

2023 Environmental, Social and Governance Report



浦林成山
PRINX CHENGSHAN

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1809



PURSUE EXCELLENCE

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SCOPE AND REPORTING PERIOD

This is the Environmental, Social and Governance (the “**ESG**”) report by Prinx Chengshan Holdings Limited (stock code: 1809) and its subsidiaries (collectively, “**the Group**”), highlighting its ESG performance, with disclosure reference made to the ESG reporting guide as described in Appendix C2 of the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and it is prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards issued by Global Sustainability Standards Board (“**GSSB**”), for the Reporting Period as defined below. Climate-related disclosures are aligned with the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) framework.

This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in the manufacturing plant (the “**Plant**”), the headquarters office in Rongcheng, Shandong Province of the PRC (together, the “**Shandong Operation**”), and the manufacturing plant in Chonburi, Thailand (the “**Thailand Plant**”) from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”), unless otherwise stated.

There is no major operational change during the Reporting Period. The operations in North America, Europe and Shanghai, China had no significant environmental and social impacts and had a lower contribution to the Group’s total revenue, so these subsidiaries were excluded from the reporting scope.

REPORTING PRINCIPLES

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

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

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

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

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

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

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

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

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

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

ABOUT PRINX CHENGSHAN HOLDINGS LIMITED

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



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ESG PERFORMANCE REVIEW AND HIGHLIGHTS

Economic Performance	Revenue: RMB9,949 million Net Profit: RMB1,033 million
Environment	Certified to ISO 14001 Environmental Management System
Community	Donations and learning support for primary students, community support services
People	Total number of employees: 6,532 people Total training hours: 302,910 hours Average training hours per employee: 46 hours Total occupational health and safety training hours: 50,138.5 hours Certified to ISO 14001 and ISO 45001 Occupational Health and Safety (“ OH&S ”) Management System
Operating Practices	Certified to ISO 9001:2015 Quality Management System Thailand Green Industry 1 st , 2 nd and 3 rd levels Certifications

CORPORATE GOVERNANCE

The Board Statement

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

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

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

- Introduced the new rules and guidelines of the Stock Exchange of Hong Kong Limited (“**HKEX**”) and Global Reporting Initiative (“**GRI**”) to the Board;

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

The Board evaluates the Group's ESG performance by implementing independent assessments quarterly every year, with the purpose of developing a fair and objective evaluation method for facilitating the Group's positive ESG development. The performance evaluation process includes the evaluation of ESG targets, adjustment of ESG targets according to the significant changes of business operation and the process performance counselling and evaluation to improve working methods and skills. To improve the ESG-related knowledge, skills and experience of the Board, the domestic and international ESG-related policy trends as well as the experience of outstanding ESG-related performance within the industry are shared among the members of the Board continuously, and ESG-related training is organised annually. The Senior Management reports the progress and performance of the ESG projects to the Board for review. Feedback and recommendations are provided by the Board after reviewing the reports, then the Senior Management is responsible for implementing improved plans and measures according to the Board's feedback.



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During the Reporting Period, the Group established an ESG Decision-Making Committee, which is responsible for making decisions on the Group's ESG matters, guiding and supervising the ESG Working Group (the "**Working Group**") to carry out and implement relevant ESG work, and comprehensively promoting the effective implementation of ESG strategies and actions. In addition, the Group has also established an ESG working group, which is responsible for the implementation and promotion of various ESG matters of the Group, including the identification of ESG risks and opportunities in daily operations, the formulation of business-specific response measures, and regular reporting to the ESG decision-making committee.

Governance Structure and Composition

The Board leads the Group by providing strategic and effective governance. The chairman of the Board is also a non-executive Director of the Group. To avoid conflict of interest, all significant matters will be discussed and resolved in management meetings or the Board meetings. The Board has established 3 Board committees to oversee various aspects of the Group's affairs, including the Audit Committee, Nomination and Remuneration Committee, and Development Strategy and Risk Management Committee. The tenure of services for Executive Directors and Non-executive Directors are 3 years, and for Independent Non-executive Director is 1 year to 3 years. The competencies of the Directors relevant to the Group's impacts are described in the "Biographical Details of Directors and Senior Management" section of the Annual Report 2023. The list of Directors and their gender and roles and functions during the Reporting Period is shown below.

Name of Directors	Gender	Title	Audit Committee	Nomination and Remuneration Committee	Development Strategy and Risk Management Committee
Mr. Che Baozhen	M	Chief Executive Officer	—	Member	—
Mr. Shi Futao	M	Executive Director	—	—	—
Ms. Cao Xueyu (resigned on 28 March 2024)	F		—	—	—
Mr. Che Hongzhi	M	Non-Executive Director (Chairman)	—	—	Chairman
Mr. Wang Lei (resigned on 28 March 2024)	M	Non-Executive Director	—	—	—
Mr. Shao Quanfeng	M		—	—	—
Mr. Jin Qingjun (appointed on 9 September 2023)	M	Independent Non-Executive Director	Member	Chairman	Member
Mr. Zhang Xuehuo (resigned on 9 September 2023)	M		Member	Chairman	Member
Mr. Choi Tze Kit, Sammy	M		Chairman	Member	—
Mr. Wang Chuansheng	M		Member	—	Member

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

Board Selection and Diversity

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

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the board diversity policy through the Nomination and Remuneration Committee. They have confirmed that the Board has the appropriate mix of skills and experience required to implement the Group's policies.

Considering the expansion of the Group's domestic and international markets and operations, the Group intends to reference international and local best practices to ensure an appropriate balance of diversity among board members. Efforts will be made to have a proportionate representation of members with international operational, risk management, and sustainable development capabilities and experience within the board composition. This will support the implementation of the Group's internationalization strategy.

Remuneration Policy

The determination process of remuneration policy relating to all the Directors and Senior Management was supervised by the Nomination and Remuneration Committee. It is an independent committee which provides recommendations to the Board on the appointment of the Directors, and the management of the Board's succession. The remuneration of the Board members and Senior Management is considered according to the individual performance of each member, the Group's performance, the remuneration level of comparable companies, time commitment and work responsibilities. The remuneration of the Board and Senior Management is determined objectively to ensure none of the Directors determine their own remuneration without fair and reasonable judgements. Remuneration adjustments at the director or above level must be agreed and approved by the Board before the adjustments are implemented. According to the salary policy for the Board and the Senior Management, the fixed pay includes monthly salary, meal subsidies and transportation subsidies, and the variable pay includes an annual bonus according to the annual business performance of the Group.

For more details of the remuneration policy of the Group and the annual total compensation ratio, please refer to page 49, 78 and 152 of the 2023 Annual Report.

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The Board's Engagement

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

Due Diligence

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

ACCREDITATION AND CERTIFICATION

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

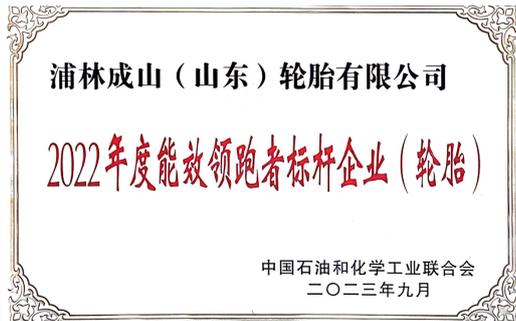
- ISO 14001 Environmental Management System
- ISO 9001:2015 Quality Management Systems
- ISO 45001 Occupational Health and Safety Management System Certification
- IATF 16949 Quality Management System
- China Compulsory Certification
- Saudi Arabia SASO Certificate
- Malaysia SIRIM Certificate
- GSO Certificate
- US DOT Certification
- Europe ECE Certification
- LATU Certification
- SNI Certification
- Brazil INMETRO Certification
- The Philippine Standard (PS) Certification
- R117 Certification
- Nigeria SONCAP Certification
- US SmartWay Certification
- Thai Industrial Standards Institute (TISI) Certification
- Gulf Cooperation Council (GCC) Certification
- Thailand Green Industry 2nd and 3rd levels Certifications
- Europe Conformity of Production (CoP) Certification
- TUV Mark certificate

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AWARDS

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

- Awarded “Public Welfare Pioneer” and “Wealth Creation Pioneer Enterprise” in the 2nd “Golden Bee Ceremony” hosted by China Automotive Brothers, the China Automobile News and China Automobile Research Institute in April 2023
- In February 2023, the Group’s “Truck Tires” won the first batch of Shandong Province’s provincial-level green and low-carbon products (eco-brand)
- In April 2023, the Group won the title of “Shandong Province Smart Manufacturing Benchmark Enterprise”
- In April 2023, the Group won the honorary title of Weihai Digital Economy “Morning Star Factory”
- In July 2023, the Group was selected into the “Top 100 Chinese Automobile Supply Chain in 2023”
- In September 2023, the Group (Shandong) won the honorary title of Benchmark Enterprise for Energy Efficiency Leader in the Petroleum and Chemical Industry
- In September 2023, the Group was selected into the list of “Shandong Province Standard Innovation Enterprises”
- In October 2023, the Group was awarded the “Water Saving Benchmark Company of Shandong Province”
- In November 2023, the Group was announced as a green factory by the Ministry of Industry and Information Technology.



RECOGNITION

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

- The Dynamics Collaborative Innovation Alliance
- China Rubber Industry Association (Tire Branch)
- Shandong Rubber Industry Association
- Council of China Tire Valve Standard Yearbook
- The National Rubber and Rubber Products Standardization Technical Committee (The Carbon Black Subcommittee)
- China Rubber Council
- Tire Industry Council
- Thailand Chinese Enterprises Chamber of Commerce
- Thailand China Enterprises Chamber of Commerce Automotive Branch
- Thailand Chinese Enterprises Chamber of Commerce Rayong Park Branch
- Thailand Chinese Enterprises General Chamber of Commerce Rubber Association
- Thailand Chinese Enterprises Chamber of Commerce Manufacturing Branch

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STAKEHOLDER ENGAGEMENT, IMPACT ASSESSMENT AND MATERIALITY

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

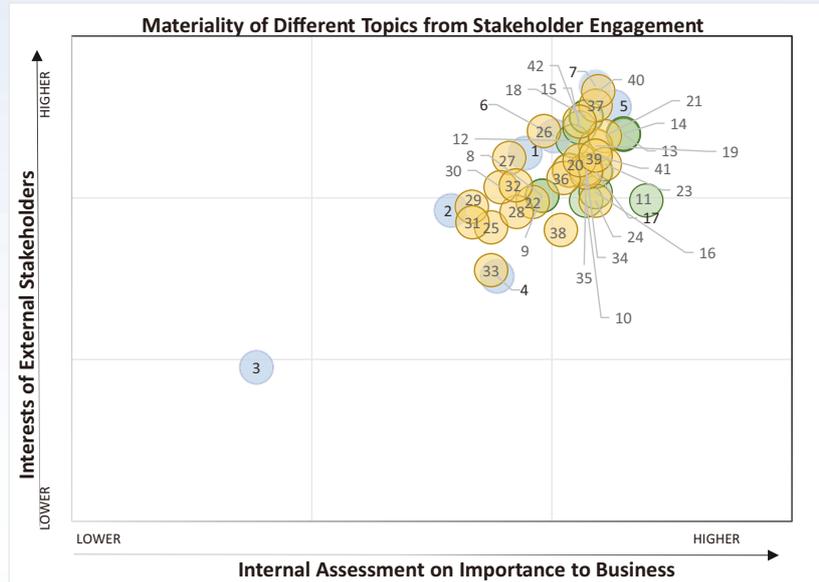
Stakeholder Group	Engagement Channels
Employees	<ul style="list-style-type: none"> • Interviews • Employee satisfaction survey • Symposia
Suppliers and Business Partners	<ul style="list-style-type: none"> • Site visits • Annual meetings/conference
Customers	<ul style="list-style-type: none"> • Networking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

During the Reporting Period, the Group has specifically engaged its internal and external stakeholders, including directors, senior management, frontline staff, customers, and suppliers to gain further insights on ESG material aspects. In the materiality assessment, stakeholders were asked to rate a list of 42 topics in terms of their relevance and importance to the Group's business development and sustainability, as well as to the wider community. The Materiality Matrix below shows the result of the Group's materiality assessment process:



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Materiality Matrix



A Economic and Corporate Governance	C Social
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- 1 Economic Performance
- 2 Market Presence
- 3 Indirect Economic Impacts
- 4 Procurement Practices
- 5 Anti-corruption
- 6 Anti-competitive Behaviour
- 7 Tax

