



## 2021 Environmental, Social and Governance Report

### About This Report

This is an environmental, social and governance (ESG) report disclosed by Weichai Power Co., Ltd. (000338.SZ, 02338.HK). This Report is designed to respond to stakeholders' expectations and demonstrate the Company's philosophy, management, actions, and achievements in pursuing ESG and sustainable growth.

#### Basis of Preparation

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the "ESG Reporting Guide") as set out in Appendix 27 to the *Main Board Listing Rules* of the Hong Kong Exchanges and Clearing Limited ("HKEX"), with appropriate reference to the *GRI Sustainability Reporting Guidelines (G4)*, as well as the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* developed by the Corporate Social Responsibility Research Center of the Department of Economics of the Chinese Academy of Social Sciences ("CASS-CSR").

#### Scope of Reporting

Unless otherwise specified, this Report covers the performance of social responsibilities by the headquarter of Weichai Power Co., Ltd. in Weifang ("Weichai Power HQ") and its main subsidiaries - KION Group AG ("KION"), Shaanxi Heavy Duty Automobile Co., Ltd. ("Shaanxi Heavy Duty Automobile"), and Shaanxi Fast Gear Co., Ltd. ("Fast Gear").

#### Data Source

The key financial data provided in this Report are from the *Weichai Power Annual Report 2021*, while others are from the Company's internal management system.

Unless otherwise specified, the currency unit in this report is RMB.

#### Reporting Period

The reporting period is from 1 January 2021 to 31 December 2021. To enhance the comparability and completeness, some parts of this Report may appropriately date back to previous years, as well as including achievements in 2022.

#### References

For easy reference and reading, Weichai Power Co., Ltd. is referred to as "Weichai Power", the "Company" and "We", the headquarter of Weichai Power Co., Ltd. in Weifang as "Weichai Power HQ", KION Group AG as "KION", Shaanxi Heavy Duty Automobile Co., Ltd. as "Shaanxi Heavy Duty Automobile", and Shaanxi Fast Gear Co., Ltd. as "Fast Gear".

#### Access to the Report

This report is provided in Chinese and English. Should there be any discrepancy between the Chinese version and the English version, the Chinese version shall prevail. The electronic version of this Report is available on our official website (<http://www.weichaipower.com>), that of CNINFO (<http://www.cninfo.com.cn>), and that of HKEX (<http://www.hkexnews.hk>).

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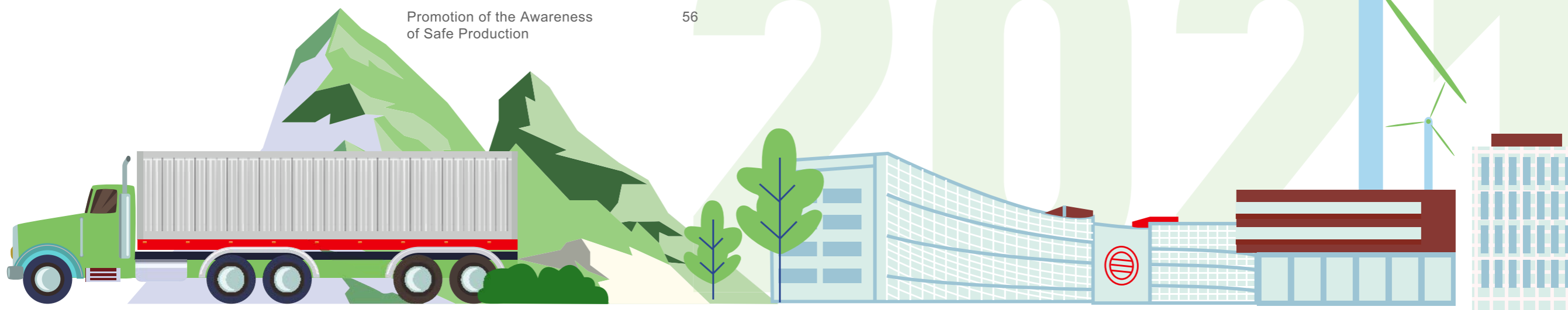
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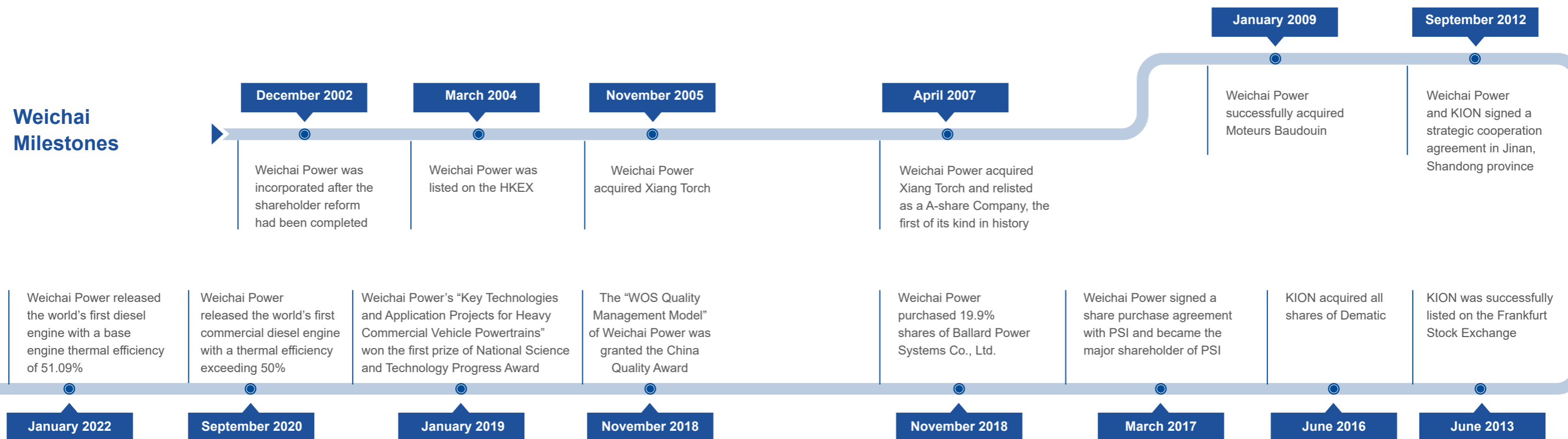
## About Weichai Power

Weichai Power Co., Ltd. ("Weichai Power" or the "Company") was founded in 2002 by Weichai Holding Group Co., Ltd., the main sponsor, and qualified domestic and foreign investors. It is the first Chinese combustion engine company to go listed on The Stock Exchange of Hong Kong Limited ("HKEX"), and then returned to Chinese mainland stock market and relisted as a A-share company. In 2021, Weichai Power's sale revenue reached RMB 203.55 billion and the net profit attributable to the owners of parent company reached RMB 9.25 billion.

