we implemented comprehensive measures to serve employees and provide logistics guarantee by distributing food, drugs for emergency use, and anti-epidemic drugs, providing small medicine boxes in the workplace, and other measures to comprehensively strengthen staff care.



Care for front-line employees

Case Ji'nan Commercial Vehicle Company held the Dragon Boat Festival activity



On 30 May 2022, Ji'nan Commercial Vehicle Company carried out the activity of "Passing love with Zongzi and wormwood" to celebrate the traditional festival together with employees by making Zongzi and sending Ai (wormwood) so that employees could fully feel the festival atmosphere and traditional culture, further enhancing the centripetal force and cohesion of the staff.



Celebrating Dragon Boat Festival at Ji'nan Commercial Vehicle Company

The Group has formulated the *Management Measures for Employee Relief Fund* and has 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 misfortunes that happened to themselves or their families, and to award the role models who behave righteously in helping others and who make caring donations. The trade union of the Group has strengthened the working system of assistance contacts by visiting employees with serious difficulties regularly for household survey to get to know their actual needs, so that we provide instant help accordingly. In 2022, the trade union helped 1,531 employees in need with RMB 2.0759 million granted.

Overview of visiting and helping employees in difficulties in 2022

- During the Spring Festival, we visited 125 employees in difficulties and granted RMB 162,500
- On the Children's Day, RMB 26,000 was granted to 20 households in difficulties
- In the program for helping students in the autumn of 2022, we helped the children of 12 employees in financial difficulties with RMB 17,500 granted
- On the eve of the Mid-Autumn Festival, the Group visited 84 employees in difficulties, and RMB 102,000 was granted to them
- RMB 1,716,900 of mutual aid fund was granted to 1,278 employees



Visiting employees in difficulties

We insist on safeguarding the legitimate rights and interests of female employees, listening to their special needs in work and help them to resolve problems. We strive to create a more convenient and comfortable working environment for female employees and improve their sense of happiness in workplace by strengthening employee care for them and improving infrastructure. We set up "Moms' Rooms" in departments and offices of the Group, and regularly hold special activities for female employees to comprehensively safeguard the rights and interests of female employees and their physical and mental health.

Case Sinotruk held activities for female employees



On 8 March, 2022, the Group organized and held various festival activities for female employees, such as the craft activity to experience the folk culture of Yinan Cloisonne, watching films, a symposium to celebrate International Women's Day and commend model female employees for their outstanding performance, a lecture themed with "Smart Parents · Family Education Class" on parenting education, and "Making Creative Bread with Skillful Hands, Celebrating International Women's Day". We show our care for female employees through these activities, which have further enriched their spiritual life and provided them with opportunities to show their versatility as females in the new era. With these activities, the female employees had a very happy, fruitful, and meaningful holiday.



Craft activity to experience folk culture



A symposium to celebrate the International Women's Day and commend model female employees for their outstanding performance



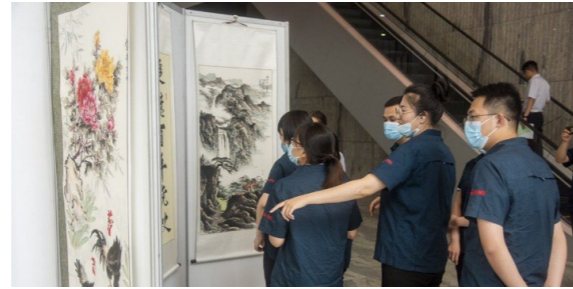
Lecture on parenting education



Making creative steamed bread

Recreational, Sports and Cultural Activities

We have carried out a variety of cultural and sports activities to enrich employees' life in leisure time and help them balance work and life. During the reporting period, we organized and carried out short video interactive activity of "I am the most beautiful worker", a series of activities to celebrate International Women's Day, and "Welcoming the 20th CPC National Congress, Achieving Success in the New Era", a series of cultural and sports activities to welcome the 20th CPC National Congress, including an exhibition of outstanding calligraphy and painting works of Sinotruk's employees, table tennis matches, badminton matches, etc. We encourage such cultural and sports activities to be held regularly with institutional support, and standardised procedures. These activities have enriched the spiritual and cultural life of employees.



An exhibition of calligraphy and painting works

Case Ji'nan Transmission Plant Sports Meeting

In October 2022, Ji'nan Transmission Plant held the first autumn sports meeting, which fully demonstrated the morality and morale of the employees, enhanced the cohesion and collective sense of honor of the employees, and created a strong cultural atmosphere of "We are happy working in Sinotruk".

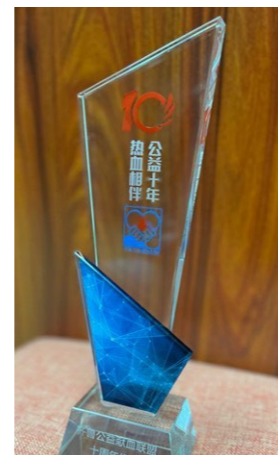


Ji'nan Transmission Plant Sports Meeting

Contributing to Social Undertakings

Sinotruk has actively established its reputation as a responsible corporate and actively gave back to the society through providing voluntary assistance and getting engaged in public-interest programs. We registered and established the "Sinotruk Group Voluntary Service Alliance" in 2018 to promote the institutionalization and normalization of voluntary service with the main activities of serving people's livelihood, serving enterprises, advocating low-carbon life, etc. We have formulated the *Interim Rules for Sinotruk's Voluntary Service Management*, the *Interim Implementation Rules for Sinotruk's Star Volunteer Assessment*, and other measures to mobilize the enthusiasm of employees to participate in internal and external voluntary service and spread the voluntary service culture.