B Environmental

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

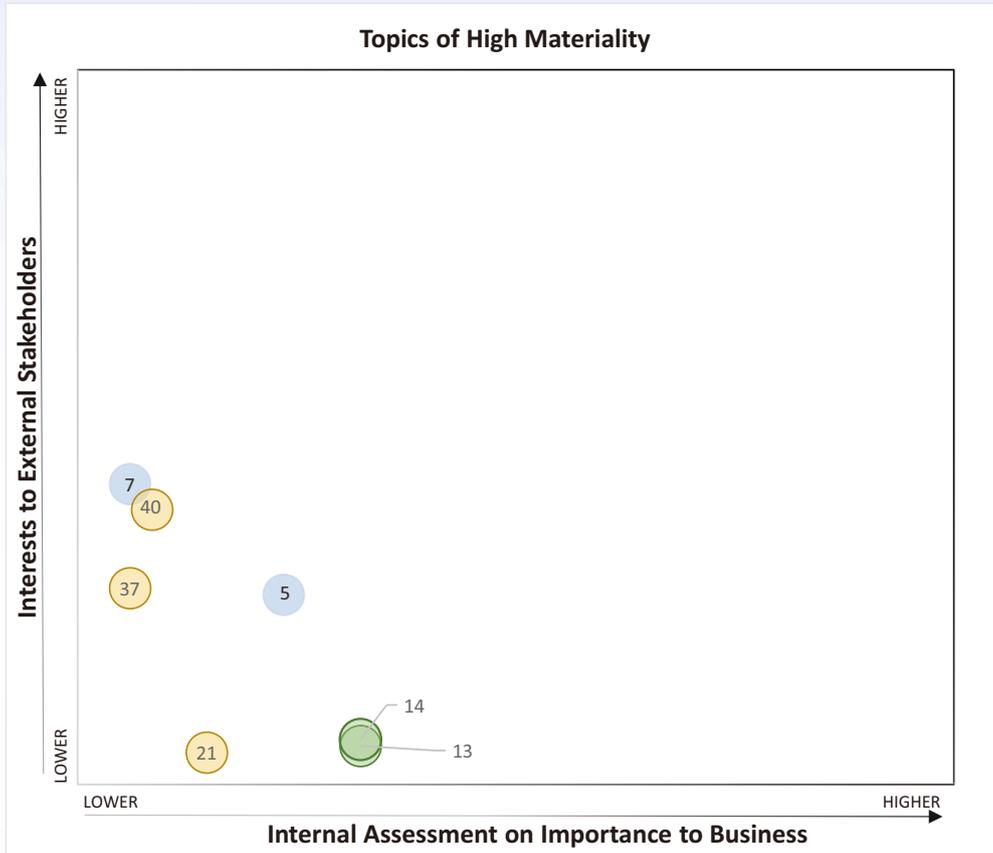
- 19 Employment
- 20 Labour/Management Relations
- 21 Occupational Health and Safety
- 22 Training and Education
- 23 Diversity and Equal Opportunity
- 24 Non-discrimination
- 25 Bargaining
- 26 Preventing Child Labor
- 27 Preventing Forced or Compulsory Labor
- 28 Security Personnel Practices
- 29 Rights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

- 38 Information Security
- 39 Intellectual Property Rights
- 40 Product Quality
- 41 Socioeconomic Compliance
- 42 Innovation and Advanced Technology

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

Materiality Matrix (Topics of High Materiality)



- Waste Management
- Environmental Compliance
- Anti-corruption
- Occupational Health and Safety
- Product Quality
- Customer Privacy and Interest Protection
- Tax

The above 7 aspects were strictly managed through the Group's policies and guidelines. Management of the aspects has been described in separate sections below. The Group is committed to conducting its business in a transparent, equitable, legal and socially responsible manner. The Group will continue to participate in meetings and gatherings with stakeholders to understand their expectations and concerned material aspects and feedback on its ESG performance.

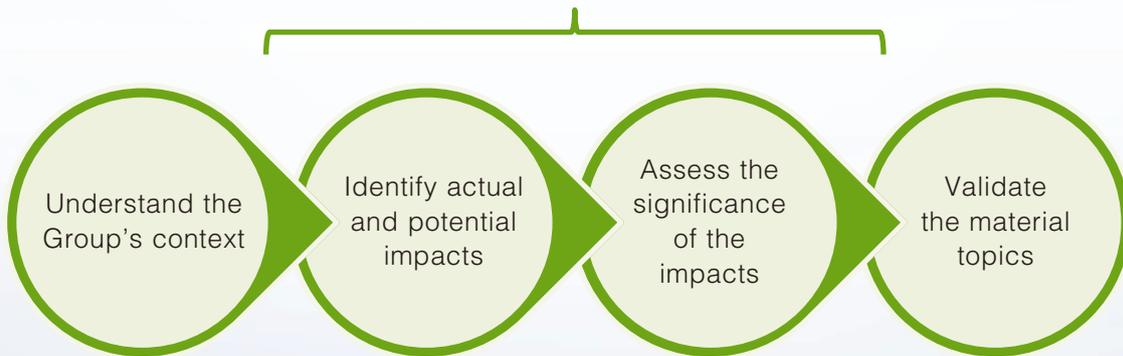
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Apart from the 7 material topics determined by the stakeholder survey result, the Group also determines the material topics by identifying the actual and potential impacts of the Group’s business context, prioritising the most significant impacts of the Group’s business, referencing from the materiality analysis of Sustainability Accounting Standards Board (“SASB”) Standards, and seeking advice from the external profession. Besides, the Group also referenced from the ESG analysis of domestic and foreign peers to grasp the mutual ESG-related concerns in the vehicle tires manufacturing industry. Concluded from the above-stated processes, the following 4 other material topics are identified in the Reporting Period:

- Anti-competitive Behaviour
- Material Consumption
- Energy Management
- Green Product Research and Development



STAKEHOLDER ENGAGEMENT PROCESS



- The Group’s context was understood based on internal assessment, the Materiality Finder of SASB Standards, advice from external profession and current peer industry reviews
- Topics with high relevance to the Group’s actual and potential impacts were identified and considered
- The Group’s impacts have been assessed. Topics relevant to significant impacts of the Group have been determined as material topics
- The Board and the management has reviewed the materiality matrix and impact assessment results, and validated the scope, topic boundaries and completeness of the material topics

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STAKEHOLDERS' FEEDBACK

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

Email: investor@prinxchengshan.com

Tel: (852) 2887 0096

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

A. ENVIRONMENT

The Group is aware that "Waste Management" and "Energy Management" are the top material aspects by assessing the corresponding actual and potential impacts of its business operations during the Reporting Period. Compliance with the environmental protection laws and regulations is important for the Group to reduce pollution and environmental damage derived by its business activities, and protect natural ecosystems to maintain biodiversity. It is believed that reducing pollution and environmental damage can improve human health and reduce the risk of environment-related diseases and health problems. The Group understands its responsibility to maintain ecological balance and protect the environment and will continue to strengthen its environmental management. Certain environmental protection laws and regulations may decrease some of the job opportunities due to restrictions on mining and industrial activities, however, the Group will monitor and cope with such risk continuously, and respond to the updated laws and regulations timely. The Group has developed emission control standards and a comprehensive environmental management system in compliance with the statutory requirements, which strictly abides by the following environmental protection laws and regulations:

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

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

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

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There was no major non-compliance relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group during the Reporting Period in both Shandong Operation and the Thailand Plant. The Group will communicate with all stakeholders continuously to ensure all stakeholders comply with environment-related laws and regulations.

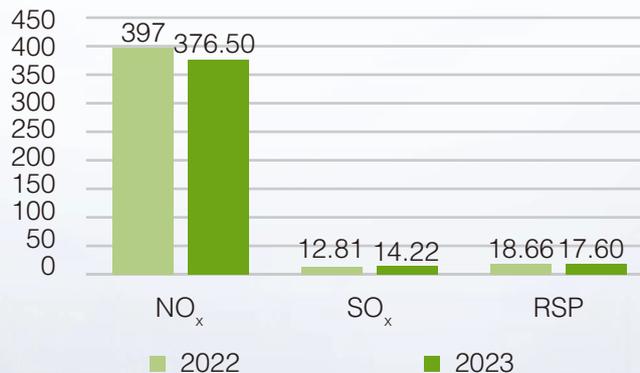
A1. Emissions

A1.1. Air Emissions

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

Air emissions (non-GHG) from gaseous fuel consumption				
Fuel Source	Use of fuel	NO _x (in kg)	RSP (in kg)	SO _x (in kg)
Petrol and diesel	For Group-owned vehicles and equipment (e.g. private cars, forklifts etc.)	367.2	17.6	14.17
LPG and natural gas	For canteen operation	9.3	N/A	0.05
TOTAL		376.5	17.6	14.22

Emissions of air pollutants (kg)



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A1.2. Greenhouse Gas Emissions

There were 448,021 tonnes of carbon dioxide equivalent (tCO₂e) GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation during the Reporting Period, with an overall intensity of 0.73 tCO₂e/tonnes of production.

The GHG emissions reported included the following activities and scopes:

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

Scope of GHG Emissions	Emission (in tonnes of carbon dioxide equivalent "tCO ₂ e") 2023	Emission (in tonnes of carbon dioxide equivalent "tCO ₂ e") 2022	Intensity (tCO ₂ e/tonnes of production) 2023	Intensity (tCO ₂ e/tonnes of production) 2022
Scope 1 Direct Emission	57,320	49,318	0.09	0.10
Scope 2 Energy Indirect Emission	389,586	329,215	0.63	0.69
Scope 3 Other Indirect Emission	1,115	453	0.002	0.00095
TOTAL	448,021	378,986	0.73	0.79

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

Note 2: Margin emission factors of 0.5703 tCO₂/MWh and 0.5394 tCO₂/MWh were used for the purchased electricity in Shandong Province of the PRC and Thailand respectively.

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

Note 4: tCO₂eq represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).

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

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

Note 7: A emission factor of 0.11 tCO₂e/GJ was used for the purchased steam in both Shandong Province of the PRC.

Note 8: Scope 1 and 2 GHG emissions has been restated to reflect the actual situation in 2022. The amount of scope 1 GHG emissions in 2022 has been changed from 82,092 tCO₂e to 49,318 tCO₂e. The amount of scope 2 GHG emissions in 2022 has been changed from 390,803 tCO₂e to 329,215 tCO₂e. The amount of scope 3 GHG emissions in 2022 has been changed from 379 tCO₂e to 453 tCO₂e.

Note 9: Self-recycled water was not included in the calculation of GHG emissions.

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

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In addition, upstream and downstream logistics of the Group's value chain are another kind of the main sources of GHG emissions. The Group mainly used land trucks. During the Reporting Period, the Group produced 85,751,811 tonnes of carbon dioxide equivalent (tCO₂eq) GHG from its upstream and downstream logistics.

Note: The GHG emissions from the Group's upstream and downstream logistics were calculated according to the Technical Guidance for Calculating Scope 3 Emissions and the emission factors were reference from the UK Government Conversion Factors for greenhouse gas (GHG) reporting, the Department for Business, Energy & Industrial Strategy and the Department for Environment Food & Rural Affairs.

A1.3. Hazardous Waste

The Group generated a total of 271 tonnes of hazardous waste, representing an intensity of 0.0004 tonnes/tonnes of production during the Reporting Period. Types of hazardous waste included waste batteries, lubricating oil, waste oil barrels, liquid wastes from experiments, fluorescent tubes and waste from the replacement of the exhaust emission facilities etc. All hazardous wastes were collected and treated by government-certified, third-party solid waste handlers, or temporarily stored on-site.

A1.4. Non-hazardous Waste

During the Reporting Period, 9,586 tonnes and 103 tonnes of non-hazardous waste were generated by the Shandong Operation and the Thailand Plant respectively. A total of 9,689 tonnes of non-hazardous wastes, with an intensity of 0.02 tonnes/tonne of production, were generated from the Group. The production waste comprised various categories, such as office wastepaper, metal scrap and wood materials, plastic materials, waste equipment, waste packaging materials, waste office supplies and experimental wastes etc. All non-hazardous wastes were collected by recycling companies for recycling purposes.

A1.5. Measures to Mitigate Emissions and Targets

In order to mitigate the potential impacts of emissions to the environment, the Group strictly complies with and stays abreast of the related national laws and regulations to ensure that it responds to the updated policies and regulations timely. The Group has formulated environmental policies and annual environmental monitoring plans, and used instruments and equipment to conduct regular inspection and testing discharged substances and wastes so as to ensure all discharges comply with the national standards.

The Group's direct air emissions from production lines were all within the permissible level set by application standards such as the Emission Standards for Odour Pollutants (GB 14554-1993), the Emission Standard of Pollutants for Rubber Products Industry (GB 27632-2011), and Shandong Province Regional Air Pollutant Comprehensive Emission Standard (DB 37/2376-2020). The cooking fume emitted from the canteen operation has fulfilled the Shandong Province Emission Standard of Cooking Fume (DB 37/597-2006).

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

1. By 2030, the carbon emissions per tonne of production will be reduced by 27% during tire production (including tire retreading) compared with 2021.
2. By 2025, solar power generation will grow more than three times compared with 2021.
3. By 2025, the proportion of commercial vehicle tires and passenger vehicle tires with low rolling resistance will reach 45% and 50% respectively.

Note: In consideration of the temporary suspension of the Anhui project and the Thailand Plant stated achieving production in October 2020, the Group has reset its first and second GHG emission targets, using 2021 as the baseline year and updating the emission reduction rate to more accurately reflect the actual situation of GHG emissions when the Thailand Plant developed.

In recent years, the Group has installed extra photovoltaic capacities in both Shandong and Thailand operations. In the Thailand Plant, the second stage of photovoltaic project was started to operate in 2024, and it is expected that the project can generate 3,067 million kWh of solar power in 2025. During the Reporting Period, the Group has carried out a series of energy-saving and emission reduction measures, such as promoting nitrogen and heat recovery projects, replacing direct current motors with permanent magnet motors, purchasing insulated mold kits, and replacing energy-saving transformers.

The amount of GHG emission per tonne of production was reduced by 27% during the Reporting Period compared with 2021. The amount of solar power generation increased by 215% compared with 2021. The Group will review the progress of GHG emission reduction measures continuously and be confident to achieve the GHG emission reduction targets in the long term.

Note: Scope 1 GHG emission has been restated to reflect the actual situation in 2021. Due to the error made in previous reporting period, the amount of scope 1 GHG emission in 2021 has been changed from 60,142 tCO₂e to 35,891 tCO₂e.



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Indicators	Baseline Year (2021)	Reporting Period (2023)	Targets
<ul style="list-style-type: none"> The amount of GHG emission per tonne of production (tCO₂e/tonne of production) 	0.99	0.73	<ul style="list-style-type: none"> By 2030, the carbon emissions per tonne of production will be reduced by 27% during tire production (including tire retreading) compared with 2021.
<ul style="list-style-type: none"> Solar power generation (kWh) 	11,772,098	37,088,922	<ul style="list-style-type: none"> By 2025, solar power generation will grow more than three times compared with 2021.