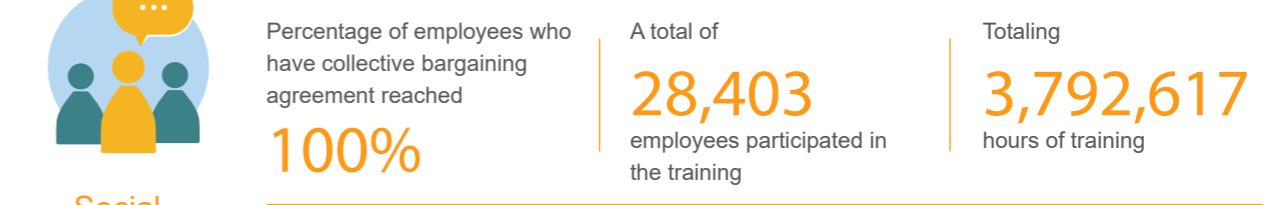
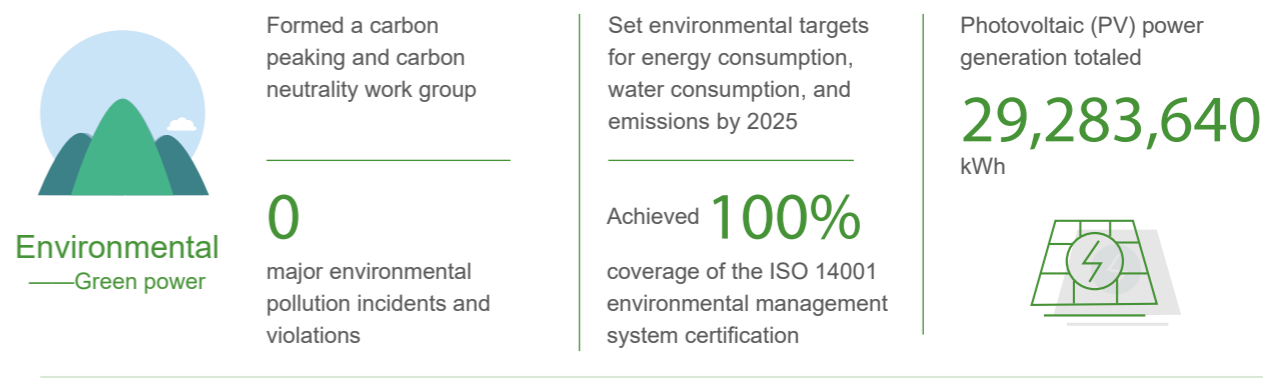
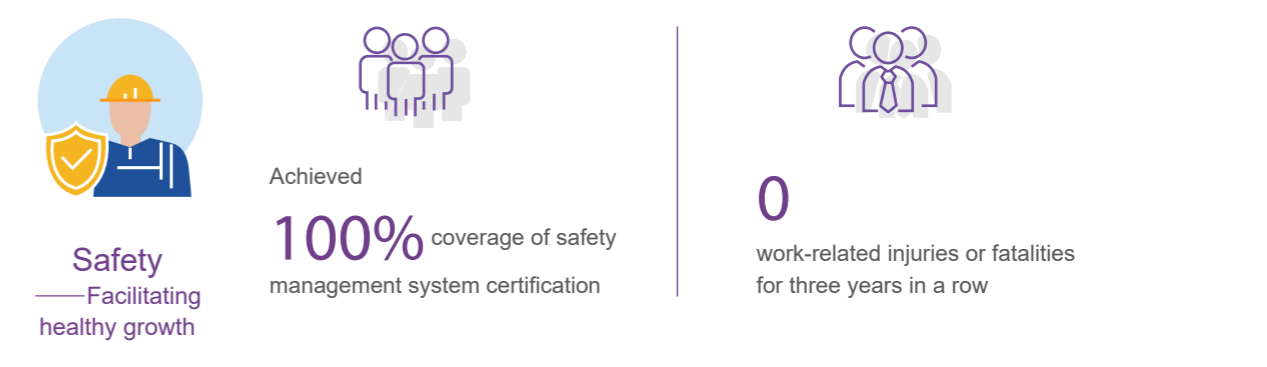
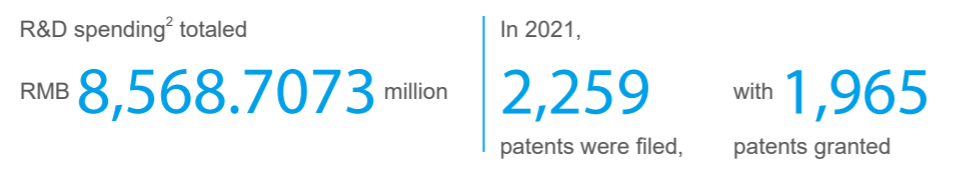
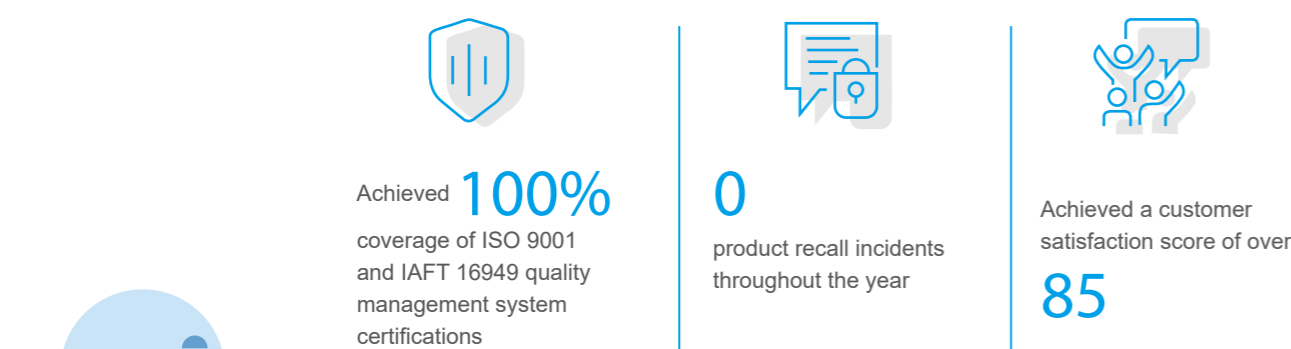
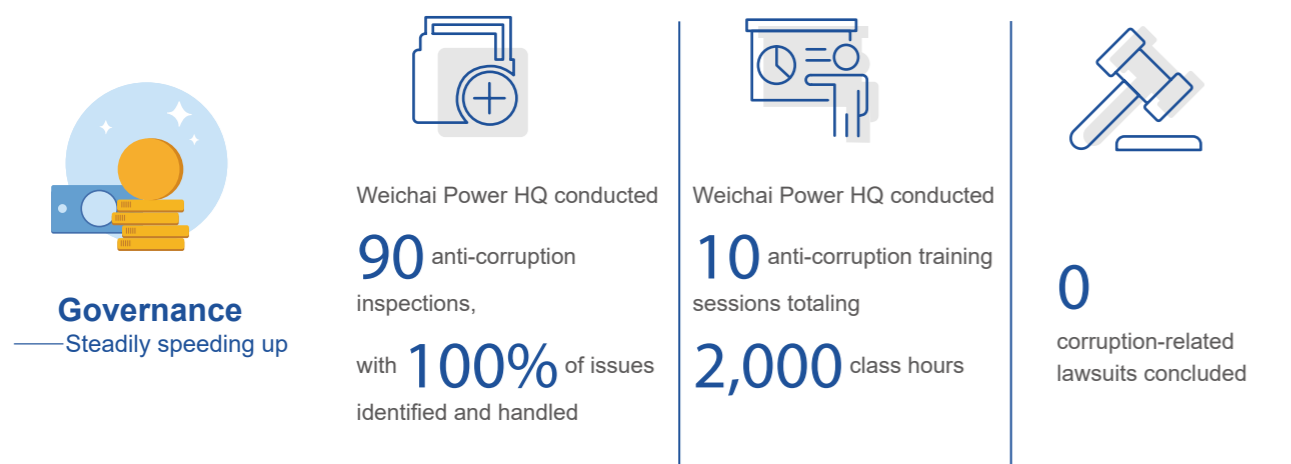
Weichai has always adhered to the operation strategy of both product-driven and capital-driven and is committed to developing products with three core competitiveness: top quality, advanced technology, and affordable cost. It has enabled the synergetic development of business segments including powertrain (engine, transmission, axle, hydraulics), vehicle and machinery, intelligent logistics and others. The Company owns multiple brands such as "Weichai Power Engines", "Fast Gear Transmissions", "Hande Axle", "SHAC", and "Linde Hydraulics".



## Weichai Milestones



## Key ESG Performance<sup>1</sup>



<sup>1</sup> The data do not cover KION unless otherwise specified.

<sup>2</sup> Including KION.

## Honors and Awards

Weichai Power was granted the first prize of National Science and Technology Progress Award, the China Quality Award, the China Trademark Gold Award-Trademark Innovation Award, the National Demonstration Base for Corporate Culture, the National Quality Award, the China Industry Award, the special award of China Machinery Industry Science and Technology Progress Award, and other honorary titles. In 2021, by virtue of our excellent management and outstanding performance, we won multiple awards, mainly including:



### National “Green Factory”

The Ministry of Industry and Information Technology of the PRC

### All-Innovators Enterprise of Shandong

Shandong Federation of Trade Unions

### 2021 Pilot Demonstration Plant for Intelligent Manufacturing

The Ministry of Industry and Information Technology of the PRC

### Shortlisted as one of the Top 100 Technology Enterprises in ESG Index

China Social Responsibility 100 Forum

### Shortlisted on the list of Fortune 500 Chinese Companies in 2021

Fortune (Chinese) and the Wealth Management Department of CICC

### Shortlisted among the China’s Top 500 Listed Companies by Credit 2020

China Enterprise Reform and Development Society and China Cooperative Trade Enterprises Association

### The 7<sup>th</sup> “Shandong Charity Award”

Department of Civil Affairs of Shandong

### Plant No. 1 of Weichai Power won the title of “Chinese Auto Industry Benchmarking Intelligent Factory 2021”

China Association of Plant Engineering

### The world’s first commercial diesel engine whose base engine thermal efficiency exceeds 50% developed by Weichai Power has been shortlisted as one of the Top Ten Scientific and Technological Achievements in 2020 in Shandong province

Shandong Provincial Science and Technology Statistical Analysis Research Center and related universities and media

### Weichai Power’s brand value ranking second in machinery and equipment manufacturing

Xinhua News Agency, China Brand Building Promotion Association, China Appraisal Society, News Center of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), etc

### 2020 Top Enterprise with Social Responsibility in Shandong

Dazhong News Group (Dazhong Daily), Shandong Federation of Industry and Commerce, State-owned Assets Supervision and Administration Commission of Shandong People’s Government and Shandong Market Supervision and Administration Bureau

### Two Projects of Weichai Power — “Research and Application of Dynamic Measurement Technology for High-temperature Moving Parts of Internal Combustion Engines” and “Key Technologies and Applications of After-treatment System for the Low-emission Exhaust of Commercial Vehicles”, won the first prize of the 2021 China Machinery Industry Science and Technology Award

China Machinery Industry Federation and China Mechanical Engineering Society

## Stakeholder Communication

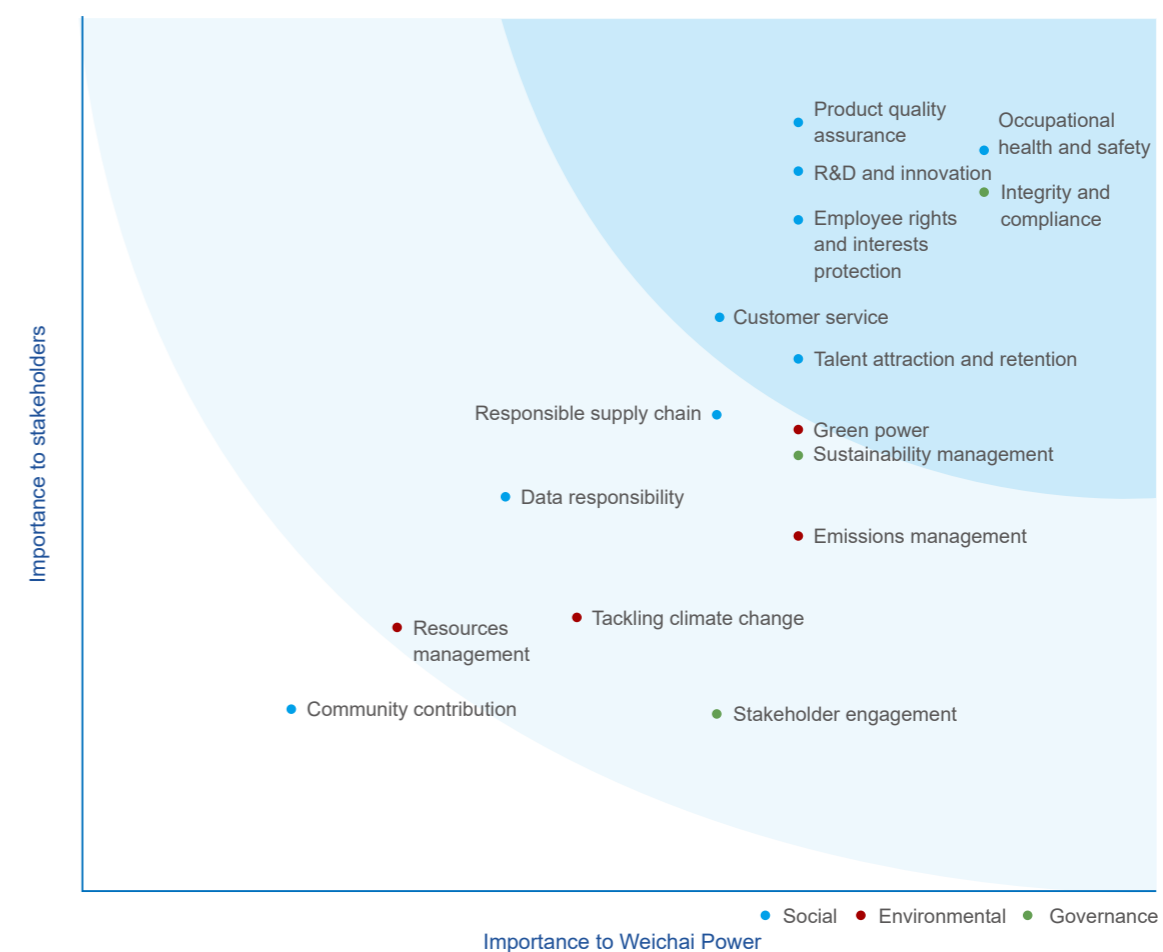
Weichai Power highly values communication with stakeholders, continues to improve the normalized and multi-channel communication mechanisms, responds to the expectations of stakeholders in a timely and efficient manner, and accepts their supervision.