We continued our voluntary service in 2022. Volunteers from the Group participated in many public welfare services, such as showing respect for the old and care for the young, environmental protection, community service, and epidemic prevention and control. And they have won many awards. The Group won the "10th Anniversary Memorial Award of Qilu Public Welfare Blood Donation Alliance". The youth care project "Inheriting the Yellow River Culture and Experiencing the Manufacturing of China" was rated as an "Advanced Project of Youth Volunteer Service in Ji'nan". Many volunteers from the Group have won advanced titles such as "Exemplary Individual in Voluntary Service of Provincial Enterprises", "Exemplary Individual in Youth Volunteer Service in Ji'nan", etc. In 2022, the total voluntary service hours of Group's employees was 19,515 hours, and RMB 437,800 was invested in public welfare services.



The Group won the "10th Anniversary Memorial Award of Qilu Public Welfare Blood Donation Alliance"

Case Caring for children from needy families and left-behind children



On 30 May 2022, youth volunteers from Ji'nan Light Truck Company went to Longshan Primary School in Longshan Street and carried out an activity titled "join our hands, and grow happily together" to show our care for the left behind children and celebrate the International Children's Day with them. Volunteers acted as "rural teachers", bringing their knowledge into the classroom. They brought children a lively and interesting interactive English class, encouraging children to foster lofty ideals, cultivate a positive, healthy, and upward attitude, and work hard for their life ideals.



Youth volunteers from Ji'nan Light Truck Company engaged in caring program for left-behind children

Case Care for the elderly around holidays



On the eve of the Mid-Autumn Festival in 2022, volunteers from Ji'nan Molding Plant were organized to undertake a program in the community, who visited five households in difficulties, and sent holiday blessings and gifts to the elderly. It played an exemplary and leading role as a civilized unit in the construction of a civilized city, and deepened the work of co-creation and co-construction with the paired community.



Volunteers from Ji'nan Molding Plant showed their care for the elderly in the community

Case Unpaid blood donation themed with "Welcoming the 20th CPC National Congress and Staying true to our original aspiration by blood donation"



In July 2022, in order to meet the clinical blood demand of medical institutions in Shandong Province during the summer, Sinotruk organized voluntary and unpaid blood donation in 2022, and 702 employees participated in the activity, who have donated as much as 222,000 ml of blood in total.



Unpaid blood donation activity of "Welcoming the 20th CPC National Congress and Staying true to our original aspiration by blood donation"

Case Employees served as volunteers for epidemic prevention and control



On 3 May, 2022, the Youth League Committee of the Group organized the youth league members to participate in the voluntary activities for epidemic prevention and control. They actively contacted local Resident Committees and served the residents by measuring body temperature, organizing residents to queue up for nucleic acid testing and other activities. With their efforts, the residents could complete nucleic acid testing quickly and orderly to avoid the spread of virus. They have passed positive social energy to residents and gave them care and warmth even during quarantine.



Employees served as volunteers for epidemic prevention and control

Definitions

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

Abbreviation	Reporting Specification
"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
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"CNHTC"	China National Heavy Duty Truck Group Co., Ltd., a state-owned enterprise organized under the laws of the PRC with limited liability, being the intermediate holding company and the controlling shareholder (as defined in the Listing Rules) of the Company
"CNHTC Group"	CNHTC and its subsidiaries other than the Group
"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)
"Group" or "We"	Sinotruk and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Board"	the board of Directors of the Company
"Audit Committee"	the audit committee of the Company
"Executive Committee"	the executive committee of the Company
"ESG"	environmental, social and governance
"HDT(s)"	heavy duty truck(s) and medium-heavy duty truck(s)
"LDT(s)"	light duty truck(s)
"Ji'nan Truck Company"	Sinotruk Ji'nan Truck Co., Ltd., a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares are listed on the Shenzhen Stock Exchange (stock code: 000951)
"Ji'nan Axle Company"	Sinotruk (Ji'nan) Axle Co., Ltd., a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
Ji'nan Engine Plant"	Engine plant of Sinotruk Ji'nan Power Co., Ltd.

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

HKEX ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs			Page number
Environmental			
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P45-50
	A1.1	The types of emissions and respective emissions data.	P47
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P54
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P50
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P50
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P45-47
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P48-50
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P52-56
	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).	P54
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P56
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P52-56
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P55-56
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P56
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P45-56
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P45-56

Subject Areas, Aspects, General Disclosures and KPIs			Page number
A4 Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P43-44
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P43-44
Social			
B1 Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P59-60
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P59
	B1.2	Employee turnover rate by gender, age group and geographical region.	P60
B2 Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P34-40
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P36
	B2.2	Lost days due to work injury.	P36
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P35-40
	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P61-63
B3 Development and Training	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P63
	B3.2	The average training hours completed per employee by gender and employee category.	P63
B4 Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P59-60
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P60
	B4.2	Description of steps taken to eliminate such practices when discovered.	P60

Subject Areas, Aspects, General Disclosures and KPIs			Page number
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P30-32
	B5.1	Number of suppliers by geographical region.	P31
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P30
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P30-31
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P31
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P19-29
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P20
	B6.2	Number of products and service related complaints received and how they are dealt with.	P28
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P23-26
	B6.4	Description of quality assurance process and recall procedures.	P19-22
B7 Anti corruption	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P29
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P15-16
	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.	P16
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P15
B8 Community Investment	B7.3	Description of anti-corruption training provided to directors and staff.	P15-16
	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P67-68
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P67-68
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P67

Reader Feedback Form

Dear readers:

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

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



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



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



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



Your Information

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