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

- Enhancing flue gas collection and treatment by adopting national advanced technology. Through three-stage filtration, advanced oxidation, photocatalysis and spray absorption;
- Modifying the production line to reduce smoke emission and lower temperature in Shandong Plant;
- Installing online detection devices for monitoring various pollution sources;
- Checking the air quality in the boiler flue at least twice a year in Thailand Plant;
- Increasing the installed capacity of photovoltaic power in both Shandong and Thailand operations continuously;
- Inviting a third-party inspection company to monitor the emissions of pollutants;

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- Conducting inspections of equipment regularly to minimize the pollution caused by the malfunction of equipment;
- Establishing effective vehicle management practice to reduce fuel consumption and associated air emissions. The Group also highly encourages employees to take public transport whenever possible and provides on-site residential units to employees to reduce their commuting demands;
- Encouraging electronic communications (e.g., online conference calls) with business partners. Applications for business air travel shall be reviewed and approved by management and all records are kept for tracking and reviewing to avoid unnecessary travel;
- Fully adopting solar power project was fully adopted by the whole Group during the Reporting Period; and
- Innovating new tire products by using low energy consumption raw materials, low-carbon design with high capability.

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

A1.6. Waste Reduction Initiatives and Targets

The Group realises that the waste generated from its business operations may potentially pollute the soil and environment and high costs of handling waste may be derived from packaging, product testings and equipment maintenance processes, so it is believed that the reasonable handling and reuse of waste can reduce production costs, achieve sustainable utilisation of resources and reduce environmental pressure in the long term. The Group strictly complies with all the waste handling related laws and regulations to manage waste recycling and industrial waste handling measures in its business operations. The Group has formulated some comprehensive waste handling policies, including but not limited to the Solid Waste Management Procedures, Hazardous Waste Management System, Hazardous Waste Operating Procedures and Hazardous Waste Training Management System. By implementing these policies, the Group is responsible for collecting waste-related data and monitoring the effectiveness of its waste reduction measures regularly. The Group aims to use the 3R principle to achieve its waste reduction goals. The Group optimises product process indicators, improves equipment accuracy to reduce material loss as much as possible during its tire manufacturing processes.

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Hazardous waste generated from the Group was collected by qualified third-party collectors, and then handled by incineration and landfill. In order to reduce hazardous waste production, the Group reused lubricating oil whenever possible, and carried out a recycling and refurbishment project for used tires. Besides, in order to prevent water and soil pollution derived from the leakage of hazardous waste, the Group classified and recycled hazardous waste, set up designated storage places according to relevant regulations, provided relevant training for employees and established emergency response measures to prevent hazardous waste pollution. In addition, the Group provided necessary protective equipment for employees to ensure occupational health and safety.

The non-hazardous solid wastes were sold to qualified recycling companies for recycling. Furthermore, responding to the government's call for "building a resource-conserving society", the Group promotes paperless offices. It has implemented the ECC automatic system for administrative procedures and encourages double-sided printing, restricts the amount of office paper use of each department and adopts initiatives that save paper and toner. Besides, the Group also promotes office wastepaper recycling by placing wastepaper baskets in the office area. With the Group's great effort of promoting paperless offices, the recycle rate of office wastepaper was increased during the Reporting Period. Furthermore, recycle boxes are available in various locations in the workplace for employees to sort and recycle different types of recyclable waste, such as wastepaper and plastic bottles, and all the recycled waste will be collected and handled by a qualified recycling company for further handling.

Waste Reduction in Value Chains

The Group also realises the potential environmental impacts derived from the waste generated through its value chains, such as toxic and nonbiodegradable raw materials may cause pollution. The Group also promotes waste reduction through its value chains by encouraging all of its upstream suppliers to use reusable packaging materials, promoting the reduction of material usage, waste reuse and recycle, adjusting production processes, reshaping products, packaging and changing business models as well as emphasizing the importance of material selection in the circular economy. For the downstream value chains, the Group strives to promote green products and services and strengthen the awareness of environmental protection of its customers in order to a positive and sustainable relationship with them in the long term.

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The Group has set the following 2 waste reduction targets:

By 2030, the amount of general waste generated per tonne of production will be decreased by 4.3% as compared with 2021.

By 2030, the amount of hazardous waste generated per tonne of production will be reduced by 18.2% compared with 2021.

Note: The non-hazardous and hazardous waste targets have been restated, mainly considering the temporary shelving of the Anhui project and the Thailand Plant reaching production in October 2020. The Group used 2021 as the baseline year to more accurately reflect the Group actual situation of waste reduction after the Thailand Plant entered normal production.

The amount of non-hazardous waste per tonne of production was reduced by 46%, and the amount of hazardous waste per tonne of production was reduced by 56% during the Reporting Period compared with 2021. The Group has achieved the waste reduction targets. The Group will review and improve waste reduction measures continuously in order to maintain good performance of waste reduction in the long term.

Indicator	Baseline Year (2021)	Reporting Period (2023)	Targets
<ul style="list-style-type: none"> Non-hazardous waste intensity (tonne/tonne of production) 	<ul style="list-style-type: none"> Non-hazardous waste intensity: 0.029 	<ul style="list-style-type: none"> Non-hazardous waste intensity: 0.02 	<ul style="list-style-type: none"> By 2030, the amount of general waste generated per tonne of production will be decreased by 4.3% as compared with 2021.
<ul style="list-style-type: none"> Hazardous waste intensity (tonne/tonne of production) 	<ul style="list-style-type: none"> Hazardous waste intensity: 0.001 	<ul style="list-style-type: none"> Hazardous waste intensity: 0.0004 	<ul style="list-style-type: none"> By 2030, the amount of hazardous waste generated per tonne of production will be reduced by 18.2% compared with 2021.

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To evaluate the effectiveness of the Group's management of its waste reduction measures and policies, the Group collects relevant data and information to evaluate the following performance, including the effectiveness of solid waste management measures, hazardous waste management systems and operating procedures, hazardous waste training and management system and the third-party waste handling companies. The Group will improve and adjust its waste handling measures according to the findings from the evaluations. The Group communicate effectively with all of its stakeholders to provide information of its waste handling policies. Internally, the Group communicates will employees through notice boards, emails and activities. Externally, the Group communicates with public through written notices, reports and community investment.

A2. Use of Resources

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

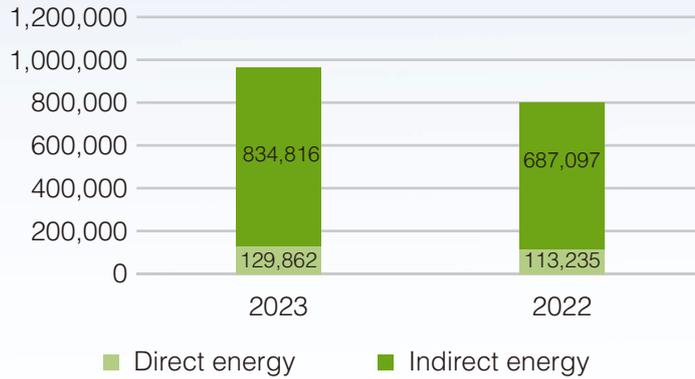
A2.1. Energy Consumption

Energy Consumption Sources	Consumption	Consumption (in MWh)	Intensity (unit/tonnes of production)	Intensity (MWh/tonne of production)
LPG for canteen operation	17,673 kg	246	0.03 kg/tonnes	0.0004
Towngas/natural gas for canteen operation	30,936 kg	399	0.05 unit/tonnes	0.0006
Petrol for Group-owned vehicles	301,098 L	2,671	0.49 L/tonnes	0.0043
Diesel for Group-owned vehicles	605,296 L	6,077	0.98 L/tonnes	0.0098
Wood for boilers	27,800,440 kg	120,469	0.04 tonnes/tonnes	0.19
Steam for manufacturing in the plant	471,653 tonnes	353,723	0.76 tonnes/tonnes	0.57
Electricity for daily operation	444,004 MWh	444,004	0.72 MWh/tonnes	0.72
Self-generated Photovoltaic	37,089 MWh	37,089	0.06 MWh/tonnes	0.06

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The total energy consumed by the Group was 964,678 MWh (including self-generated photovoltaic) during the Reporting Period, with an overall intensity of 1.56 MWh/tonnes of production.

Total energy consumption (MWh)



Note: The total energy consumption of 2022 has been restated to reflect the actual situation of that year.

A2.2. Water Consumption

The wastewater generated in the factory area is discharged into the sewage treatment system in the factory. After the wastewater treatment, part of the water is reused, and the other part is discharged into a municipal wastewater treatment plant for further treatment. The Group consumed 653,902 m³ of freshwater, discharged 303,408 m³ of sewage and reused 546,292 m³ of water during the Reporting Period, with a water consumption intensity of 1.06 m³/tonnes of production and a discharge intensity of 0.49 m³/tonnes of production. There was no issue in sourcing water that is fit for purpose.

Water consumption (m³)



Note: As the purchased recycled water from municipal water suppliers was also included in the amount of freshwater consumption, the amount of freshwater consumption in 2022 has been restated to reflect the actual situation in that year.

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A2.3. Energy Use Efficiency Initiatives and Targets

The Group believes that effective energy use management can reduce energy consumption costs, and increase energy efficiency, which can maintain a virtuous relationship between people and the environment. The Group realises the importance to bear the social responsibility for protecting the environment. The development of new energy products and reasonable use of traditional fuel energy is the mainstream strategies of the Group's future business to maintain the balance of its competitiveness and environmental protection. The effective energy management can reduce reliance on fossil fuels and pressure on natural resources as well as ensure reliable energy supply to protect people's rights to survival and development.

The management policy on energy and energy conservation standardises the Group's energy management and helps to enhance the efficiency of energy use. The energy management system, measurement management system, integration of information and industrialisation management system have been established, including but not limited to the Energy Management System Requirements with guidance for use (GB/T 23331-2020). The Group has delegated different departments to record and report electricity, steam and water consumption to the cost management department. The energy measuring devices and measurement management system complied with the General Principle for Equipping and Managing the Measuring Instruments of Energy in Organisation of Energy Using (GB 17167-2006). The cost management department analyses and evaluates the consumption data and provides feedback to the consumption departments. Apart from energy consumption management, the Group has a management policy on heat insulation, which ensures effective insulation of various pipelines and systems and reduces energy loss due to damaged insulation layers. The Group strives to promote energy-saving technologies, strengthen scientific energy testing and management as well as energy safety management in its business operations continuously. During the Reporting Period, the Group has carried out a series of energy-saving measures, such as replacing the heat insulation board of the vulcanising machine, installing mold insulation covers and optimising the procedure of vulcanisation, refrigeration station and air compressor operations.

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

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

The Group has set the following energy use efficiency targets:

- Shandong Production Base:
 - ✧ By 2025, the energy consumption limit per unit product of all steel/semi-steel tires will reach 175/226 kg standard coal/tonne qualified products.
 - ✧ By 2030, the energy consumption limit per unit product of all steel/semi-steel tires reached 168/219 kg standard coal/tonne qualified products.
- Thailand Production Base:
 - ✧ By 2025, the energy consumption limit per unit product of all steel/semi-steel tires reached 199/243 kg standard coal/tonne qualified products.
 - ✧ By 2030, the energy consumption limit per unit product of all steel/semi-steel tires reached 191/234 kg standard coal/tonne qualified products.

During the Reporting Period, the Group actively carried out energy-saving initiatives such as curing press insulation, compressed air pressure reduction, and the application of permanent magnet motor technology. Simultaneously, the Group strengthened on-site energy management to reduce energy losses.

The Group plans to implement various energy-saving projects in 2024, such as hot water recovery in curing presses, curing press insulation, transformation of half-direct drive and hydraulic servo motors in mixing machines, and the replacement of energy-efficient air compressors. The Group will also explore the application of electric curing technology and other energy-saving initiatives. The estimated energy savings include 3 million kWh of electricity and 8,000 tons of steam. Besides, regarding the targets of energy consumption limit per unit product, the Group has implemented the following measures:

- adopts advanced production equipment;
- uses servo and variable frequency control motors extensively to reduce equipment energy consumption;

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- optimises the current production process, including the improvement of the rubber mixing process and curing process to reduce energy consumption;
- implements a stricter energy management system; and
- Incentive measures enhance employees' motivation and sense of responsibility on energy-saving.

By adopting these measures in the Reporting Period, the Group has high confidence to achieve the energy use efficiency targets.

A2.4. Water Use Efficiency Initiatives and Targets

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

The Thailand Plant has obtained legal permission from the Thai Industrial Management Authority and WHA3 Industrial Park for sewage discharge. The Group also established a sewage treatment station in the Thailand Plant, which can recycle 60% of the wastewater generated from the production, and the reuse rate of recycled wastewater reaches 40% per year. Furthermore, the Thailand Plant has adopted a rainwater recycling plan to collect rainwater for use during the rainy season.

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

1. By 2025, water consumption per tonne of production will be reduced by approximately 50% compared with 2021.
2. By 2030, water consumption per tonne of production will be reduced by approximately 50% compared with 2021.

Note: The water consumption target has been restated, mainly considering the temporary shelving of the Anhui project and the Thailand Plant reaching production in October 2020. The Group used 2021 as the baseline year to more accurately reflect the actual situation of its water use efficiency after the Thailand Plant entered normal production.

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The water consumption per tonne of production was reduced by 43% during the Reporting Period compared with 2021. The Group will review the progress of water consumption reduction measures continuously and be confident to achieve the water reduction targets.