Stakeholder	Stakeholder Expectation	Communication Mechanism
 <b>Government and Regulatory Agencies</b>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Compliance operation</li> <li>Paying taxes according to law</li> <li>Contributing to local development</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Routine communication and report</li> <li>Government research and inspections</li> </ul>
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Reporting to shareholders</li> <li>Information disclosure</li> <li>Risk management</li> <li>Corporate governance</li> <li>Business performance</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meetings</li> <li>Periodic reports and announcements</li> <li>Investor communication meetings</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Supply of renewable energy products</li> <li>High-quality services</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteeing product quality</li> <li>Customer satisfaction surveys</li> <li>Regular customer communication activities</li> </ul>
 <b>Staff</b>	<ul style="list-style-type: none"> <li>Employee rights and interests protection</li> <li>Occupational health and safety</li> <li>Career development</li> </ul>	<ul style="list-style-type: none"> <li>Staff congresses and Trade Unions</li> <li>Employee satisfaction survey</li> <li>Performance management</li> <li>Internal and external trainings</li> <li>Employee care activities</li> </ul>
 <b>Partners</b>	<ul style="list-style-type: none"> <li>Clean business environment</li> <li>Win-win development</li> <li>Supply chain sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Public bidding</li> <li>On-site audits</li> <li>Supplier conferences</li> <li>Business conferences</li> </ul>
 <b>Community Representatives</b>	<ul style="list-style-type: none"> <li>Driving local economic development</li> <li>Environmental impact of production and operation on the community</li> <li>Community service and charity</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer service</li> <li>Supporting cultural and sports activities</li> <li>Anti-epidemic support</li> <li>Participating in community building</li> </ul>
 <b>Industrial Associations</b>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Promoting industry development</li> <li>Technology and experience sharing</li> </ul>	<ul style="list-style-type: none"> <li>Industry exchange seminar</li> <li>Project cooperation</li> </ul>

## Materiality Assessment

In accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* of the HKEX, with appropriate reference to international ESG initiatives and standards, as well as the ESG issues of general concern in the industry and among stakeholders, Weichai Power has reviewed material ESG issues and concerns of stakeholders, identified 16 key ESG issues. This involved benchmarking both domestic and foreign peers and monitoring relevant media information, and communicating with various stakeholders through different forms.

We conducted an anonymous survey with our stakeholders online with a total of 1,028 valid questionnaires collected. After analyzing the questionnaires, we have drawn a matrix of Weichai Power's material ESG issues, which are disclosed in this Report from the aspects of mechanism and management improvement, practices, and performance.



## Message from the Chairman

The year 2021 marks the centenary of the founding of the Communist Party of China and also the starting year of the “14<sup>th</sup> Five-Year Plan”. Against the headwinds of profound changes in the internal and external environments and severe market challenges, the Company drives high-quality development with innovation, facilitates transformation of products, business segments and market structures, and promotes the improvement of operational quality and efficiency. Our operational indicators witnessed growth against the headwinds and reached a new record high, which has been widely recognized by all sectors of society. We have lived up to the expectations of society, government, shareholders, and our employees.

As a leader in equipment manufacturing, the Company takes “Green Power, International Weichai” as its mission, always prioritizes following national strategies, and fulfills social responsibilities. **Accelerating technological innovation and leading the world with innovative products.** Our products compliant with the China VI standards (China VI products) remain leading in competitiveness and have occupied a very large market share. We have obtained China’s first information disclosure certificate for phase four non-road mobile machinery diesel engines, and the engines have been launched on key markets, keeping leading the industry in emissions upgrades. In January, 2022, we released the world’s first diesel engine with a base engine thermal efficiency of 51.09%, which once again set a new benchmark for the thermal efficiency of diesel engines across the globe. An intelligent tractor, equipped with a 340-horsepower CVT developed by Weichai power, was exhibited at the National Thirteenth Five-Year Plan Themed Science and Technology Innovation Achievement Exhibition, filling the technological gap in China. **Speeding up deploying new energy, emerging technologies, and new business forms, and leading the new development tracks with strength.** Leveraging the key technologies and high-quality resources of the new energy industry chain that we own,

the Company has established three powertrain platforms covering fuel cells, hybrid power, and pure electric power, which support multi-scenario applications. We have also led the establishment of the only national fuel cell technology innovation center, which is settled in Shandong. In the field of electronic control, we have strengthened the construction of positive development capabilities, and has formed a comprehensive development pattern of electronic control businesses covering engines, new energy, powertrain, hydraulic and construction machinery, intelligent driving, and smart agriculture. **Facilitating the replacement of traditional power systems with new power systems that are gaining momentum.** The implementation of major projects such as Weichai’s new million-unit digital power industry base, Shaanxi Heavy Duty Automobile’s new heavy-duty truck intelligent manufacturing base, and Fast Gear’s S-transmission intelligent factory has been accelerated. The replacing of traditional power systems with new ones has brought about strategic opportunities for the Company to lead the industry in China. Also, the Company has been actively fulfilling social responsibilities and carried out public welfare activities such as anti-epidemic and disaster relief, poverty alleviation, and donations to students. Through these efforts, we pursue both value creation and social contribution, and our social recognition and brand reputation have been continuously improved.

The release of this ESG report is to take stock of our efforts in fulfilling social responsibility in 2021, hoping to further strengthen the Company’s social responsibility, promote benefit sharing between the Company and all sectors of society, especially stakeholders, enhance mutual understanding and recognition, and make new and greater contributions to economic and social development by better fulfilling social responsibilities.

Chairman and Chief Executive Officer  
Tan Xuguang



## ESG Statement of the Board

The Board of Directors is the highest responsible and decision-making body for ESG-related issues in the Company. It receives the reports of the ESG management, comprehensively monitors ESG issues, and reviews relevant reports through regular communication meetings.

In 2021, Weichai Power focused efforts on improving the ESG governance structure. As of the release of this Report, the amendments of the working rules of the Strategic Development and Investment Committee had been approved by the Board of Directors. As the main regulator of Weichai Power's ESG work, the committee is responsible for formulating, supervising and reviewing our ESG strategies and ESG annual and mid-and long-term plans, evaluating ESG risks and opportunities, reviewing annual ESG reports, and submitting ESG reports to the Board for Directors for approval. The ESG management team set up under the Strategic Development and Investment Committee is responsible for daily management related to ESG efforts. An ESG working team is also set up under the committee to be responsible for organizing and coordinating the implementation of work plans and other tasks.

Weichai Power evaluates the materiality of ESG issues periodically according to the general social and economic environments as well as development strategies. The Company conducts exchanges with stakeholders on identifying the ESG risks and opportunities that the Company faces, and the set the management and improvement of material issues as part of our strategic work on ESG for the year. The Board of Directors reviews and approves the materiality assessment results, identifies key issues as part of our overall strategies, and oversees the management and performance of improving these issues.

This Report discloses in detail the progress and performances of Weichai Power's ESG efforts in 2021. It was considered and approved by the Board of Directors on March 30, 2022.



Feature Topic


## Implementing Low-carbon Strategies and Pursuing New Power





Promoting a green and low-carbon economy has become a global consensus. To follow the trend of global energy transition and contributing to China's national carbon peaking and carbon neutrality goals, Weichai Power, fully navigating the pressure and challenges it encounters in the replacement of traditional power systems with new ones, adheres to the mission of "Green Power, International Weichai". The Company keeps actively exploring ways to transform and upgrade our products and technologies to contribute to the achievements of the "dual carbon" goals.

### Leading the Industry with Power of High Energy Efficiency

Our internal combustion engine is one of the most energy-efficient and emission-reducing products we have at this stage. By leveraging our strong R&D teams, core technologies accumulated over years and a forward-looking strategic layout, we actively carry out research and development of cutting-edge technologies, and actively promote the concepts of energy conservation, emission reduction, low-carbon emissions, and high energy efficiency to the whole industry, so as to promote cleaner, more efficient, smarter and more reliable development of the internal combustion engine technologies.

Weichai Power released the world's first commercial diesel engine with a base engine thermal efficiency of 50.23% on September 16, 2020, setting a new benchmark for the thermal efficiency of diesel engines in the world. Weichai Power also released the world's first diesel engine with a base engine thermal efficiency of 51.09% on January 8, 2022. Compared with the mainstream products on the market, it is calculated that this diesel engine can reduce fuel consumption and carbon dioxide emissions by 10%, that is to say, every year, for our country, it can save fuel by 16 million tonnes, reduce carbon dioxide emissions by 50 million tons, and save a total cost of about RMB 140 billion. It is of great strategic significance not only to the promotion of energy saving, emission reduction and the green development of China's internal combustion engine industry, but also to the realization of the national "dual carbon" goals.



 <p>The diesel engine can reduce fuel consumption and carbon dioxide emissions by <b>10%</b></p>	 <p>Reduce carbon dioxide emissions by <b>50 million tons</b></p>
 <p>For our country, it can save fuel by <b>16 million tonnes</b></p>	 <p>Save a total cost of about RMB <b>140 billion</b></p>

Diesel Engine with A Base Engine Thermal Efficiency of 51.09% Developed by Weichai Power

### Empowering the Industry through Emission-reducing Power

Weichai Power started to focus on the development of new energy since 2008 and is committed to becoming the world's leading provider of new energy power system solutions with core technologies. By leveraging our advantages in traditional energy, we empower the development of new energy. With our strength in technology, cost and industrial chain, we promote the zero-carbon development of the industry and contribute to the realization of the national "dual carbon" goals.

**Goal**

Leading the industry across the globe within the new energy business sector by 2030



### Establishing Diversified Power Systems through Developing a Forward-looking Strategic Layout

Based on business features, Weichai Power has comprehensively carried out technological research and development and strategic cooperation on power system.

**Major Events of Strategic Cooperation**

- In November 2016**  
the Company decided to invest in Foresight Energy, a leading hydrogen fuel cell producer in China;
- In November 2017**  
the Company signed a comprehensive strategic cooperation framework agreement with Bosch to establish world-class innovation and industrial chains for fuel cell vehicle technology, and jointly develop and manufacture hydrogen fuel cells and related components;
- In May 2018**  
the Company acquired 20% of the shares of Ceres Power Holdings plc, starting their comprehensive cooperation in the field of solid oxide fuel cells (SOFC);
- In November 2018**  
the Company acquired 19.9% of the shares of Canada's Ballard Power Systems, kicking off their cooperation in the field of proton exchange membrane (PEM) fuel cells;
- In January 2020**  
the Company completed its strategic acquisition of ARADEX, a German company, with an aim to form its advantages new energy power system integration encompassing "battery + motor + electronic control";
- In December 2021**  
the Forlift Project Phase I of KION China was put into production and the first new energy powered forklift was rolled off the assembly line.
- In March 2021**  
the Company established strategical cooperation with FISCHER Spindle Group Ltd., invested in the latter's fuel cell air compressor business and set up a joint venture in China, further extending its layout of the fuel cell industry chain vertically, and improving the core competitiveness of its fuel cell powertrains;

To date, we have established a new energy business structure supporting the coordinated development of three technical systems: "fuel cell", "hybrid" and "pure electric".



**Fuel cell**

The products include system solutions such as fuel cell engines, fuel cell stacks, key BOP components, vehicle-mounted hydrogen supply systems. The power of the fuel cell engines ranges from 30 to 200kW, meeting to needs of multiple types of commercial vehicles.

▶ The fuel cell engines developed by Weichai Power are mainly designed for commercial vehicles. As of the end of the reporting period, hydrogen fuel cell powered heavy trucks have been in mass demonstration operation and the total mileage of hydrogen fuel cell powered buses has exceeded 15 million kilometers.

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**Hybrid**

The products are mainly parallel hybrid systems for heavy-duty trucks and light trucks, with complete software and after-sales diagnostic tools such as HCU/TCU/MCU and Zhiduoqing provided.

▶ At present, the hybrid system for light trucks has gone into mass production, while that for heavy-duty trucks has been offered to many Original Equipment Manufacturers (OEMs), and small-batch verification work has been carried out.

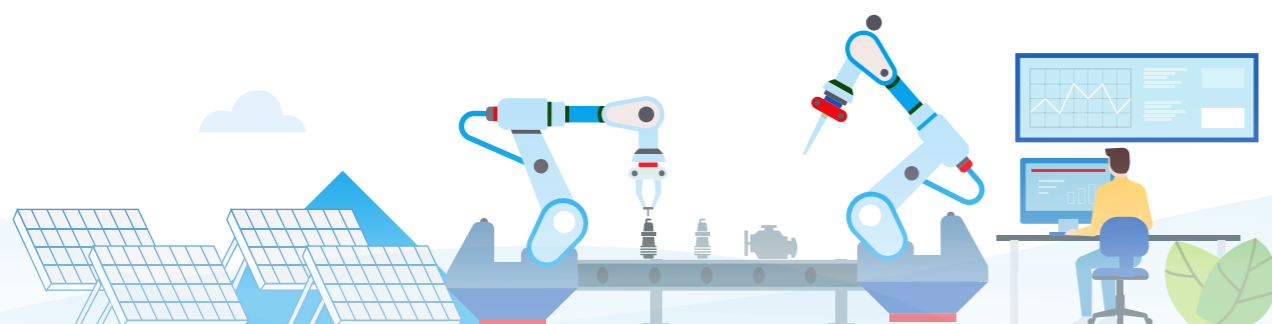
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**Pure electric**

The products include industrial vehicles, non-road customized battery solutions and electric drive system solutions such as motors, motor controllers and electric drive systems.

▶ A specific type of our batteries (PACK) has been equipped in batches on industrial vehicles, trucks and construction machinery. The electric drive systems have been fully commercialized in transportation (including on buses) and other industries. As of the end of the reporting period, over 4,000 units of PACK and 10,000 units of electric drive systems have been installed.



**Case** Weichai Power's Hydrogen Commercial Fleet Conducting Cold Regions Test (CRT)

To test hydrogen fuel cells' resilience against extreme low temperatures, Weichai Power carried out the industry's first CRT for its hydrogen fuel cells that are designed for heavy-duty trucks, light trucks, passenger vehicles and others in January 2021. The CRT was a complete success with cold starts and vehicle operations at -34°C smoothly carried out. Another CRT was carried out in January 2021 in the "City of Ice and Snow" —Yakeshi, Hulunbuir, where a series of activities, including cold starts, road driving, snow-covered road traffic ability, were conducted for hydrogen vehicles equipped with a new generation of hydrogen fuel cell system. Through the CRT, the reliability and environmental adaptability and other performance indicators of hydrogen fuel cells were fully verified, enabling further optimization and commercialization of the products involved.



Launch Ceremony of the CRT

**Driven by Innovation and Leading Technological Advance**

Always driven by innovation, Weichai Power constantly improves technological research systems. In response to the strategic development needs of China's fuel cell industry, we strengthen our independent innovation capabilities on all fronts and cultivate stronger scientific research teams, so as to offer technical support for breaking through major technical bottlenecks in the new energy industry in China.

Weichai Power takes the initiative to seize opportunities in the new-energy automobile industry. We actively undertake major national special research projects, build innovation platforms supporting the coordinated and efficient development of the technology chain and the industrial chain, deliver breakthroughs in major common technologies and engineering technologies of fuel cells, and promote the commercialization of the fuel cell industry. In March 2021, Weichai Power was approved to build the first national fuel cell technology innovation center in China, and we further clarified our development strategy of "Starting from Shangdong, Facing the Country, and Going Global". The center has also effectively promoted the integration of scientific research platforms and innovation teams, thus fostering a sound environment for the commercialization of research results and the pursuit of institutional innovation.

## “Hydrogen into Ten Thousand Homes”: Injecting New Impetus to Low-carbon Power

Hydrogen, with high energy density and low emissions, is a major leverage that we can use to facilitate the transformation and upgrade of China’s energy mix and to achieve the national “dual carbon” goals.

Weichai Power launched the fuel cell industrial park construction project in 2018, and has built a complete R&D test bed covering “electrochemistry-single cell-stack-engine-power system-vehicle”. The Company is in possession of a complete fuel cell system and vehicle evaluation capabilities and has developed a manufacturing line with a production capacity of 20,000 units of cell engines and stacks. In the field of power train, the core technology layout of hydrogen fuel cells and solid oxide fuel cells has been fully completed and its key technical metrics are leading the world in the fields of commercial vehicles and energy and power. The technology has been commercialized and equipped on heavy-duty trucks and light trucks.

The Ministry of Science and Technology of the PRC and the government of Shandong province signed a framework agreement on the “Hydrogen into Thousands of Households” Technology Demonstration Program on April 16, 2021. The agreement is designed to build “one hydrogen energy highway, two hydrogen energy ports, three popular science bases, four hydrogen energy parks, and five hydrogen energy communities”. According to the agreement, multi-scenario demonstration applications of hydrogen energy in Shandong were carried out by leveraging the national fuel cell technology innovation center and reliable fuel cells to accelerate key hydrogen technology breakthroughs and industrial development. Based on the program, Weichai Power and National Fuel Cell Technology Innovation Center continue to promote multi-scenario application demonstrations, taking the project from blueprint to reality:

### Case China’s First Fuel Cell Snowboard Waxing Truck with Independent Intellectual Property Rights (IIPR) Officially Put into Use

On October 27, 2021, China’s first hydrogen fuel cell snowboard waxing truck with IIPR was delivered at the General Administration of Sports of the PRC, achieving a new breakthrough of “a world-class hydrogen fuel cell snowboard waxing truck completely produced in China”, and filling the technological gap in this area. The Yellow River snowboard waxing truck provided a strong technical guarantee for the smooth holding of the Beijing 2022 Winter Olympics as well as the promotion of snow sports in China.



The Yellow River Snowboard Waxing Truck

The Weichai Power hydrogen fuel cell engine equipped with this snowboard waxing truck has a rated power of up to 162kW, and a highest efficiency of 60%, providing zero-emission green power for the Beijing 2022 Winter Olympics.



### Hydrogen Energy Park

- Developed the first domestic high-power containerized hydrogen fuel cell cogeneration system and the first 30kW solid oxide fuel cell cogeneration system, and put them into operation in Weifang;
- Developed the first 3-ton hydrogen forklift in China and created a zero-emission logistics handling environment.



### Hydrogen Energy Port

- The first domestic port hydrogen heavy-duty truck demonstration operation project was launched in Qingdao Port;
- The first 80-seat hydrogen passenger ship in China was successfully launched in Xueye Lake, Laiwu, Ji’nan, enabling zero-emission shipping.



### Hydrogen Energy Highway

- A full range of commercial vehicles equipped with our products debuted at the country’s first highway hydrogen refueling station, successfully completing a cross-city highway operation, forming a zero-carbon transportation system with coordinated vehicles, stations and roads;
- The 49-ton fuel cell heavy-duty trucks equipped with the engines developed by the Company have covered for more than 5,000 kilometers on the route from Jinan Taigang to Qingdao Dongjiakou Port Area.



Hydrogen Fuel Cell Buses Put into Use



Launch Ceremony of Hydrogen Fuel Cell Buses

# 01

## Governance

### Steadily Speeding Up

Weichai Power highly values the standardized corporate governance and is committed to establishing and improving international governance systems to enhance its operation while minimizing governance risks. The company also actively builds an ESG governance structure to boost ESG management.