Indicator	Baseline Year (2021)	Reporting Period (2023)	Targets
The water consumption intensity (m ³ /tonne of production)	1.86	1.06	<ul style="list-style-type: none"> • By 2025, water consumption per tonne of production will be reduced by approximately 50% compared with 2021. • By 2030, water consumption per tonne of production will be reduced by approximately 50% compared with 2021.

A2.5. Packaging Materials

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

During the Reporting Period, the Group consumed a total of 886.7 tonnes of packaging materials, mainly paper wrap, cartons, tape and cable tie for product packaging. The consumption intensity was 1.44 kg/tonnes of production. The intensity of packaging materials was increased by 20% compared with last year. During the reporting period, due to changes in customer structure and demand, the increase in sales of packaging tires led to an increase in the consumption of packaging materials.

The Materials Use in Our Product Packaging

The Group believes that appropriate of packaging materials can protect its tire products from the risk of damage, which can reduce product quality problems and after-sales service costs, and this act can also reduce the amount of defective products and disposal of waste. In addition, the appropriate use of packaging materials can improve the appearance quality of the product and increase the amount of sales. As the Group prioritises the selection of recyclable and eco-materials for packaging purposes, it helps to improve corporate image and meet consumers' preference on environmentally friendly products and services as well as sustainable corporate business in the long term.

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The Group strives to avoid overusing of packaging materials and ensures the safety use of packaging materials to maintain the balance among the Group's economic efficiency, safety of employees and environmental protection. The Group has formulated a comprehensive internal product packaging procedure and standards for employees to follow to ensure the appropriate use of packaging materials and the beneficial outcome brought by the related procedure and standards set. The Group will communicate with all its customers and collect feedback from them in the after sale services to evaluate the improve its related policy continuously.

A3. The Environment and Natural Resources

A3.1. Significant Impacts of Activities on the Environment

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

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

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

The Group carefully considers its impact at each stage of the tire manufacturing life cycle. In the planning stage, the rubber formula and tire structure design are fully considered to meet the requirements of REACH and ECE R117 regulations on tire noise and rolling resistance, achieving energy saving and emission reduction during utilisation. The Group has replaced traditional materials with environmentally friendly materials. For instance, the Group uses environmentally friendly oil that does not contain carcinogenic polycyclic aromatic hydrocarbon compounds, and rubber peptiser DBD with relatively low pollution, to reduce the health risk of workers during the production process and environmental impact during utilisation. The Group also apply the reclaimed rubber produced by the recycling of waste tires to tire production, realising the recycling of resources, and reducing the environmental pollution. Regular evaluation of environmental impact, from acquisition, production, transportation, sales, and use, to disposal of raw materials through Life Cycle Assessment (LCA) data collection and modelling is conducted. The Group strives to make continuous improvements to the green design of tires, enhancing the eco-friendliness of tires. During the Reporting Period, Shandong Plant acquired the “First Prize of the 2023 Shandong Province Circular Economy Science and Technology Award” and the “Second Prize of the 2023 Shandong Province Circular Economy Science and Technology Award”.

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A4. Addressing Climate Change

Governance of Climate-related Risks Management

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

Climate-related Risks Management

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

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

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

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

The Group's Climate-related Risks identification

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



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Physical and Transition Risks:

Climate-related

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

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

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

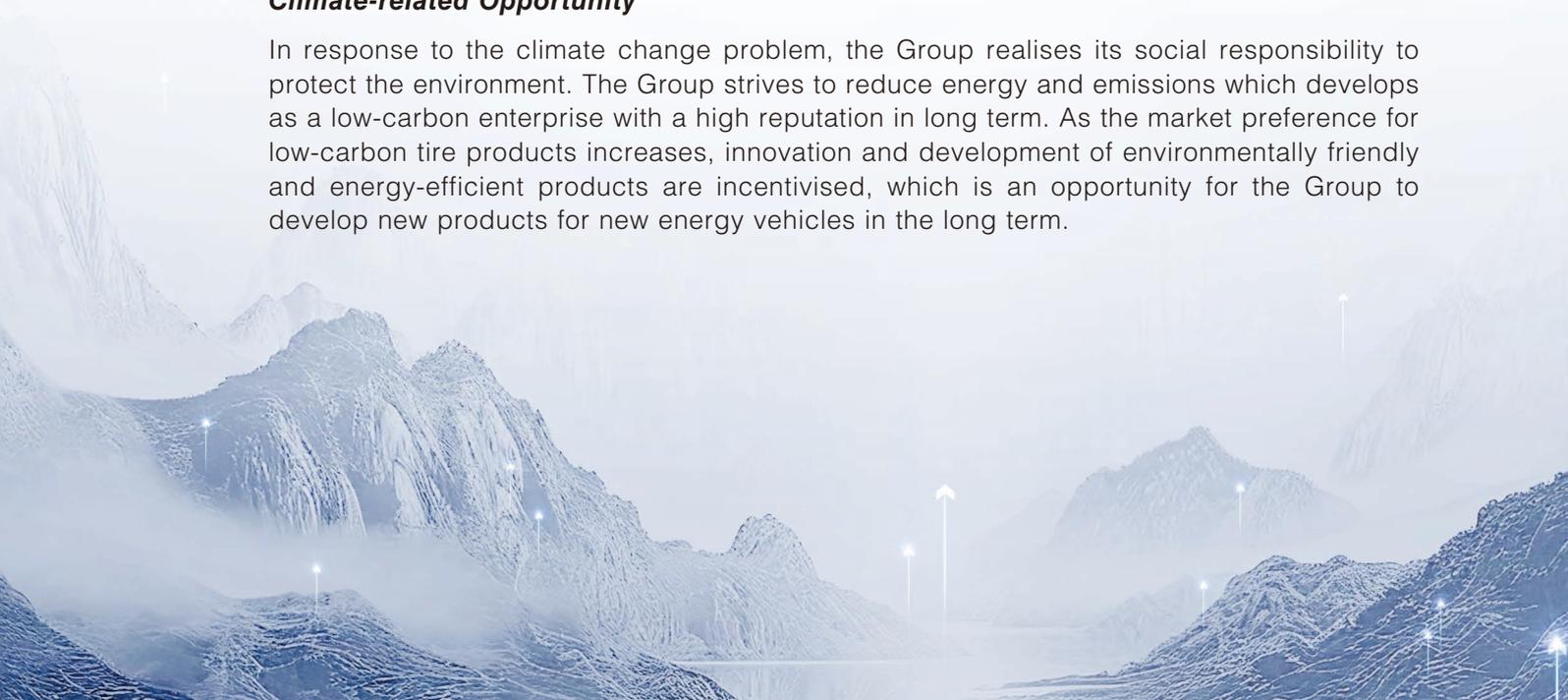
In the Thailand Plant, watering control system has been installed on lawns and flammable materials in response to possible extreme high temperature weather and drought weather conditions.

The Group realises the market's preference for sustainable products and services, low carbon technology has been implemented in the research and production process of its business operations. The Group strives to develop high energy-efficient, and high-quality tire products for new energy vehicles in order to meet the demand of customers and the standard of environmental laws and regulations. In the Thailand Plant, wood fuel has been used for boiler instead of fossil fuels, which can reduce carbon emissions in a large extent, and it is believed that using biofuel will be an important measure for the Group to maintain its green and clean tire manufacturing business in the long term. The Group will monitor the environmental performance and the emissions of carbon monoxide emissions every six months.

Besides, the Group will pay more attention to the updates of climate-related laws and regulations, and strive to improve the existing measures in response to the latest requirements of related laws and regulations timely.

Climate-related Opportunity

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



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Research, Development and Innovation of Sustainable Tire Products

Under the “carbon peaking and carbon neutrality” social context, the Group has evaluated the impact on the environment from its tire production, transportation, sales and disposal. By conducting technological research and development and innovation of tire products, the Group has proposed tire ecological improvement plans to promote green tire production. It is believed that the tire mileage and lifespan will be improved, and energy consumption will be reduced effectively by the application of innovative and environmentally friendly tire product manufacturing technologies and designs. The Group ensures that all the raw materials used in tire manufacturing processes comply with Requirements for Automobile Banned Substances (GB/T30512-2014) and Limited Requirements for Restricted Substances in Tires (GB/T 38529-2020) and uses environmentally friendly raw materials to replace energy-consuming and hazardous raw materials. During the tire research and development process, the Group makes full use of DFMEA (Design Failure Modes and Effects Analysis) and PFMEA (Process Failure Modes and Effects Analysis) tools to identify possible failure modes and mechanisms in terms of the tire function and safety, and conducts high-quality product design, production and inspection in accordance with the requirements of relevant national standards. In recent years, the Group has developed tire renovation and reuse technology, reclaimed rubber and pyrolysis carbon black application technology to carry out the development of waste tire recycling technology. The current proportion of recyclable material used in tire production is 24% and it is expected to reach 42% in 2025, 50% in 2030, and 90% or more in the future.

Apart from giving priority to environmentally friendly raw materials, the Group carries out tire product carbon footprint assessments on the tire manufacturing processes regularly to ensure the effectiveness of its green tire production. The processes of raw material transportation, tire production, the use of packaging materials and energy consumption are evaluated, and improvement of tire manufacturing techniques and designs are carried out according to the findings of evaluation.

The Group strives to clarify the environmental management responsibilities of each department and strengthen the environmental protection awareness and capabilities of all employees. The Group conducts effective communication with all its relevant stakeholders, such as suppliers, customers and employees to ensure they fully understand the Group’s environmental requirements. Training will be provided to employees when necessary, and all relevant requirements have been stated in employment or supplier contracts and agreements.



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The Group's Carbon Reduction Commitment

In response to the global issue of climate change, the Group is committed to aligning with global and national environmental goals and pledging to undertake long-term efforts to reduce carbon emissions. The Group aims to drive sustainable development in the tire manufacturing industry. The Group has set the following goals for emission reduction:

1. By 2030, the carbon emissions per tonne of production will be reduced by 27% during tire production (including tire retreading) compared with 2021.
2. By 2025, solar power generation will grow more than three times compared with 2021.
3. By 2025, the proportion of commercial vehicle tires and passenger vehicle tires with low rolling resistance will reach 45% and 50% respectively.

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity (in tCO₂eq./tonne of production) regularly. The details of the GHG emission data and information about target setting are shown in the section "A1. Emissions" of this report.

The Group has implemented a series of energy-saving and emission reduction measures to demonstrate our commitment to long-term carbon reduction. For example, the Group has promoted nitrogen and heat recovery projects, replaced direct current motors with permanent magnet motors, procured insulated mold kits, and replaced energy-saving transformers. Additionally, the Group is dedicated to developing renewable energy projects. The Group has installed photovoltaic power generation equipment in its operations in Shandong and Thailand to reduce their reliance on fossil fuels in the long term.

B. SOCIAL

People-Oriented

B1. Caring for Our People

The Group strictly complies with national and local laws and regulations concerning employment and labour practices, including but not limited to:

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

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

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period. Complied with the Labour Contract Law of the PRC, the Group has implemented the “Measures for the Management of Labour Contract Signing”. All employees must sign labour contracts when they are being recruited. For outsourced employees from the third-party companies, the Group has signed the outsourcing service contracts with the third-party outsourcing service companies, and all the outsourced employees signed employment contracts with the third-party companies.

Human Rights

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

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

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

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

Employee Benefits and Welfare

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

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

The Group improves employees’ performance through the implementation of “Employee Performance Evaluation Management Measures.” The Group continued to implement the stock option incentive plan and profit-sharing plan, which were launched in 2019, and launched the second phase of share option plan in 2021. The shares are allocated to relevant employees in three phases. The amount of shares that employees can eventually receive depends on three key factors: group performance, department performance and employee performance. For details about the share options, please refer to page 61 of the 2023 Annual Report.

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

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

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Working Hours and Compensation

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

Recruitment and Promotion

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

Dismissal

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

Creating an Inclusive Workplace

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

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The Group employed people from different regions, ethnic minorities and deaf-mute people, and recruited interns through school-enterprise cooperation. During the Reporting Period, the Shandong Plant hired 10 new disabled employees, and the Shandong Operation was rated as “Weihai City Disabled Employment Demonstration Base”. The Thailand Plant introduces translators from Yunnan and Guangxi, provides translation services to employees, implements a unified employee manual and rules and regulations for Thai workers and Myanmar workers, and arranges specific positions according to the characteristics of different personnel to conquer communication barriers.

Employee Communication

Creating a vibrant workplace allows employees to work with higher productivity and a positive attitude. The Group values feedback from employees. In Shandong Operation, the Group organises various social events during the Reporting Period, such as celebrations for International Women’s Day and other festivals, summer fun sports events, quarterly employee communication and exchange meetings, employee communication groups, and employee birthday parties. During the Reporting Period, the Shandong operation organised employee communication symposiums, on-site communication and established DingTalk communication groups, and a general manager’s mailbox. Employee communication symposiums are held twice per quarter. In the annual employee communication days, employees are encouraged to express their feelings, concerns and expectations about their daily job duties, and to provide suggestions to facilitate the Group’s business development. The Group encourages employees to participate in the above-gathering activities to maintain work-life balance, relieve stress, and strengthen teamwork and cohesion. For the Thailand Plant, the Group organised various cultural festival activities, including the Red Culture Study Group, book club, film screenings, traditional Dragon Boat Festival celebrations, tug-of-war competitions, fun sports events, management thematic analysis meetings, and departmental year-end team building activities during the Reporting Period. An employee satisfaction surveys were conducted in the Reporting Period in order to enhance the communication between employees and the Group, and collect more employees’ feedback to analyse the problems reflected by the employees, evaluation and rectification measures will be adopted. During the Reporting Period, the following are the main concerns raised by employees in both Shandong Operation and Thailand Plant:

Shandong Operation: The limited variety of food options in the single staff dormitory cafeteria and the limited variety of meals delivered to the workshop.