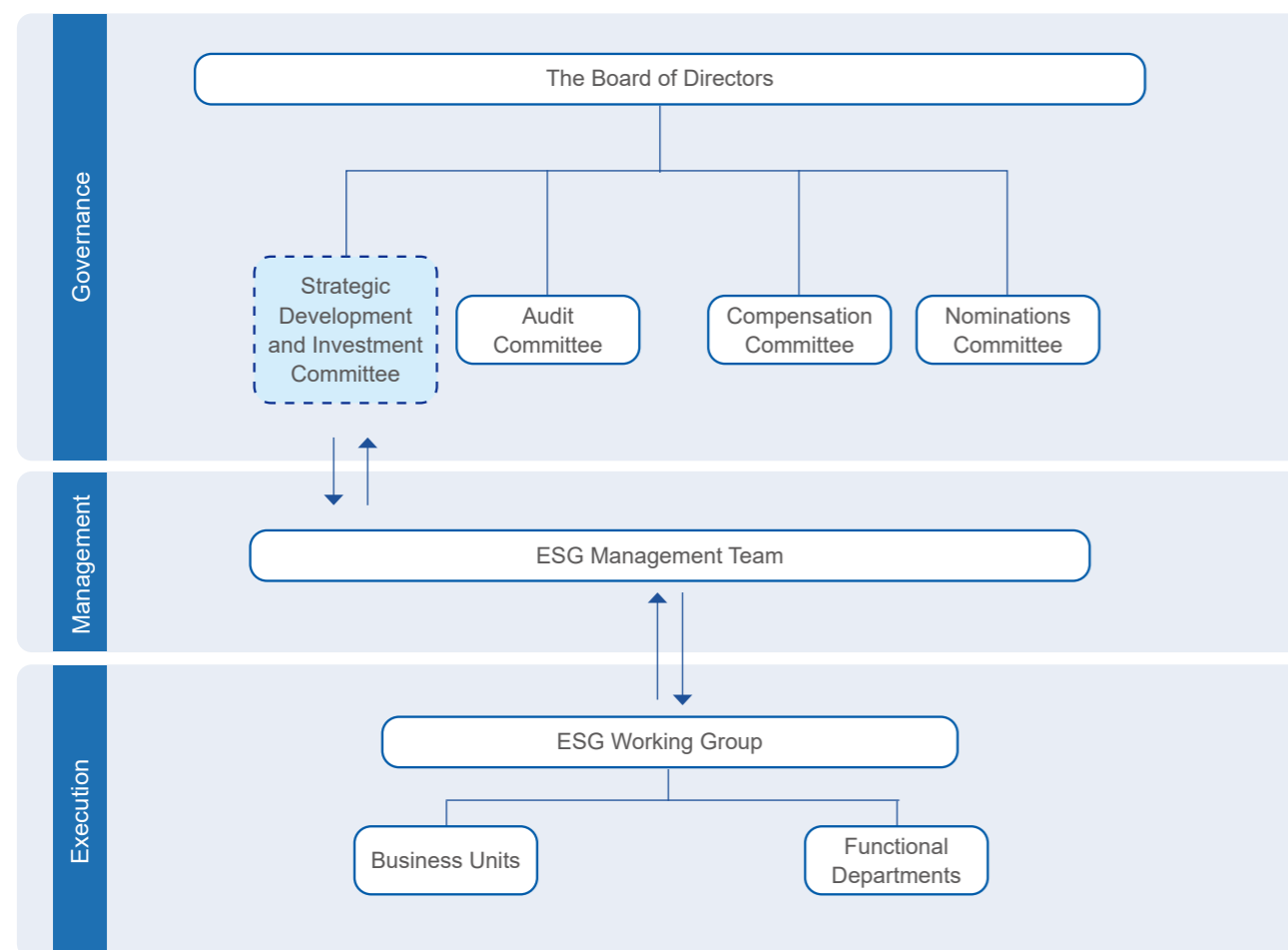
## Sustainability Management

Complying with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Publicly-Listed Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, as well as other laws and regulations, Weichai Power continuously improves its corporate governance structure, continues to ensure that directors and supervisors are well informed, and promotes efficient and standardized corporate governance.

The Company has established a corporate governance structure mainly composed of the general meeting of shareholders, the board of directors, the board of supervisors, and the senior management. It has built a basic corporate governance system with the *Articles of Association* as the core and various rules of procedure and working rules as the support; established a decision-making authorization system to strengthen authorization management, and develop a corporate governance system that is coordinated, effectively balanced, efficiently operated and with scientific decision-making delivered. In 2021, the Company has held a total of 4 general meetings of shareholders, 16 meetings of the board of directors, and 9 meetings of the board of supervisors.

Weichai Power highly values sustainable growth and fully integrates ESG core concepts and standards into corporate management. Complying with ESG policies and guidelines, the Company has established a three-level ESG governance structure covering "governance-management-execution" to provide organizational guarantee for the smooth implementation of its ESG efforts.

**Weichai Power's ESG Governance Structure**



The Board of Directors, as the highest regulatory body for Weichai Power's ESG issues, is responsible for supervising and reviewing its ESG efforts and relevant reports. Weichai Power focuses on improving the ESG governance structure. As of the release of the Report, the Board of Directors had approved the amendments to the working rules of the Strategic Development and Investment Committee. The committee, as the main supervisory body of Weichai Power's ESG work, is responsible for formulating, reviewing and supervising our ESG goals, strategies, as well as annual and medium- and long-term plans, and evaluating the risks and opportunities of ESG work, reviewing the annual ESG reports, and submitting them to the Board of Directors for approval.



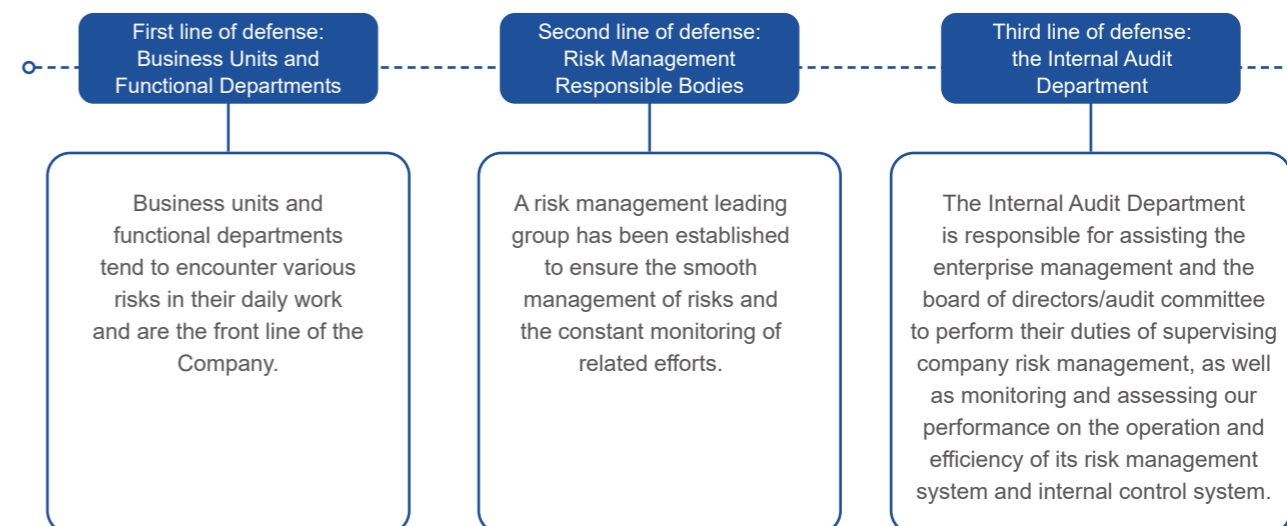
The Strategic Development and Investment Committee authorizes the ESG management team to act as the main management department for our ESG-related efforts, responsible for formulating and coordinating the annual ESG work plan, summarizing and reporting on the operation of the ESG system and the completion of phased goals for various issues, establishing daily communication channels with stakeholders, etc.



The Company has set up an ESG working group composed of relevant staff from various functional departments and business units, responsible for implementing annual ESG work plan, compiling annual ESG report, and participating in the formulation of ESG targets.

## Risk Management on All Fronts

Weichai Power regards risk management and internal control as a critical part of corporate management. To this end, the Company has established a risk management structure consisting of "three lines of defense" to ensure the efficacy of the risk management system.






In 2021, the Legal Compliance Department led the formulation of

 **73** countermeasures


 **52** risk early warning indicators for

 **10** material risks and

 **32** sub-risks

In 2021, the Company identified risks from four categories: strategic risks, operational risks, compliance risks and financial risks. Among which, corporate governance risks, emerging technology risks and human resource risks that are highly related to ESG efforts were also identified. In 2021, the Legal Compliance Department led the formulation of 73 countermeasures and 52 risk early warning indicators for 10 material risks and 32 sub-risks. It also conducted material risk assessment and analysis and organized the improvement efforts, achieving accurate and early identification, real-time monitoring, and comprehensive control of risks.

The Company attaches great importance to employees' awareness of risk prevention and control, and actively organizes relevant training sessions.



- Special trainings on risk identification and related evaluation methods, risk control and management requirements and related evaluation methods are provided for all relevant liaison officers and personnel in key positions. Communications on training are also conducted with the quality system management department on risk control and management mechanisms and methods to enable accurate understanding of risks by different components of the company.
- Based on the purpose of training, be it identifying legal matters in different business scenarios, popularization of legal knowledge, or cultivation of legal professionals in the company, we have established a legal training system with different topics of training provided. A total of 21 special training sessions entitled the "Rule of Law Lecture Hall", the "Civil Code Week", and the "Constitution Week", etc. were held in 2021.
- The "Data Security Compliance" training was conducted to introduce the trend of data security in and outside of China, and plan the construction of the corporate data compliance system by employing the method of top-level design.
- Special trainings on data security compliance investigation were conducted to introduce data compliance risk points and control points, and improve data compliance awareness.
- Special trainings on legal knowledge about anti-monopoly were carried out to enhance employees' awareness of avoiding anti-monopoly compliance risks in their daily work.

## Anti-Corruption and Business Ethics

Weichai Power highly values integrity, vigorously promotes internal anti-corruption efforts, strictly investigates violations of regulations and disciplines, avoids conflicts of interest of related parties, strengthens compliance management, and improves its level of business ethics.

The Company strictly follows provisions related to extortion, fraud, money-laundering and other business conduct outlined in the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Prohibition of Commercial Bribery* and other laws and regulations, and has successively formulated the *Administrative Measures for the Integrity of the Company*, the *Management Procedures for the Declaration of Major Events for Key Positions*, and the *Blacklist Management Procedure of Business-related Parties* and other systems to strengthen the standardized guidance and institutional control of its anti-corruption efforts.


The Company highly values its anti-corruption efforts, focuses on the performance of supervision duties, and strengthens the restriction and supervision of the exercise of power. In 2021, focusing on strengthening supervision in key areas, the Company carried out 90 supervision projects, with 100% of the problems identified and handled properly. The Company has also regulated the annual declaration of major events and organized personnel in key positions to take the initiative to report as well as to sign the Responsibility Letter for Business Integrity. In 2021, the Company was not involved in corruption-related lawsuits.


the Company carried out

**90** supervision projects

with **100%** of the problems identified and handled properly

**Weichai Power's Reporting Channels**

 Email: 2102388@weichai.com

 Tel: 0536-2102388

The Company has standardized the reporting channels and procedures to improve the management of business ethics supervision and violations reporting, so as to ensure that complaints and reported incidents can be dealt with in a timely and effective manner. We have established open and diverse anti-corruption reporting channels. Whistleblowers can report via letters, visits, calls, reporting QR codes and the company's website. In order to protect the basic rights and interests of whistleblowers, the Company has formulated the *Reporting Management Measures* to keep the information of whistleblowers and the content strictly confidential. Any form of retaliation against whistleblowers is strictly prohibited.