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

Based on employees’ feedback and opinions, the Group has taken relevant measures actively to optimize its operations, and strives to improve the employees’ satisfaction with catering and administrative efficiency.

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Grievance Mechanism for Employees

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

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

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

Take care of our female workers

The Group has implemented internal rules and policies to protect the rights of female workers. For instance, pregnant workers may adjust their duties and working hours based on labour intensity and working environment. They are entitled to breastfeeding leave during lactation. Overtime work will not be arranged for them, and rest places are available in the workplace if they are needed.

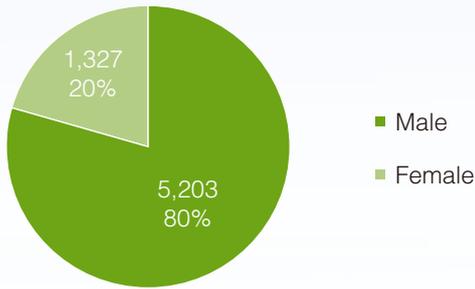


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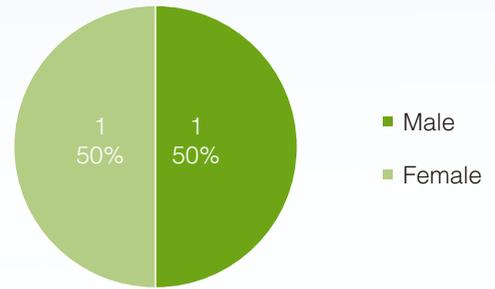
Workforce

As of 31 December 2023, the Group had a total of 6,532 employees, of which 99.97% were full-time employees and 0.03% are part-time employees. All part-time employees were from Mainland China. All of the employees in the Group were permanent employees. The detailed breakdown by gender, age group and employee grade is presented in the figures below.

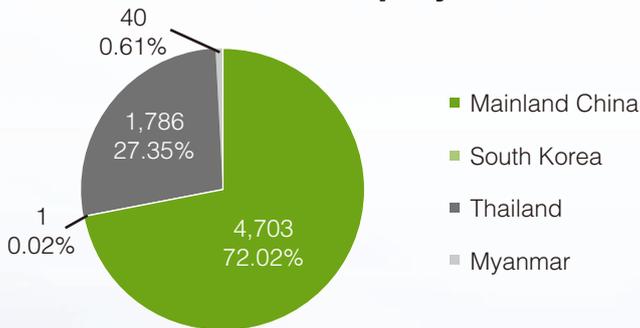
Gender Distribution of Full-time Employees



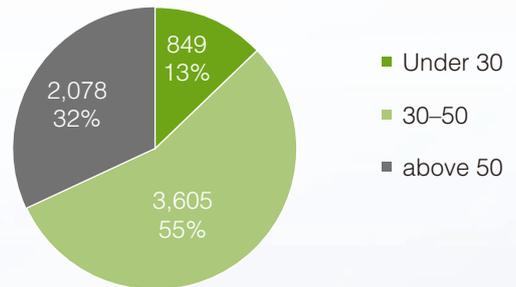
Gender Distribution of Part-time Employees



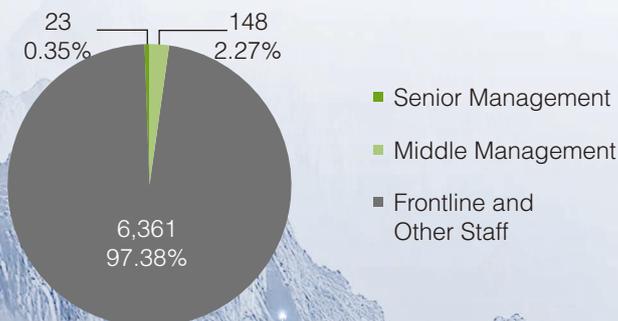
Geographical Region Distribution of Full-time Employees



Total Workforce by Age Group



Total Workforce by Employee Category



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Turnover

During the Reporting Period, the Group's overall employee turnover rate was 29%. All employees who resigned were full-time employees, with the highest turnover rate among frontline employees, which is a common phenomenon in the manufacturing industry. During the Reporting Period, 80% of the employees in Thailand Plant who resigned were the Group's timely elimination of employees with poor performance to achieve localization and quality optimization of the team. At the same time, 76 grassroots managers were trained and promoted internally in the Thailand Plant, corresponding to the overall labour efficiency and their continuous improvement. The detailed breakdown of the turnover rate by employee category, gender, age and region is presented below.

	Turnover Rate
Overall Staff Turnover Rate	29%
Employee Category	
Senior Management	17%
Middle Management	7%
Frontline and Other Staff	29%
Age	
Below 30	52%
30–50	22%
Above 50	3%
Gender	
Male	30%
Female	23%
Region	
Mainland China	19%
Thailand	54%
Myanmar	18%

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

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B2. Employee Health and Safety

Occupational Health and Safety

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

- Work Safety Law of the PRC, Law of the PRC on Prevention and Control of Occupational Diseases;
- Occupational Exposure Limits of Hazardous Factors in the Workplace Part 1: Chemical Hazardous Factors (GBZ2.1-2019);
- Occupational Exposure Limits of Hazardous Factors in the Workplace Part 2: Physical Factors (GBZ2.2-2007);
- Fire Protection Law of the PRC;
- Regulations of the PRC on the Prevention and Control of Pneumoconiosis;
- Measures for the Administration of Occupational Health Examinations;
- Measures for the Administration of Occupational Disease Hazard Project Declaration;
- Measures for the Supervision and Administration of Occupational Health Surveillance by Employers;
- Technical Specifications for Occupational Health Monitoring;
- Work Specifications for Detection of Occupational Disease Hazard Factors in the Workplace;
- Guidelines for Supervision of Occupational Disease Hazards;
- Guidelines for Noise Occupational Disease Hazard Risk Management (AQ/T 4276-2016);
- Technical Guidelines for Assessment of Current Situation of Occupational Disease Hazards for Employers (WS/T751-2015);
- Sampling Specifications for Monitoring Harmful Substances in Workplace;

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- Determination of Dust in Workplace Air Part 1: Total Dust Concentration;
- Measurement of Physical Factors in the Workplace Part 8: Noise (GBZ/T 189.8–2007);
- Provisions on Supervision and Management of Occupational Health in the Workplace;
- Sampling specifications for monitoring harmful substances in workplace air (GBZ 159–2004).

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

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

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

The Group has set up a Safety and Health Committee, and their responsibilities are shown in the following:

- Implement and enforce national and local government safety production laws and regulations;
- Implement the work instructions for the Municipal Safety Committee and superior authorities;
- Examine and approve production safety management system and work plans;
- Implement the production safety responsibility system;
- Coordinate and supervise safety production work;
- Organize and carry out safety production publicity, education and inspection activities;
- Arrange production safety meetings once a month;
- Supervise the investigation and reporting procedures of various work-related accidents;
- Formulate preventive measures to avoid work-related accidents;
- Establish the reward and punishment mechanism for production safety; and
- Supervise the issues related to occupational safety and health and labour protection.

All employees are encouraged to express their opinions and concerns on occupational health and safety issues in the meetings organized by the Safety and Health Committee.

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Work-related Hazard Identification

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

The Group identified its occupational safety and health risks according to the following factors:

- Activities of all people entering the workplace (including contractors and visitors);
- Routine, non-routine and new activities;
- Identifiable hazards that originated from outside the workplace which may have harmful impacts on the health and safety of its staff;
- Hazards caused by the work-related activities which under the control of the organization near the workplace;
- Energy and hazardous substances;
- Unsafe behaviors of people;
- Unsafe conditions of substances; and
- Environmental unsafe factors.

The Group requires all employees to sign the Notice of Occupational Disease Hazards which clarify responsibilities and obligations of the Group and all employees in protecting the safety of working environment. Besides, the Group provides relevant training for employees. The Group realizes the importance of protecting the rights of its employees to protect themselves not being suffered from the work-related injuries and diseases. The Group will continue to communicate effectively with its employees and improve the existing occupational health and safety policies. The safety officers from different departments and the internal auditor of the occupational health management system are responsible for the reporting of the Group's occupational hazards cases. All of the relevant information will be reported to EHS. All of the above-mentioned employees are protected from any disciplinary action.

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The Group has established a comprehensive work safety risk assessment method, which includes the use of direct judgment, job hazard analysis, and safety inspection forms. Risks assessed as level one or two are considered unacceptable risks. Risks assessed as level three, four, or five are considered acceptable risks. For risks that require hardware facilities and corrective measures to control, control measures will be formulated in accordance with the principles of safety cost and effectiveness. The Group identifies potential work-related injuries, including high-consequence work-related injuries by assessing the potential hazardous sources of the workplace and the working procedures, regular and irregular activities in daily business operations, and the potential harm to employees while commuting. Mechanical injuries are the Group's major determined high-consequence work-related injuries. In order to minimize the risk of potential work-related hazards, the Group has formulated Occupational Safety and Health Management Plan to improve the preventive measures for identified potential risks of hazards. To protect employees from the exhaust gas, noise and other factors affecting their health during the production process, the Group takes the following measures:

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

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- Installing photoelectric induction devices and emergency stop devices to minimize the risk of mechanical injuries.

Besides, the Group also has adopted some non-occupational health measures to minimize the health risk of its employees:

- Installing AED system to respond to emergency situation of sudden cardiac diseases;
- Providing blood pressure monitor machines and oximeters; and
- Formulating a staff list to record the special health conditions of employees, and special aids will provide for them in the workplace if necessary.

In addition, all the body checkup files and health information of the employees are handled confidentially to avoid the leakage of privacy. All the sensitive health information of employees will not be provided to the third-party without authorization. In the Thailand Plant, the medical checkup suppliers are required to comply with the Personal Data Protection Act (“**PDPA**”) and relevant health examination system standards.

Investigation Procedures of accidents related to Occupational Health and Safety

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

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Fatality Rate and Work-related Injuries

	The Shandong Plant	The Thailand Plant	Total
Total lost days due to work-related injuries	2,041	0	2,041
No. of cases of work-related injuries	23	0	23
	2023	2022	2021
No. of fatalities	0	0	0
Work-related fatalities rate	0%	0%	0%

Health and Safety Training

The Group has implemented annual occupational health and safety training to improve the response capacities of all employees in different emergency accidents and improve communication among employees during emergency conditions. The Group has organized various occupational health and safety-related training for different departments during the Reporting Period, including double safety prevention system, occupational health and safety related laws and regulations, safety production responsibility system, production operating procedures, fire safety knowledge training, cardiopulmonary resuscitation and trauma first aid and the use of protective equipment. Some of the training required examinations and assessments to ensure employees understand the contents of the training. All the instructors on the training are qualified according to relevant laws and regulations. The Thailand Plant has arranged a third-party inspection agency to conduct environmental testing for heat, lighting, and noise within the workshop. All the data obtained comply with national regulations and have been submitted to the Thai Ministry of Industry. In addition, the Thailand Plant has developed a flood prevention plan and organized security personnel to conduct emergency flood drills for hazardous chemical storage.



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Emergency drills

To strengthen the ability of the Group to cope with the emergency accidents effectively, various emergency drills have been organized during the Reporting Period, including drills for confined space accidents and natural disaster incidents. Besides, the Group arranged regular training such as heatstroke prevention, flood and disaster prevention, and accident awareness education.



Food Health and Safety

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

B3. Development and Training

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

The Group has implemented a comprehensive internal Training Operation Management System, which contains the terms, guidelines and processes of the Group's training operation management. The Group formulates training plans annually. The training plans can be divided into company-level training and department-level training, the

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company-level training is organised by the Training Institute of Prinx Chengshan, and the department-level training is organised by different departments in the Group. The Training Institute of Prinx Chengshan integrates the principles of the “531 Rule” and the “Combination of Training and Practice” into its curriculum. The trainees can make use of the theoretical knowledge for their practical job duties, which facilitates them to learn actively. During the Reporting Period, the Group focused on training reserve talents, extracting organisational experience and improving the sales skills of its employees. The Thailand Plant also carried out one point lesson (“OPL”) training and targeted training for employees by department directors to improve employees’ work capabilities. During the Reporting Period, the Shandong Operation focused on conducting training programs for reserve talent development, organizational knowledge extraction, and sales skills enhancement, building upon a systematic training mechanism. For the Thailand Plant, the employee training focused on various aspects such as employee expertise, skills, quality, and awareness through multifaceted training programs. In the Thailand Plant, the Thailand Police Bureau conducted training on preventing online fraud, with a total of 60 employees participating.

New Employee Training

The Group provides training to the new employees according to the terms and guidelines of the New Employee Induction Manual. Mentors are assigned to different departments, and they are responsible for guiding new employees to perform their job duties. During the Reporting Period, the Group has arranged various training for new employees, including professional quality, corporate culture and research and development technology. In the Thailand Plant, the Administration Department has organised and prepared an employee guideline for Chinese employees who are working in Thailand. This guideline clearly describe various aspects of Thailand Plant’s working environment to help employees adapt to the overseas working environment quickly, such as clothing, food, accommodation, and transportation. The Thailand Plant provides company-level training and department-level training for employees before they are deployed. Workplace skills training is conducted at the department level. The Shandong Operation conducts a Foundation Program every quarter, which includes courses on professional skills, corporate culture, research and development. This program helps new employees integrate into the company and adapt to their positions from multiple dimensions.



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Specialised Training

The Group hires qualified teachers from external organizations to conduct training for special positions and evaluates whether employees have reached the training goals through examinations or practical operations. At the same time, the Group arranges the update of certificates and skills and training promptly if new, updated, or modified training is needed. In order to strengthen the construction of a team of professional and technical talents, the Group continues to deepen the construction of professional channels and achieves a coverage rate of more than 90% for professional skills assessment in the 14 major series and a coverage rate of more than 90% for technician grade certification.