Weichai Power also highly values the integrity of business partners and the entire supply chain. In 2021, the Company conveyed its anti-corruption determination to business partners in a timely manner through supplier integrity education conferences, integrity and honesty agreements, and holiday reminder letters. It also talked with about 100 suppliers one to one to strengthen anti-corruption supervision and prevention of any wrongdoings. In terms of bidding, procurement, waste disposal and other matters, we conduct retroactive inspections on the bidding and procurement activities of at least involved in three projects or by three departments every quarter to comprehensively promote transparent procurement. In addition, we also sign the *Supplier Integrity and Honesty Agreement* with suppliers to ensure open and fair competition among suppliers, actively maintain a fair and honest business order as well as the credibility of parties involved, and jointly promote a sound business atmosphere.

In terms of fostering a clean culture, the Company organized publicity and education activities in various forms and kinds of content in 2021. The Company conducted 10 anti-corruption training sessions for directors, key employees and other staff in 2021, totaling 2,000 class hours.

“

- Conducted the "Anti-corruption Warning and Educating Month" activity, when special rectification of prominent problems of formalism and bureaucracy was held and educational films were watched;
- Organized meetings of disciplinary inspection committees and training for disciplinary inspection committee members of primary party organizations;
- Organized a series of integrity education activities on topics such as party history, integrity of leading cadres, and development of work practices;
- Issued documents on integrity education on the occasions of the Spring Festival, New Year's Day, the Labor's Day, the Dragon Boat Festival and other festivals.



# 02

## Quality Driven by High Quality

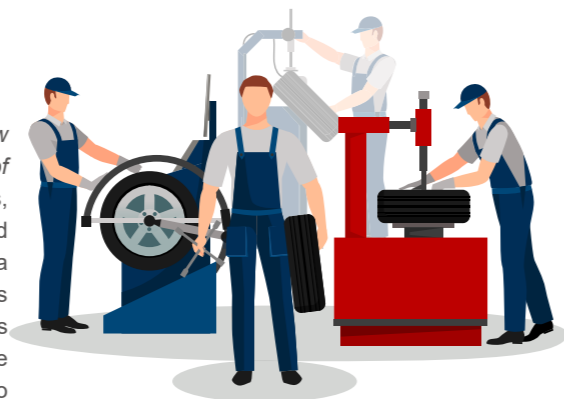
Weichai Power always puts quality first in adherence to the principle of “target assessment, effective system, strict prevention, and responsibility and accountability”. We constantly implement the quality concept of “high quality in our hands” and boosts the high-quality corporate development through providing excellent products and outstanding customer services.



## Product Quality

### Building Quality System

Weichai Power strictly complies with the *Product Quality Law of the People's Republic of China*, the *Standardization Law of the People's Republic of China* and other laws and regulations, and with appropriate reference to the ISO 9001:2015 and IATF 16949:2016 standards and other requirements for a quality management system. Weichai Power carries out its quality management throughout the product life cycle with its own characteristics. The Company has developed multiple management regulations such as the *Quality Manual* to clarify the implementation methods of quality policies, quality indicators, and the labor division of quality management responsible bodies. The Company continuously optimizes quality management processes to ensure that the relevant management measures are well implemented.



In 2021, Weichai Power conducted the whole-process quality management system audit and maturity evaluation of each subsidiary with reference to the *Weichai Quality Management System Maturity Evaluation Standard* and the IATF 16949:2016 quality management system standard. Through the audit of internal and external quality management systems, we have identified potential risks and areas to be improved during the operation of the quality system, and have urged relevant subsidiaries to strengthen their capacity of building a sophisticated quality management system.

### Certifications of Weichai Power's Quality Management System in 2021

**Weichai Power HQ, Shaanxi Heavy Duty Automobile, Fast Gear**

ISO 9001:2015 Quality Management System Certification  
IATF 16949:2016 Automotive Quality Management System Standard

**KION**

ISO 9001:2015 Quality Management System Certification

The Company actively promotes efficient and intelligent quality management through full employment participation, whole-process control, and whole-system management. We carry out quality management throughout the whole life cycle of products by providing process instructions and integrated management manuals. In 2021, we actively applied for and passed a number of quality inspection and testing certifications.

### Quality Inspection and Testing Certifications in 2021



Approved as the National Internal Combustion Engine Product Quality Inspection and Testing Center

Passed 16 assessment tests of measurement standard of the Shaanxi Provincial Market Supervision and Administration Bureau, and obtained the internal authorization of mandatory verification of one measuring instrument

Accredited by the CNAS<sup>3</sup>, and met the general requirements of ISO/IEC 17025 testing and calibration laboratory capabilities

Participated and assisted in the drafting of ISO standards, GB national standards, GB/T recommended national standards and JB/T recommended machinery industry standards of several ISOs

### Case

#### Weichai Power Approved as the National Internal Combustion Engine Product Quality Inspection and Testing Center

In November 2021, Weifang Internal Combustion Engine Quality Inspection Center Co., Ltd., jointly funded by Weichai Power and Weifang Municipal Product Quality Inspection Institute, successfully passed the China Inspection Body and Laboratory Mandatory Approval (CMA) review organized by the Certification and Accreditation Administration of the People's Republic of China (CNCA) and was approved as the only national internal combustion engine product quality inspection and testing center in Shandong Province.

The center has 87 types of internationally-advanced and domestically-leading inspection and testing equipment, nearly 500 sets, which can meet all-round needs of internal combustion engine industry emission testing, vehicle emission testing and comprehensive engine inspection and testing. In the future, we will deepen our cooperation with the State Key Laboratory of Internal Combustion Engine Reliability and the National Internal Combustion Engine Industrial Measurement and Testing Center to jointly build a highland of internal combustion engine industry standards and provide one-stop quality infrastructure services for the design, R&D, production and quality supervision of internal combustion engine and related industries in and outside of China, so as to boost the high-quality development of the industry.



Qualification Certificates Obtained by Weifang Internal Combustion Engine Quality Inspection Center Co., Ltd.

<sup>3</sup> CNAS is short for the China National Accreditation Service for Conformity Assessment.



**Case** KION Innovating Quality Management to Improve Product Quality Performance

KION fully values the importance of product quality in sustainable development strategies. Focusing on providing both climate-neutral and environmentally friendly products and logistics solutions, and safe and customer-friendly products and solutions, KION maintains high product quality while pursuing innovation and is committed to providing quality products to customers and the whole society.

In 2021, while delivering high-quality products, KION also continued to improve quality management capabilities to contribute to the industry. For one thing, KION focuses on enhancing product life cycle, safety, and energy efficiency, reducing the energy consumption and carbon emissions per 100 kilometers of range, and ensuring that its products and solutions meet the upgraded requirements of the low-carbon, safe and comfortable logistics industry chain. For another, KION participated in the formulation of ISO standards of 15 ISOs and 17 GB national standards, assisted in drafting the GB/T recommended national standard and JB/T recommended machinery industry standard, took stock of experience, and followed the trend of the high-quality development of the industry.



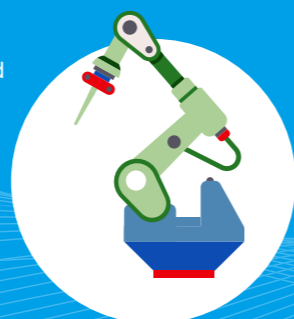
The quality of each product or part concerns the whole delivery level of our products. To this end, we strictly carry out supplier management and quality control of the whole industry chain. With reference to the requirements of IATF 16949 contained in the Production Part Approval Process (PPAP), the Company continuously improves the quality management requirements for materials and parts procured from suppliers. At the same time, based on the PDCA cycle<sup>4</sup>, we optimize the inspection plan for supplier materials, implement closed-loop quality control of products.

**Product Quality Control**

Weichai Power prioritizes the quality of products and constantly improves the reliability of products through technological innovation, data aggregation, quality management target setting and internal supervision and audit. We have formulated incentive management methods for quality management objectives, set quantitative targets such as the Parts Per Million (PPM) assessment method, acceptance rate of customers, and customer satisfaction, to optimize the performance of quality control at each key node. We refine the goals to subordinate departments and related teams, effectively solve prominent problems in each link by means of monthly statistical analysis, formulate targeted transformation measures, and monitor the completion of goals.

We have formulated incentive management methods for quality management objectives, set

- quantitative targets such as the Parts Per Million (PPM) assessment method
- acceptance rate of customers
- customer satisfaction



**Core Quality Management Dimensions of the Materials and Parts Provided by the Suppliers of Weichai Power**



Management of Materials

- Conducting supplier material PPAP audits to ensure that the products they deliver meet quality standards
- Carrying out incoming inspection of parts and once defects are identified, re-inspections of the components of the same batch shall be conducted, and problems with high occurrence shall be included into the lists of routine check or assessment blacklists
- Use the hearing system and red and yellow card quality management methods to implement special management on major issues and frequently-occurred quality risks



Supplier Quality Improvement

- Increasing the frequency of on-site audits of suppliers, and monitoring the improvement of quality management capability during supplier's production activities
- Urging suppliers to establish a more targeted product inspection system, organizing suppliers to benchmark international and domestic advanced experience, and enhancing their capacity building
- Collaborating with multiple departments to carry out factory-based assistance and improvement for some suppliers

<sup>4</sup> PDCA Cycle refers to the total quality management cycle of Plan, Do, Check, and Act.

Weichai Power has implemented a quality awareness improvement plan for all employees. Based on production needs, we selected and trained internal trainers in the quality module, and carried out graded and classified online and offline quality training sessions to ensure that employees have a deep understanding of our quality, measurement and inspection-related requirements.

In 2021, we added a quality lecture hall module to Wei Learning, Weichai Power's online education platform, to provide diverse courses for employees at different levels. We launched over 90 courses such as quality management concepts, quality management system standards, quality tools and project management, allowing employees to learn and improve in their spare time. We have also conducted a variety of offline trainings to improve the quality management awareness of and enhance the skills of employees at different levels.