Identification of Training needs

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



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During the Reporting Period, the Group has organised a total of 302,910 training hours for accumulative participants of 6,532 employees, among which 226,771 training hours were provided for 4,505 employees accumulatively in the Shandong Operation, and 76,139 training hours for 2,027 employees accumulatively in the Thailand Plant. The average number of training hours completed per employee was 46 hours. The detailed breakdown of percentages of employees trained and average training hours per employee is shown in the following table.

	% of employees trained	Average training hours per employee
By Employee Category		
Senior Management	100%	48
Middle Management	99%	46
Frontline & Other Staff	100%	46
By Gender		
Male	100%	47
Female	100%	45
By Age		
Under 30	100%	43
30–50	100%	48
Above 50	100%	50

Note: The percentage of employees trained=(the total number of employees who took part in training/the total number of employees as of 31–12–2023)*100%

B4. Eliminating Child and Forced Labour

The Group strictly observes laws and regulations including but not limited to:

- the Labour Law of the PRC;
- the Labour Contract Law of the PRC;
- the Provisions on the Prohibition of Using Child Labour;
- the Law of the PRC on the Protection of Minors; and
- the Labour Law in Thailand.

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

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

OPERATING PRACTICES

B5. Supply Chain Management

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

The Group formulated corresponding procurement management processes according to various types of suppliers, such as raw materials, equipment and engineering. After introducing suppliers, the Group established a product evaluation process to assess whether the products or services provided by the suppliers have fulfilled the requirements of the Group. The Group will execute the procurement process after the evaluation process is completed. The cooperated suppliers will be evaluated regularly regarding their cost, products and services quality, effectiveness of delivery of products and services and technical capabilities. The outstanding suppliers will have priority in terms of order volume and payment for their products and services.

Meanwhile, the Group has established a supplier risk management system to comprehensively track the supplier's quality, delivery time, environmental protection, legal affairs and other aspects, and takes necessary preventive measures and conducts emergency management for problematic suppliers. The Group also interviews the employees of its suppliers randomly to ensure their proper implementation of occupational safety and health policies and employee training policies.

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The Group has produced the Supplier Handbook, stating the environmental and social responsibilities that suppliers must fulfil. Suppliers shall sign and ensure compliance with ISO4001 and ISO45001. The Group conducts monthly supplier audits to ensure requirements are met. During the audit processes of new suppliers and annual audits, in addition to evaluate their quality management system and production processes, the Group also assessed and monitored their EHS compliance, adherence to national environmental policies, pollutant emissions, and resource use, such as water, land, energy. Besides, the Group requests suppliers to provide inspection reports from authorized agencies or third-party testing organizations regularly to ensure that there are no associated risks. The Group conducts random site visits to inspect the suppliers' compliance with occupational safety, health, and training requirements and ensure that there are no environmental and social risks. For social responsibilities, the Group places importance on the prevention of corruption in its supply chain. All procurement contracts and all orders require suppliers to abide by all applicable laws on prohibiting corruption and bribery which included but are not limited to the Foreign Corrupt Practices Act of the United States, the Bribery Act 2010 of the United Kingdom, and the applicable laws and regulations in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Any offer or receipt of undue advantage among the Group, suppliers and dealers is strictly prohibited. Besides, the Group requires all suppliers to ensure their metal materials supply does not originate from the conflict areas that are directly or indirectly funded or subsidized by armed groups. The Group has collaborated with Shanghai Jiao Tong University to initiate a collaborative project "Prinx Chengshan Sustainable Supply Chain Management Pilot Study." The project aims to analyse, from a forward-looking perspective, the potential environmental and social responsibility risks in the tire industry and its suppliers. The project seeks to explore opportunities for carbon emissions reduction and how to achieve efficient collaboration in energy conservation, emission reduction, quality control, and lean production with suppliers.

The Group recognises its responsibility to promote the green procurement of materials and services. All the contracted suppliers are required to comply with all the relevant environmental laws and regulations in order to minimise the environmental impacts brought by the operations of the suppliers. The Group inspects the materials frequently and evaluates the environmental management performance of the suppliers so as to ensure they have met the environmental standards. Besides, the new suppliers are required to provide third-party testing reports of their raw material products to ensure they have met the standards of environmentally friendly products. The Group encourages its suppliers to use recyclable transportation materials to reduce the amount of waste disposal and negative environmental impacts derived from over disposal of waste. The recommended materials include iron boxes and plastic pallets. Furthermore, the Group requires all the raw materials provided by the suppliers must comply with the Limited Requirements for Restricted Substances in Tires (GB/T38529-2020) to minimise environmental impacts derived from raw materials. Besides, priority will be given to the equipment certified by relevant green energy-saving labels during the procurement process.

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

Type of suppliers	Country/Region	Number of suppliers for the Shandong Plant	Number of suppliers for the Thailand Plant	Total number of suppliers of the whole Group (By type of suppliers)
Raw materials	Mainland China	208	143	257
	South Korea and Japan	6	6	6
	Europe and America	9	9	9
	Southeast Asia	2	2	2
	Total:			274
Equipment	Mainland China	385	227	391
	South Korea and Japan	2	1	2
	Europe and America	7	4	7
	Total:			400
Equipment Components	Mainland China	412	98	480
	Total:			480
Engineering Projects	Mainland China	61	36	97
	Total:			97
Total number of cooperated suppliers of each subsidiary		1,092	526	
The total number of mutual suppliers in Shandong Plant and Thailand Plant		367		
The overall Group total number of suppliers		1,251		

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

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B6. Product Responsibility

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

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

Quality Assurance and Product Recall

Understanding the Customers

The Group provides comprehensive before-sales, sales and after-sales services to its customers to understand the concerns and needs of the customers and makes appropriate decisions to fulfil customers' satisfaction and good business performance.

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

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

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Communication Channel	Customers/clients served	Complaints received	Follow-up on the complaints
Service hotline 400-618-8899	End-consumers and dealers	A total of 126 complaints were received, regarding storage, logistics, advertising, sales.	Departments involved in the complaint have completed the handling processes, and customer satisfaction surveys have been completed for all complaints.
Service email CS400@prinxchengshan.com	End-consumers and dealers	N/A	N/A
Customer or service station information visits	End-consumers and dealers	N/A	During the Reporting Period, the Group visited the OE customers for 84 times and service stations for 248 times.
Regular visits to dealers	Dealers	N/A	During the Reporting Period, the Group visited the dealers for a total of 1,720 times to conduct timely tire appraisals.

During the Reporting Period, a total of 126 complaints were lodged by customers or dealers through the general service hotline and email. The received complaints are resolved by all the responsible departments with satisfaction surveys collected from the complainers. There was no product sold or shipped subject to recall due to safety and health reasons.

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Product Quality Assurance

The Group realises the importance of maintaining high-quality products. It is believed that product quality is a main element to increase the Group's competitiveness in the industry and its efficiency of tire production in the long term, and customers' confidence towards the Group's products. High-quality products can also ensure the safety of the users and lower the opportunity of causing traffic accidents. Following the trend of developing a low-carbon society, the Group believes that high-quality products can further increase the energy efficiency of its tire products which can reduce pressure on our environment. Furthermore, high-quality product also represents the national performance of the economy, development of technology, education level and quality of management. The Group believes that maintaining high product quality can develop a good national image, and it is the base for promoting macroeconomic growth.

The Group has implemented a comprehensive and strict product quality control and production management system to ensure strict compliance with national and local laws and regulations, including but not limited to Industrial Product Standards Act B.E. 2511 (section 36, Section 36/1 and Section 55) continuously promotes lean production and improves internal operational efficiency. The Group has implemented IATF16949 Standard in order to formulate the quality control goals and procedures. The Group has achieved optimization in IT operation and maintenance management by establishing a production system environment monitoring system and a remote program deployment system, thereby completing automatic scheduling of key processes in the all-steel production. The Group has comprehensively transformed the practicality of the company's cockpit system by integrating system data from MES (production execution system), EMS (energy management system), EAM (enterprise asset management system), and other systems. This integration further enables warning and alarm functions, enhancing the operational efficiency of production-related processes, completed intelligent daily monitoring, traceability, data analysis and maintenance in the production process, strengthened automation and intelligence of the production process, and greatly improved production efficiency and product quality control capabilities. The Group strives to reduce product quality risk by conducting comprehensive risk assessment and management. For instance, the Group has implemented preventive measures during design and production processes to avoid defects and failures of the products. In addition, the Group also requires its suppliers to comply with the Group's product quality standards unanimously.

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In order to minimise the potential negative impacts derived from the product quality issue, the Group has arranged product quality related training for its employees to strengthen their understanding on product quality standards and the best practices of maintaining product quality in its business operations. Besides, the Group will evaluate its product quality management measures continuously and ensure its compliance with all related laws and regulations. The Group has established a comprehensive product complaint management system and product recall system to handle and manage product quality issues.

The Group has set up a product quality management committee to evaluate the effectiveness of the product quality control and production management system continuously, identify the key performance indicators (“**KPI**”) and establish a regular product quality evaluation reporting mechanism. The committee reviews the quality of products, quality control procedures and management methods to monitor and analyse the performance of each procedure of the system. Additionally, the Group formulates the targets of product quality control annually in order to ensure compliance with quality standards, including the passing rate of diagonal tires, semi-steel and all-steel radial tires, “0” km Part Per Million (“**0**” km PPM), cost of poor quality (COPQ), product recall rate, customer complaint rate, the improvement of product quality indicators and the changes in market share. The Group strives to communicate with different stakeholders to collect feedback and concerns about the quality control system. For example, various communication channels have been set up for employees to voice out their concerns, and regular meetings were arranged to encourage employees to discuss the existing quality control system. For communication with other stakeholders, the Group conducted meetings with business partners, and shareholders, and arranged site-visit to ensure different stakeholders’ right to participate in the discussion of the Group’s quality control policy. Products and services satisfaction surveys were conducted to collect feedback from customers. In addition, the Group communicated with all stakeholders proactively and transparently to provide comprehensive information on the Group’s product quality measures and its corresponding purposes. All the feedback collected from the above channels can be the reference for the Group to understand its performance of monitoring its product quality continuously.

There was no incident of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services during the Reporting Period.



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Intellectual Property Rights

The policy on Intellectual Property Rights management identifies the Group's best practices on research, design, manufacturing, quality control, etc. Intellectual property rights protect the Group's innovative products and core technology which can further strengthen the Group's ability to develop high-quality and energy-efficient innovative tire products continuously. The corresponding policy is formulated in accordance with the related national laws and regulations, including but not limited to the Tort Liability Law of the PRC, the Patent Law of the PRC, and the Decision of the State Council on Further Strengthening the Protection of Intellectual Property Rights and Intellectual Property Law of the PRC. The company had formulated the "Enterprise Intellectual Property Management System" in accordance with GB/T29490-2013 to regulate the company's management and protection of intellectual property rights. This system contains the procedures of intellectual property rights declaration and protection. The Group reviews its knowledge of best practices regularly and improves its performance, and ensures the effectiveness of the policies continuously. The Group has registered patents for its utility models, industrial designs and inventions. The policy on trademarks management regulates domestic and foreign registration of the Group's trademarks and safeguards legitimate rights and interests of the Group. The Group actively engages in intellectual property registration, filing, and application for rights confirmation. For intellectual labour achievements that are deemed commercially valuable but not suitable for the aforementioned measures, they are treated as trade secrets and protected accordingly. Before determining the method of intellectual property protection, no research papers are published, and no public disclosure is made through means such as commissioned appraisals, exhibitions, advertisements, product trials, or product giveaways. When participating in domestic and international exhibitions for new products involving intellectual property protection issues, thorough feasibility studies and preparations are conducted in advance. It is prohibited for anyone to disclose, use, authorize, or transfer any of the company's intellectual property rights without proper authorization. Strict measures are taken to prevent others from misusing the trademarks, patents, domain names and trade names. If any infringement is found, the relevant department shall report to the legal department and the research and development management department, and legal actions will be taken to protect the Group's legitimate rights and interests.

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

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To strengthen the employees' understanding of intellectual property rights, internal training regarding intellectual property rights is arranged in the Reporting Period. Furthermore, the Group ensures all employees, suppliers and business partners agree with the terms and conditions of intellectual property rights while signing contracts. In the labour contracts, the confidentiality and non-competition clauses are clearly stated to prohibit anyone from taking advantage of his or her position to publish, leak, use, license or transfer the Group's intellectual property rights without authorisation. Besides, the confidentiality clause is stated in the business contracts, and the intellectual property right license fee is determined by the scope of permission, time, and region.

During the Reporting Period, breakthroughs have been made in the Group's application technology of biodegradable bio-based PA56 new material, bead nylon wrapping cloth reinforcement technology, crown-belt infinite winding technology, high wear-resistant technology — HWR anti-eccentric wear technology, silent cotton + self-healing composite technology and pure black sidewall technology. A total of 210 new utility model patents, 19 invention patents and 153 new design patents have been granted by the State Intellectual Property Office of the PRC. Accumulatively, a total of 382 intellectual property rights were granted by the end of the Reporting Period.

Information Security

The Group always attaches great importance to protect information privacy and data security, and strictly complies with the related national laws and regulations, including but not limited to:

- the Cyber Security Law of the PRC;
- Personal Information Protection Law of the PRC;
- the European Union's General Data Protection Regulation (GDPR); and
- Personal Data Protection Act 2019 (Section 27, Section 28, Section 29, Section 77, Section 80, Section 82, Section 83, Section 84) in Thailand.