Wei Learning quality lecture hall module contains **90** courses such as quality management concepts, quality management system standards, quality tools and project management




**The Management**

- Improving the management's awareness of quality management and enhancing their ability to use quality management tools through special training sessions



**New Recruits**

- Carrying out quality education and training activities for newly recruited college graduates, so that they can quickly familiarize themselves with our quality management methods, master the basic knowledge of quality management, measurement management, our five major tools and the IATF 16949 standards



**Engineers and Technicians**

- Providing training on the use of five tools in the product quality management system to improve their capability, as well as to deepen their understanding of our concepts in terms of research and development, technology, manufacturing, procurement, and quality



**Skilled Personnel**

- Hosting precision testing skills competition, quality inspector competition, diesel engine installation and adjustment competition and other activities to enhance their hands-on ability

**Quality Management Training Highlights of Weichai Power in 2021**

Weichai Power HQ has **35** internal trainers for quality modules including **6** senior lecturers and **16** lecturers

**12** assistant lecturers


Shaanxi Heavy Duty Automobile carried out a total of **68** special training sessions

**26** employees were organized to complete the Lean Six Sigma Green Belt (LSSGB) Training

As a council member of the China Automotive Quality Technology Alliance, Fast Gear has carried out **628** training sessions

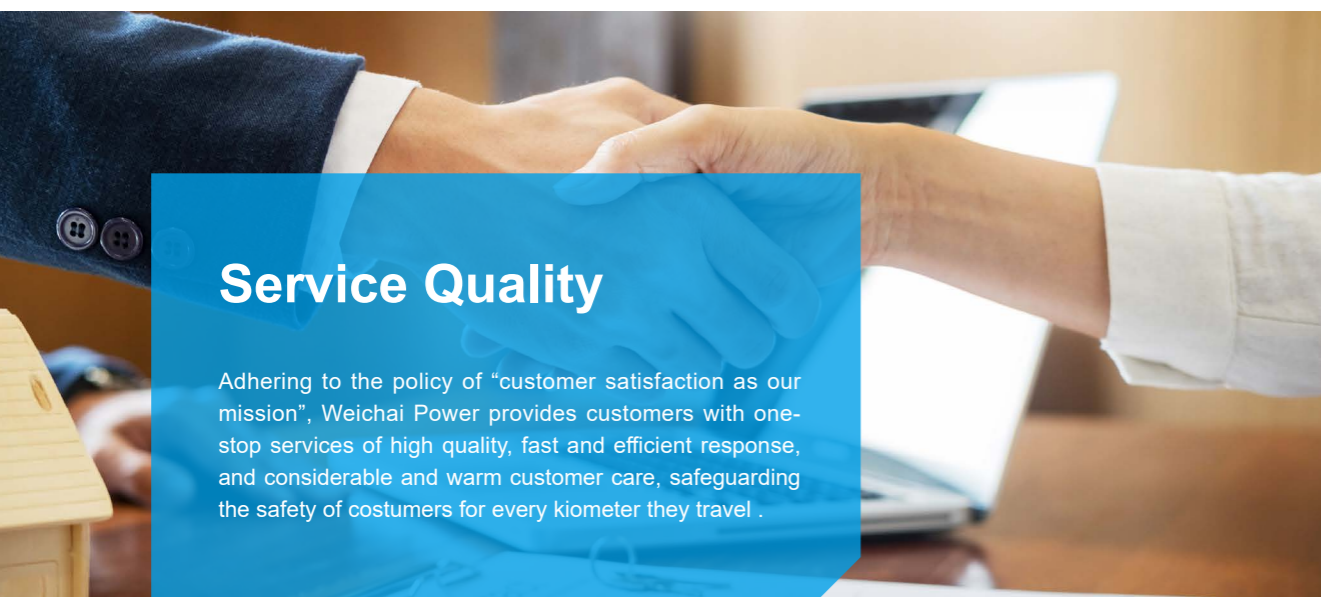
**39,000** online and offline enrollments

KION organized **16** quality training sessions, covering international and domestic laws and regulations, engine power chain professional knowledge, the latest industry standards, and supplier quality communication, etc.



We organize the "Quality Month" event on a regular basis, where such activities as quality knowledge contests, typical case exhibition and proposing suggestions for improving quality management systems are held to ensure that employees can improve their quality awareness, prevent quality risks, and conduct quality tiered audits in their work. In 2021, Weichai Power held the "Quality Month" event themed "Deepening Quality Chain Management and Ensuring Excellent Quality" to further foster the atmosphere of "everyone highly values and participates in ensuring high quality". The Company held the 2020 Annual Quality Summary Conference in April 2021 to commend quality model units, quality trustworthy teams, quality stars, high quality projects, etc., to further improve the employees' craftsmanship in quality.





## Service Quality

Adhering to the policy of “customer satisfaction as our mission”, Weichai Power provides customers with one-stop services of high quality, fast and efficient response, and considerable and warm customer care, safeguarding the safety of costumers for every kiometer they travel .

## Service Assurance

Strictly following the *Contract Law of the People’s Republic of China*, the *Advertising Law of the People’s Republic of China* and other laws and regulations, Weichai Power provides warranty services of repair, replacement, and refund to the highest standards in the industry. For parts covered by China VI vehicle emission standards, the Company also provides a 700 thousand kilometers within seven years’ long maintenance service, in which the labor fee for repairing is exempted, to improve customers’ service experience and their satisfaction. Our publicity materials will be reviewed by multiple departments after it is produced, with an aim to prevent any overstatement of our products in selling. We have also issued the *Notice of Service Guarantee and Care Activities during the Epidemic Period* in 2021, which was designed to ensure that we would continue to provide timely and effective services in areas seriously affected by the epidemic.

For parts covered by China VI vehicle emission standards, we provide a **700** thousand kilometers within **7** years’ long maintenance service



“

### The Notice of Service Guarantee and Care Activities During the Epidemic Period states:

- If the transportation of spare parts of vehicles is disrupted due to the epidemic, the Company will postpone accordingly the warranty of repair, replacement and refund period, and customers can still enjoy the repair after the epidemic is over.
- The Company will increase subsidy for personnel in service outlets who provide on-site services.
- The Company will provide all-out support if any financial difficulty occurred in service outlets.
- For vehicles transporting anti-epidemic materials, priority will be given to ensuring their smooth service, and rescue and free travel services will be provided in any area.



Strictly following the *Regulations on the Administration of Recalls of Defective Automotive Products* and other relevant laws and regulations, Weichai Power clearly defines in its internal policies the conditions where a recall shall be initiated, and has established a special work group to strictly monitor any product defects in the process of design, manufacture and labeling. If the Company identifies that the products of the same batch, model or category generally do not meet the national standards and industry standards for the protection of personal and property safety, or entail any other unreasonable dangers and risks that endanger personal and property safety, we will report to relevant national authorities on potential defects, contact OEMs and end customers, determine risks and recall liabilities, initiate product recall procedures as soon as possible, and formulate a report to the relevant national authorities to evaluate the result of recall.

**0** recalls occurred in Weichai Power in 2021.

## Customer Response

Weichai Power strictly abides by the requirements of relevant laws and regulations, adheres to the service concept of “delivering what we have promised and providing considerable services”, and actively responds to customer needs with efficient and detailed services of high quality.

By leveraging the global service center established in 2012, Weichai Power has continuously upgraded customer service response platforms and customer work order management systems to realize our commitments to quality service. We develop relevant KPIs, connect service evaluation of different channels with customer evaluation and satisfaction, enhance the service capability of the technical service supporters, strictly handle complaints of all kinds, to ensure the delivery of our commitments in time-limited services and improve customer experience.

In order to improve customer experience of the Company’s China VI products, we added seven technical service supporters and a number of service personnel in the customer center in 2021, which already had near 100 members, to ensure that we can provide smooth services in an efficient manner.

we already had near **100** members in the customer center in 2021

added **7** technical service supporters and a number of service personnel



### Customer service operation process of Weichai Power:

- The customer calls our service hotline 400-618-3066 to make an after-service request;
- The service center arranges service task upon receiving the customer’s repair request, and a text message will be sent to relevant service outlets;
- After receiving the text message, the service outlet will contact the customer within 5 minutes, accept the work order within 15 minutes, and leave for repair within 30 minutes;
- The Company sets different deadlines for completion based on the types of services the customer requested: 4 hours for maintenance, 6 hours for minor repair, 12 hours for moderate repair, and 72 hours for an overhaul. A call visit will be made after the repair is completed to collect customer feedback and to make improvements in a timely manner.

Customer service commitments of Shaanxi Heavy Duty Automobile:

- One-stop services of high standard; unified service standard; “no waiting” maintenance and “unlimited” route guarantee

Customer service commitments of Fast Gear:

- Resolving minor failure within 8 hours, serious failures within 24 hours, and major failures within 72 hours

Awards received in 2021:



- the Silver Level SQEP (Supplier Quality Excellence Process) Certification from Caterpillar 2020.
- Daimler's Mitsubishi Fuso Truck and Bus Corporation (MFTBC) 2020 Grade A Supplier Certification



By leveraging the IVR voice navigation system at the customer service center, Weichai Power connects the whole-process service system with the quality management system. Based on the urgency and timeliness of the event, we refer repair requests, consultations, and complaints to relevant teams. We highly emphasize and ensure the proper handling of the events.

**Weichai Power's Multi-Channel Customer Service Responding Teams**



- Responsible for answering technical inquiries and is composed of a **24 hours per day/365 days per year** customer service response team (with about 100 members) led by seven call center experts
- Providing guidance for vehicle repair and maintenance, tracking the status quo of vehicles to be maintained, and helping service outlets to accurately locate customers in need



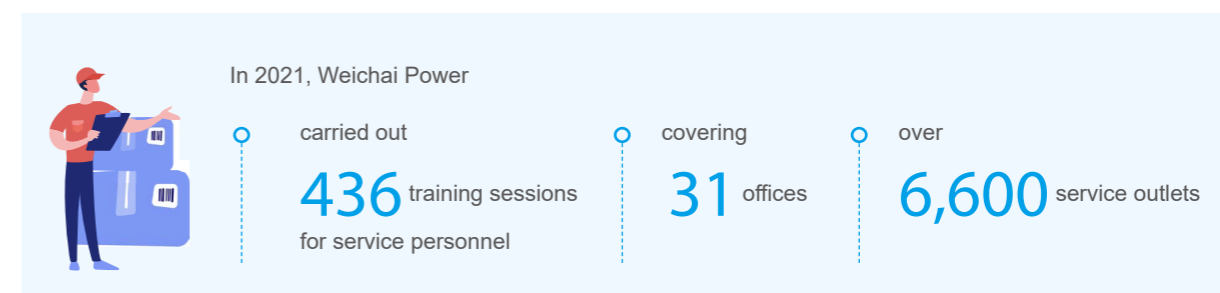
- Improving customer experience through optimized development of remote diagnostic software, Zhiduoxing and others
- Providing special technical support for the latest products with upgraded emission capacity compliant with the On-road China VI standard and the Non-Road Stage IV standard



- Composed of professional service teams all over the country and providing services for specialized and difficult faults in a timely manner
- Counting and reporting data on regional classic failure cases and product defects, regularly summarizing experience, learning from each other, and ensuring the timeliness of maintenance in the region

In strict accordance with the *Civil Code of the People's Republic of China* and other laws and regulations, the Company maintains the strictest level of confidentiality with all customer information, and the randomness of information handlers and the strict review of information transmission are ensured. Our service team account is bound to fixed IPs, regular checks on abnormal logins are conducted, and work order service reviewers are randomly assigned. If data needs to be exported by relevant teams, permission in strict accordance with the requirements for unified data reporting shall be filed.