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

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

All the sensitive information of candidates during recruitment and customers will be used and collected only for business-related purposes. The retention period of all sensitive information is set in accordance with relevant laws and regulations. For the sensitive information of unsuccessfully matched talents and the temporary workers who have left the Group, the data will be deleted securely if the Group no longer requires the information. The Group will only collect customers' personal information when necessary, and only for the purpose of providing services and fulfilling contractual obligations. The Group will inform customers of the purpose and scope of information collection clearly, and will only proceed with the collection after obtaining the customer's consent. All the customers' personal information will not be provided to any third parties without any authorisation by the customers and requirements of laws and regulations. The Group respects the rights of customers to decide whether to provide their personal information.

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

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

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- Prevention of data leakage:
 - o Employees in key departments have installed encryption software on their computers to prevent data leakage. Internet firewalls and anti-virus software are installed on network servers and computers to prevent attacks;
 - o The information technology department will perform a regular audit to maintain robust security systems to prevent unauthorised access to data;
 - o Anyone who needs data access shall first fill in the “Information System Resource Application form”, and each applicant will be granted limited data accessibility;
 - o Regular training for employees;
 - o The Employee Code stipulates that the data user is responsible for protecting the relevant working data to ensure no data leakage, otherwise, the company has the right to punish employees for their actions and reserves the right to pursue accountability through legal means;
 - o Established a hybrid cloud data centre with a three-level structure of mobile cloud + local cloud + Alibaba Cloud, gradually reduced information security risks, and regularly conducted vulnerability detection and rectification by third parties;
 - o All the information and data of applicants, resigned workers and business partners who have withdrawn their relationship with the Group will be deleted and destroyed after 1 month of their withdrawal from the Group;
 - o For temporary workers who have not returned to work for an extended period or talents who have not been successfully matched, the Group will discontinue contact with them in accordance with relevant regulations and policies.
- Data leakage processing:
 - o When the system is hacked, the anti-virus system will notify the users and the person in charge, who will deal with the problem accordingly, such as blocking the corresponding IP device and disconnecting the network, etc.

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Apart from the implementation of information technology management to protect sensitive data, the Group also provides network security training to its IT technical personnel and general employees. Furthermore, all employees are required to obtain prior approval from supervisors and IT supervisors when they apply for IT software installation. Additionally, the Group has formulated the Information-related Risk Emergency Plan and IT Emergency Management Regulation to provide emergency remediate response guidelines to IT technical personnel when major network failures and sudden disasters occur. The Group reviews the effectiveness of the information privacy policy continuously. In order to improve the corresponding policy and ensure the effectiveness of the policy, the Group evaluates the procedures and practices of information protection and collects feedback about the current information protection policy from all of its stakeholders. The Group has set up a customer privacy complaint handling mechanism to ensure any complaints related to privacy will be investigated and dealt with promptly. Besides, the Group has also communicated transparently with all stakeholders. Apart from responding to feedback related to the Group's data protection policies, the Group also provided relevant information to the stakeholders proactively. No complaints of invasion of privacy, network security and data leakage received from outside parties and substantiated by the organization and regulatory bodies were identified during the Reporting Period.

Advertising and Labelling

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

During the Reporting Period, all promotional contents were reviewed by the corresponding personnel for communication monitoring to ensure compliance with the following:

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

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B7. Ethical Culture

The Group regards honesty, integrity, and fairness as its core values. Maintaining fair competition can contribute to a harmonious society, and economic initiative and creativity will be effectively enhanced. Ethical culture in the workplace is also an important element for people's right to be treated equally and fairly. Anti-corruption can strengthen public awareness of the rule of law, protect social justice and fairness as well as people's legitimate rights and basic human rights. The Group strictly complies with the laws and regulations, including but not limited to:

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

The Group prohibits any acts of corruption, money laundering, extortion, fraud, blackmail, bribe-taking and bribery to avoid unfair competition and market manipulation. Its policies on anti-corruption, such as Anti-fraud Operation Guidelines, Whistle-blowing Policy, Anti-fraud Reward Mechanism and Anti-fraud Confidentiality Mechanism standardise conduct and discipline of the board of directors, middle and senior management, other general staff and business partners. The Group also publicised anti-fraud-related information, policies, rules and guidelines when signing business contracts with customers or suppliers.

The Group clarified the principles and standards of the anti-corruption policies, strengthen the prevention and crackdown on corruption and the establish an effective anti-corruption supervision system. Besides, the Group established fair corruption investigation procedures to ensure fair and transparent investigations of the suspected corruption cases. Legal remedies will be provided to the individuals in case who have been wrongfully penalized.

Furthermore, the Group prohibits all employees from receiving any benefits. The anti-fraud management system was formulated to provide clear information on rules and guidelines for preventing employees from receiving any benefits.

In order to ensure the effectiveness of the Group's management of anti-corruption policies, its Internal Audit Department has formulated, evaluated and updated the detailed procedures for the Whistle-blowing Policy. The cases will be handled strictly by investigation and collection of evidence if any cases are received. For detailed information, please refer to the "Whistle-blowing Policy" section. Furthermore, the Group has also established an effective Internal Control Mechanism to manage and monitor fraud preventive measures. Approved by the Development Strategy and Risk Management Committee, the Internal Audit Department may conduct the fraud case investigation and an investigation report will be reported to the Board. The permanent anti-fraud institution is responsible for reporting its anti-fraud and anti-corruption work to the Development Strategy and Risk Management Committee and the Board annually. The Board and the Development Strategy and Risk Management Committee are responsible for providing guidance and supervision on their anti-corruption work to strengthen the effectiveness of corruption preventive measures.

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To evaluate the effectiveness of the Group's management of its anti-corruption measures and policies, the Group collects relevant data and information, including the process by which actions were performed, the resources invested, and the results achieved. The data collected is analysed and evaluated to determine the effectiveness of the action and whether it achieved the intended goals. The Group will finally summarise and report the results as well as make necessary adjustments and improvements. The goals set in the evaluation process are based on the nature and purpose of the action, which involves increasing sales, improving customer satisfaction and reducing costs. Furthermore, the metrics for assessing progress includes sales growth, customer feedback scores and cost savings ratios. The Group strives to gain more experiences through the continuous evaluation processes and improve the existing measures in the long term. Furthermore, the Group also collects feedback from all stakeholders to understand their opinions and suggestions on the Group's anti-corruption actions and measures for the Group to adjust and improve the direction and strategy of the actions.

Whistle-blowing Policy

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

If any suspected violations are discovered, they can be reported through formal channels to the Internal Audit Department, including a reporting mailbox, an ethics hotline, the Group's DingTalk management platform, and the reception area. The Internal Audit Department receives reports of fraudulent cases and records relevant information. Upon approval by the Development Strategy and Risk Management Committee, investigations are initiated into the fraudulent cases, evidence of fraud is collected, and an anti-fraud investigation report is issued. The results of the investigation are reported to the Board of Directors, and the handling of fraudulent cases is followed up according to the recommendations of the Development Strategy and Risk Management Committee.

Risk Management of Anti-corruption

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

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Anti-corruption Training

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

In May 2023, the Group arranged an anti-corruption training for directors with the theme of "Discussion on the Company's anti-fraud Internal Investigation Methods". During the training, it mainly discussed the necessity of the company's internal anti-fraud investigation, the circumstances that may trigger the company's anti-fraud internal investigation, the process and strategy of the company internal investigation, as well as the matters of company Internal investigation precautions and risk prevention. All directors attended the training.

During the Reporting Period, the Group arranged anti-corruption training for senior management and specialised position employees. There were 377 employees participated in the training.

The contents of the training included the purpose of anti-corruption, reporting channels and procedures, the forms of anti-corruption, anti-corruption confidential policy and reward mechanisms. To strengthen employees' understanding of anti-corruption, the Group encouraged employees to participate in the "Prinx Chengshan Anti-commercial Bribery Examination". 94% of employees have passed the corresponding examination.

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

Anti-competitive Behaviour

The Group realises the importance of preventing market monopoly in the tire manufacturing industry. It is believed that market monopoly restricts competition and thus hinders the improvement of economic efficiency and the corresponding environmental protection work. In terms of human right protection, preventing market monopoly can put an end to the suppression of labour wages, restriction on the rights to organise labour unions and unfair control of labour conditions. During the Reporting Period, the Group has no pending or completed legal proceedings related to anti-competitive conduct and violations of anti-monopoly laws.

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

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B8. Care for the Community

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

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

Focus Area	Activities	Organisations	Resources contributed	Business Operation
Community Support	Donation of school supplies, food and drinks in the Children's Festival	Tacham Primary School	Stationary, Sports equipment, Snacks and Drinks worth THB 6,000	Thailand
	Relief work of the fire accident	Tacham villagers and Nong Sua Chang town government	Fire trucks: 5 Rescue workers: Day: over 800 people Night: over 500 people	Thailand
	Daily Resource Donation Activity in Songkran Festival	Government of Chon buri Province	Ice buckets: 34 Electric cooking pots: 32	Thailand
	Village Games and New Year's Day Party Donations	Tacham Village	Cooking oil: 40 bottles Mineral water: 120 bottles	Thailand
	Organise employees to assist the community clean up fallen leaves in autumn and snow in winter.	Yulong Community and Deqing Community	People: 120 Time: 350 hours	Shandong

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Focus Area	Activities	Organisations	Resources contributed	Business Operation
Government Community Support	Planting activity and mineral water donations	Nong Sua Chang Town Government and Department of Industry of Thailand	Mineral water: 120 bottles	Thailand
	Donation of resources in a corporate social responsibility activity	Nong Sua Chang Kindergarten	Plastic water tanks: 1 Some daily necessities (Total worth THB 12,000) Refrigerator: 1 (worth THB 10,000)	Thailand
	IEAT golf charity event	IEAT	THB 10,000	Thailand
	IEAT Mother's Day Industrial Park tree planting activity	IEAT	Trees planted: 10,000	Thailand
	Donation of sound system	IEAT	Sound system: 1 set	Thailand
	Donation to Chon buri Cattle Festival	Tacham Village School	Mineral water: 600 bottles	Thailand

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Tax

The proper implementation of the tax policies has a significant impact on the national economic growth. It can stimulate consumption and investment, regulate resource allocation as well as promote the optimization and upgrading of the industrial structure of the tire manufacturing industry. Besides, the imposition of effective environmental protection taxes can reduce environmental pollution and resource waste. It can encourage companies to increase environmental protection investments, reduce pollution emissions, and improve energy efficiency, thereby promoting the development of a green and low-carbon economy. At the same time, implementing higher tax rates on high-energy consumption and high-pollution enterprises or products can actively promote clean production, the development of new energy sources, and the use of energy-saving and emission-reducing technologies. In addition, the proper implementation of tax policies can enhance taxpayers' awareness of fulfilling their rights and tax obligations in the long term.

The Group has adopted the following internal measures to ensure its compliance with the national tax-related laws and regulations:

- strictly comply with corporate financial and accounting standards, and fulfill tax obligations in accordance with the law;
- Strictly abide by tax laws, regulations, and policies, acquire knowledge of tax updates and tax laws proactively, submit tax declarations and pay taxes on time;
- Actively participate in tax law obligation awareness campaigns;
- Organise tax-related internal training for the corporate tax personnel.

The Group required the corporate tax personnel to attend professional examinations, such as the Certified Public Accountant (CPA) Program examinations and internationally recognised Certified Internal Auditor (CIA) Challenge Exam to ensure their professional standards. Before engaging in new businesses and entering into new agreements, a tax implication analysis should be conducted in advance and tax risk reminders should be issued and any difficult issues will be reported in a timely manner.

Different business departments are working closely and sharing transaction information to minimise tax risks. The Group makes appropriate and relevant decisions by analysing various factors, including financial returns, financial risks, potential reputational risks and tax liabilities. If a tax uncertainty is identified, it will be reported appropriately to the tax management decision-making organisation, and the decisions must follow the Group's normal procedure. In major transactions, if there is uncertainty regarding the interpretation of applicable tax laws and regulations, the Group will seek advice from external advisors and, if necessary, obtain advance pricing agreements or rulings from tax authorities to minimize tax risks when necessary. The Group monitors its compliance with tax-related laws and regulations regularly.

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For strategic planning and major operating decisions of the Group, the Group has set up the Tax Management Department, which is responsible for coordinating and analysing the tax implications of relevant activities. The tax department of each subsidiary are responsible for assessing the tax risks of each subsidiary according to the arrangements of the Tax Management Department. The Tax Management Department provides tax management advice to the Group after the assessments. For the own strategic planning or major business decisions carried out by each subsidiary, the affiliated tax department is responsible for analysing the tax impacts of relevant activities of each subsidiary and then reporting the findings of the assessments to the Tax Management Department for review. The Tax Management Department will finally provide tax management suggestions to each subsidiary for its improvement on the tax management policies. The Tax Management Department is responsible for supervising the tax department of each subsidiary to carry out tax compliance management such as tax declaration management and invoice management. It also provides tax consultation and conducts tax training for employees. The tax offices of each subsidiary strictly handle its tax registration in accordance with the national laws and regulations, conduct tax calculations, pay taxes, and apply for tax refunds on schedule, conduct review and payment in accordance with the internal procedures of the company, and submit the tax returns in a timely manner. Besides, the Group collects, issues, receives and keeps various invoices in accordance with the relevant national tax laws and regulations. The Group will promptly solve the problems encountered in the above mentioned procedure, and it will cooperate with the Tax Management Department to supervise and investigate the problems.

When formulating internal tax-related policies, the Group will consider the interests of all of its stakeholders and actively listen to their opinions. It is believed that if the opinions of the stakeholders have been taken into account, the polices formulated will be more objective and feasible, and gain wider recognition and support in the long run.

Note: The Group is not the enterprise defined as filers of country-by-country reports.



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APPENDIX I — PERFORMANCE DATA SUMMARY

Environment

	2023	2022
Resource consumption		
Electricity (MWh) (Including self-generated photovoltaics)	481,093	398,838
Diesel (Litres)	605,296	594,900
Petrol (Litres)	301,098	217,872
LPG (kg)	17,673	33,713
Wood (kg)	27,800,440	24,182,581
Total water consumption (m ³)	653,902	686,428
Steam (tonnes)	471,653	381,843
Towngas/natural gas (unit)	30,936	N/A
Total energy consumption (MWh)	964,678	800,331

Note: The total energy consumption of 2022 has been restated to reflect the actual situation in 2022. The total amount of energy consumption in 2022 has been changed from 899,195 MWh to 800,331 MWh.

Emissions

	2023	2022
GHG emissions		
Total GHG emissions (tCO ₂ e)	448,021	378,986
Scope 1: Direct emissions (tCO ₂ e)	57,320	49,318
Scope 2: Energy Indirect emissions (tCO ₂ e)	389,586	329,215
Scope 3: Other Indirect emissions (tCO ₂ e)	1,115	453
Air emissions (non-GHG)		
Sulphur oxides (kg)	14	13
Nitrogen oxides (kg)	376	397
Respiratory suspended particles (kg)	18	19
Waste		
Hazardous waste (tonnes)	271	274
Non-hazardous waste (tonnes)	9,689	9,620
Packaging materials (tonnes)	887	576

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Social

Workforce distribution

	2023	2022
The total number of employees	6,532	6,144
By employment type		
Full-time	6,530	6,139
Part-time	2	5
By employee category		
Senior management	23	26
Middle management	148	147
Frontline and other employee	6,361	5,971
By gender distribution of full-time employees		
Male	5,203	4,182
Female	1,327	1,957
By gender distribution of part-time employees		
Male	1	4
Female	1	1
By geographical region distribution of full-time employees		
Mainland China	4,703	4,676
New Zealand	N/A	1
Thailand	1,786	1,461
South Korea	1	1
Myanmar	40	N/A
By geographical region distribution of part-time employees		
Mainland China	2	5

*Environmental, Social and Governance Report 2023***Turnover rate**

	2023	2022
The total number of employee turnover	1,879	2,254
The overall employee turnover rate	29%	37%
By employee category		
Senior management	17%	8%
Middle management	7%	10%
Frontline and other employee	29%	37%
By gender		
Male	30%	45%
Female	23%	18%
By Geographical region		
Mainland China	19%	24%
Thailand	54%	71%
Myanmar	18%	N/A

Employee training

	2023	2022
Total training hours of employees	302,910	337,087
Average training hours per employee	46	55
Average training hours per employee (By gender)		
Male	47	67
Female	45	28
Average training hours per employee (By employee category)		
Senior management	48	52
Middle management	46	109
Frontline and other employee	46	54
Percentage of employee trained (By gender)		
Male	100%	156%
Female	100%	70%
Percentage of employee trained (By employee category)		
Senior management	100%	119%
Middle management	99%	240%
Frontline and other employee	100%	126%

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Employee health and safety

	2023	2022
Number of work-related injuries	23	9
Lost days due to work-related injury	2,041	2,610
Number of work-related fatalities	0	0
Work-related fatality rate	0%	0%

Supply chain management

	2023	2022
The total number of suppliers	1,251	1,176

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

	2023	2022
	0%	0%

The number of products and service related complaints received

	2023	2022
	126	137

The total number of intellectual property rights obtained

	2023	2022
	382	330

The number of concluded legal cases regarding corrupt practices

	2023	2022
	0	0

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APPENDIX II — HKEX ESG REPORTING GUIDE INDEX

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

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General Disclosures and KPIs	Description	Section(s) (Page number)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	<ul style="list-style-type: none"> • A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> • A3.1. Significant Impacts of Activities on the Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	<ul style="list-style-type: none"> • A4. Addressing Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	<ul style="list-style-type: none"> • A4. Addressing Climate Change
Social Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<ul style="list-style-type: none"> • B. Social • B1. Caring for Our People
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	<ul style="list-style-type: none"> • B1. Caring for Our People-Workforce, Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<ul style="list-style-type: none"> • B1. Caring for Our People-Workforce, Turnover

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General Disclosures and KPIs

Description

Section(s) (Page number)

Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<ul style="list-style-type: none"> • B2. Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	<ul style="list-style-type: none"> • B2. Employee Health and Safety — Fatality Rate and Work-related Injuries
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> • B2. Employee Health and Safety — Fatality Rate and Work-related Injuries
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> • B2. Employee Health and Safety • Occupational Health and Safety • Work-related Hazard Identification • Investigation Procedures of accidents related to Occupational Health and Safety • Health and Safety Training • Emergency Drills • Food Health and Safety

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General Disclosures and KPIs	Description	Section(s) (Page number)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	• B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	• B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	• Identification of Training needs
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	• B4. Eliminating Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

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General Disclosures and KPIs

Description

Section(s) (Page number)

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> • B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> • B6. Product Responsibility • Quality Assurance and Product Recall-Understanding the Customers
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<ul style="list-style-type: none"> • B6. Product Responsibility • Quality Assurance and Product Recall-Understanding the Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> • B6. Product Responsibility • Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> • B6. Product Responsibility • Quality Assurance and Product Recall-Understanding the Customers
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> • B6. Product Responsibility • Information Security

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General Disclosures and KPIs	Description	Section(s) (Page number)
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	• B7. Ethical Culture
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• B7. Ethical Culture
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	• B7. Ethical Culture Whistle-blowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• B7. Ethical Culture • Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	• B8. Care for the Community
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

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APPENDIX III — GRI STANDARDS CONTENT INDEX

Statement of use	Prinx Chengshan Holdings Limited has reported in accordance with the GRI Standards for the period (1–1-2023 to 31–12–2023)
GRI 1 used	GRI 1: Foundation 2021
Application GRI Sector Standard	N/A

GRI Standard/ other sources	Disclosure	Location	Omission	
			Requirement(s) Omitted	Reason/Explanation
General Disclosures				
The organization and its reporting practices				
GRI 2: General Disclosure 2021	2-1 Organizational details	<ul style="list-style-type: none"> • Scope and Reporting Period • About Prinx Chengshan Holdings Limited 		
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> • Scope and Reporting Period 		
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> • Scope and Reporting Period • Stakeholders' Feedback 		
	2-4 Restatements of information	<ul style="list-style-type: none"> • A1.2 Greenhouse Gas Emission • A1.5 Measures to Mitigate Emission and Targets • A1.6 Waste Reduction Initiatives and Targets • A2.1 Energy Consumption • A2.2 Water Consumption • A2.4 Water Use Efficiency Initiative and Targets 		
	2-5 External assurance	<ul style="list-style-type: none"> • N/A 	Yes	<ul style="list-style-type: none"> • No external assurance has been sought for this report
Activities, value chain and other business relationships				
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> • About Prinx Chenshan Holdings Limited • Operating Practices — B5. Supply Chain Management 		<ul style="list-style-type: none"> • No significant changes in the Group's value chain and relevant business relationships
	2-7 Employees	<ul style="list-style-type: none"> • B. Social — B1. Caring for Our People — Workforce 		<ul style="list-style-type: none"> • No significant fluctuations in the number of employees during the Reporting Period.
	2-8 Workers who are not employees	<ul style="list-style-type: none"> • N/A 	Yes	<ul style="list-style-type: none"> • No workers who are not employees, GRI 2-8 is not applicable.

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
Governance				
	2-9 Governance structure and composition			
	2-10 Nomination and selection of the highest governance body			
	2-11 Chair of the highest governance body			
	2-12 Role of the highest governance body in overseeing the management of impacts			
	2-13 Delegation of responsibility for managing impacts			
	2-14 Role of the highest governance body in sustainability reporting			
	2-15 Conflicts of interest-how HGB ensure conflicts of interest are prevented and mitigated			
	-report whether conflicts of interest are disclosed to stakeholders, including at a minimum:			
	i. cross-board membership;			
	ii. cross-shareholding with suppliers and other stakeholders;			
	iii. existence of controlling shareholders;			
	iv. related parties, their relationships, transactions, and outstanding balances			
	2-16 Communication of critical concerns			
	2-17 Collective knowledge of the highest governance body			
	2-18 Evaluation of the performance of the highest governance body			
	2-19: Remuneration policies			

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> • Remuneration Policy 		For detailed information of the process to determine remuneration, please refer to 2023 Annual Report p.49, 78 and 152.
	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> • Remuneration Policy 		For detailed information of the process to determine annual total compensation ratio, please refer to 2023 Annual Report p. 49, 78 and 152.
	Strategy, policies and practices			
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> • Sustainability Governance 		
	2-23 Policy commitments	<ul style="list-style-type: none"> • Human Right • The policies descriptions in the "A. Environment", "B. Social" and "Operating Practices" sections 		
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> • Corporate Governance-Sustainability Governance, Due Diligence, The Board's Engagement • The policies descriptions in the "A. Environment", "B. Social" and "Operating Practices" sessions 		
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> • Grievance Mechanism for Employees 		
	2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> • Grievance Mechanism for Employees • B7. Ethical Culture-Whistle-blowing Policy 		
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> • A. Environment • B1. Caring for Our People • B2. Occupational Health and Safety • B4. Eliminating Child and Forced Labours • B6. Product Responsibility • B7. Ethical Culture 		
	2-28 Memberships associations	<ul style="list-style-type: none"> • Recognition 		

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	Stakeholder engagement			
	2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> Stakeholder Engagement, Impact Assessment and Materiality 		
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	<ul style="list-style-type: none"> N/A 	Yes	Not applicable
	3-1 Process to determine material topics	<ul style="list-style-type: none"> Stakeholder Engagement, Impact Assessment and Materiality A1.6. Waste Reduction Initiatives and Targets A2.3 Energy Use Efficiency Initiatives and Target A2.5 Packaging Materials A4. Addressing Climate Change-Research, Development and Innovation of Sustainable Tire Products B2. Employee Health and Safety B6 Product Responsibility-Product Quality Assurance, and Information Security B7. Ethical Culture Tax 		
	3-2 List of material topics	<ul style="list-style-type: none"> Stakeholder Engagement, Impact Assessment and Materiality 		
	Anti-corruption			
	3-3 Management of material topics	<ul style="list-style-type: none"> B7. Ethical Culture 		
Topic Disclosures	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> B7. Ethical Culture 		
	205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> B7. Ethical Culture 		
	Anti-competitive Behaviour			
	3-3 Management of material topics	<ul style="list-style-type: none"> B7. Ethical Culture 		
Topic Disclosures	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> B7. Ethical Culture 		

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
Tax				
Topic Management Disclosures	3-3 Management of material topics	<ul style="list-style-type: none"> • Tax 		
	207-1 Approach to tax	<ul style="list-style-type: none"> • Tax 		
	207-2 Tax governance, control, and risk management	<ul style="list-style-type: none"> • Tax 		
Topic Disclosures	207-3 Stakeholder engagement and management of concerns related to tax	<ul style="list-style-type: none"> • Tax 		
	207-4 Country-by-country reporting	<ul style="list-style-type: none"> • Tax 	Yes	Not applicable: The Group is not the enterprise which defined as filers of country-by-country reports.
Materials				
Topic Disclosures	3-3 Management of material topics	<ul style="list-style-type: none"> • A2.5 Packaging Materials 		
	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> • A2.5 Packaging Materials 		
Energy				
Topic Disclosures	3-3 Management of material topics	<ul style="list-style-type: none"> • A2.3 Energy Use Efficiency Initiatives and Targets 		
	302-3 Energy intensity	<ul style="list-style-type: none"> • A2.1 Energy Consumption 		
Waste				
Topic Management Disclosures	3-3 Management of material topics	<ul style="list-style-type: none"> • A1.6. Waste Reduction Initiatives and Targets 		
	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> • A1.6. Waste Reduction Initiatives and Targets 		
Topic Disclosures	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> • A1.6. Waste Reduction Initiatives and Targets 		
	306-3 Waste generated	<ul style="list-style-type: none"> • A1.3 Hazardous Waste • A1.4 Non-hazardous Waste 		
Sustainable product development				
	3-3 Management of material topics	<ul style="list-style-type: none"> • A4. Addressing Climate Change — Research, Development and Innovation of Sustainable Tire Products 		

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GRI Standard/ other sources	Disclosure	Location	Requirement(s) Omitted	Omission Reason/Explanation
	Environmental Compliance			
	3-3 Management of material topics	<ul style="list-style-type: none"> All environmental laws and regulations mentioned in the A. Environment section 		
	Occupational Health and Safety			
Topic	3-3 Management of material topics			
Management	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> B2. Employee Health and Safety 		
Disclosures	403-2 Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> B2. Employee Health and Safety-Work-related Hazard Identification, Investigation Procedures of accidents related to Occupational Health and Safety 		
	403-3 Occupational health services	<ul style="list-style-type: none"> B2. Employee Health and Safety-Work-related Hazard Identification 		
	403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> B2. Employee Health and Safety 		
	403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> B2. Employee Health and Safety-Health and Safety Training 		
	403-6 Promotion on worker health	<ul style="list-style-type: none"> B2. Employee Health and Safety-Work-related Hazard Identification 		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> B2. Employee Health and Safety 		
Topic	403-8 Workers covered by an occupational health and safety	<ul style="list-style-type: none"> B2. Employee Health and Safety 		
Disclosures				
	Information Security			
	3-3 Management of material topics	<ul style="list-style-type: none"> B6 Product Responsibility-Information Security 		
Topic	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> B6 Product Responsibility-Information Security 		
Disclosures				
	Product quality assurance			
	3-3 Management of material topics	<ul style="list-style-type: none"> B6 Product Responsibility-Product Quality Assurance 		