In 2021, Weichai Power carried out 436 training sessions for service personnel, covering 31 offices and over 6,600 service outlets. The training content covers service policies, guidelines for new service outlets, key customer training and China VI training, etc.



**Case** Proving Services for China VI Products in the New Era

In 2021, the Company's WP12 China VI heavy-duty truck, RA428 China VI light-duty bus, N-Platform China VI school bus and a series of other China VI products won the trust of customers with their strengths. To better satisfy our customers, the Company carried out special trainings on China VI vehicles, and popularized information on the use, maintenance, and repair of China VI products in the low-emission era through livestreaming and other training methods.

Through the Weichai China VI Knowledge Lecture Hall, we have invited overseas center personnel, maintenance service personnel, dealers, and other relevant personnel to participate in the Company's service training online to improve their understanding of and familiarity with products. We have also invited technical experts to demonstrate the inspection precautions for customers, guide customers to use Weichai China VI products properly, so as to lower the risks of human-caused failures.

The Company has accelerated the establishment of bases for training after-sales skills in the China VI era, so as to enable service engineers nearby to learn courses such as service skills, operation standards, failure identification and judgment, equipping them with capabilities to provide professional, efficient and rapid services to meet customers' needs and the needs of rapid corporate development.



Weichai China VI Knowledge Lecture Hall

Case Weichai Power Hosting a Business Conference Aftermarket Services Session

On December 11, 2021, Weichai Power's 2022 Business Conference Aftermarket Services Session was held both online and offline. We discussed future cooperation and development models with distributors and service providers, and released a new generation of China VI intelligent engine diagnostic tool--Zhiduoxing 4.0, with an aim of upgrading services through digitalized methods.



Weichai Power's 2022 Business Conference Aftermarket Services Session

In 2021, Weichai Power received a total of 1,490 complaint work orders, handled 100% of customer complaints properly, and achieved a customer satisfaction score of over 85.

Customer Satisfaction in 2021

Weichai Power HQ

- Customer satisfaction reached **85.8**
- Satisfaction rate of work order reached **97.78%**

Fast Gear

- Customer satisfaction score reached **95.0**

Shanxi Heavy Duty Automobile

- Customer satisfaction score reached **85.7**
- Net Promoter Score (NPS) reached **81.3%**

KION

- Customer satisfaction score reached **94.4**

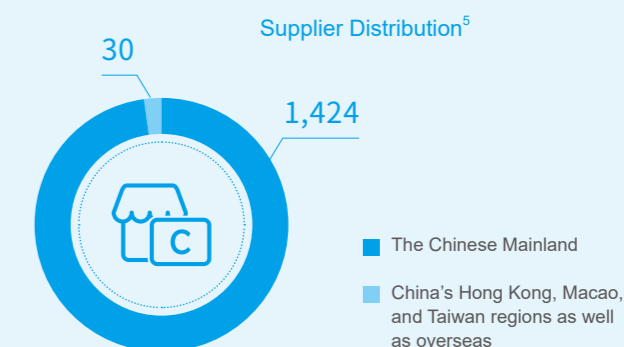
## Supply Chain Management

Weichai Power implements its internal supply chain management system in strict accordance with relevant laws and regulations. Based on changes in market and product demands, Weichai adjust its supplier system in a timely manner. The Company implements the divisional and hierarchical management of suppliers to reduce operational risks. We are committed to establishing a professional, diversified, multi-level, and compound supply chain system, creating a high-end engine supply chain with core technology, cost advantages, and quality competitiveness, so as to achieve competitive advantages in the entire life cycle of products.

### Supply Chain Stability

Responding to the national "dual carbon" goals and facing mounting uncertainties such as the Covid-19 pandemic, Weichai Power is committed to building a green and stable supply chain. By continuously promoting local sourcing, we shorten the procurement cycle while driving the development of the local economy, reduce supply chain risks and adverse environmental impacts that may be incurred by long-distance transportation, and ensure the timely delivery of a full range of products.

As of December 31, 2021, our supplier distribution by region is as follows:



The Company has also established a component supply assurance mechanism feature by "Safe reserve as a foundation, rapid response as a supplement, and risk management and control as a priority". Based on the characteristics of different components, the Company has taken corresponding measures to effectively mitigate risks.

Risks	Measures
Capacity risk	Following market demands and ensuring adequate production capacity reserve by seeking for more suppliers that can provide exclusive and key components and by facilitating the increase of existing suppliers' productivity.
External risk	Keeping abreast of local policies, especially those on environmental protection and epidemic control, and their potential impacts, so as to plan ahead and adjust appropriately the regional layout of suppliers.
Operational risk	Keeping a close eye on the supply status of existing exclusive suppliers for old products and working hard on identifying and acquiring more new suppliers, and preparing back-up plans.

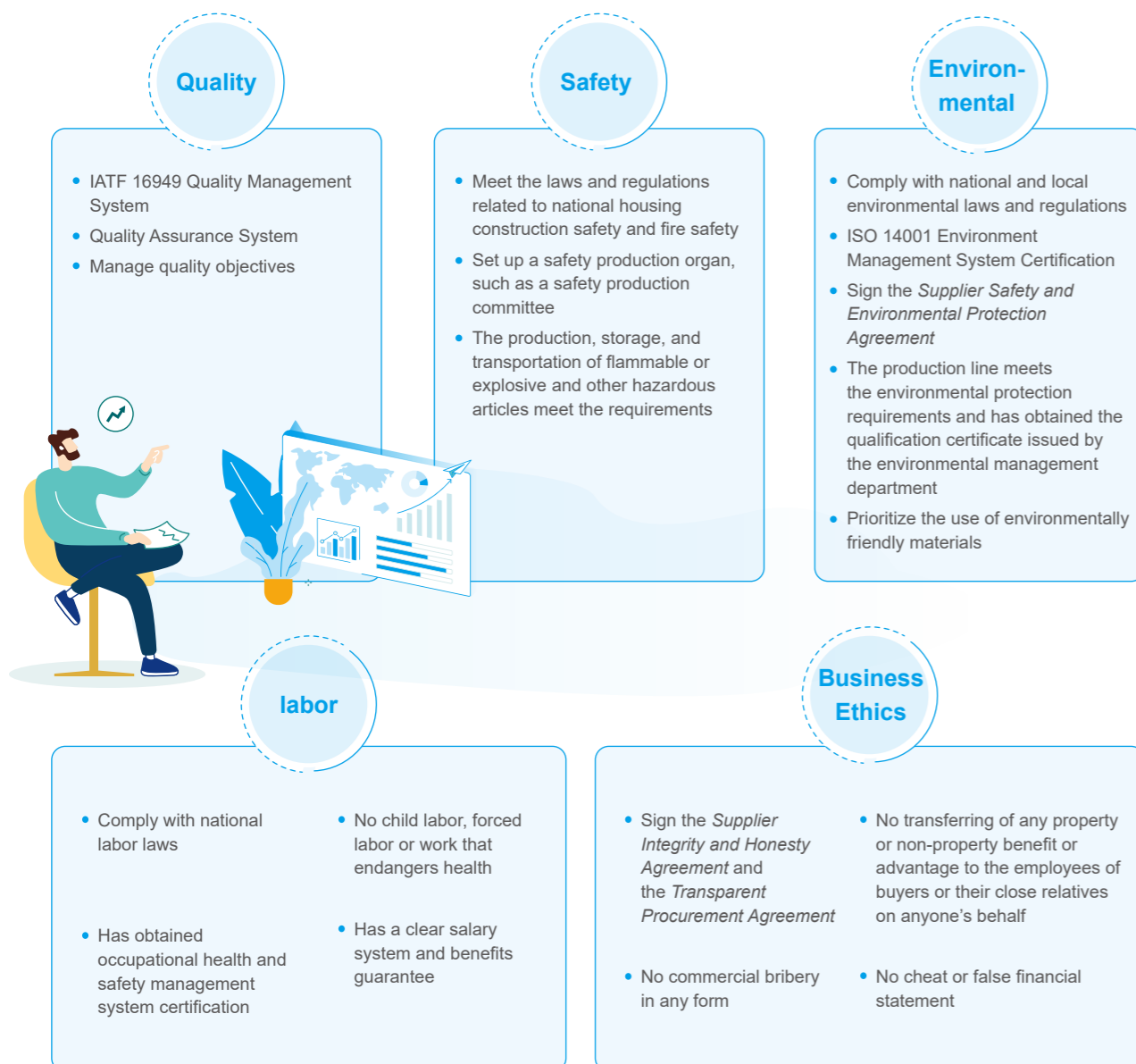
<sup>5</sup> The supplier data exclude KION.

## Suppliers' ESG Management

Weichai Power has established a dual risk prevention and control system, and formulated rules and regulations such as the *Supplier Management Manual* and the *Supplier Qualification Review Form* to standardize the whole process management of suppliers' qualification review and admission, evaluation, and exit. In addition, we are committed to building a transparent supply chain, strictly following the rules and regulations, carrying out the sourcing activities fairly and equitably, and ensuring the compliant operation of the supply chain.

In the supplier qualification review and admission stage, we conduct internal recommendation review, on-site review, company recommendation review and other management processes to potential suppliers (after meeting entry qualifications), including quality, safety, environment, labor and business ethics and other aspects. We give priority to environment-friendly suppliers. In 2021, 78% of the suppliers of Weichai Power HQ adopted environment-friendly materials and recyclable packaging.

### Suppliers' ESG Admission and Evaluation Criteria



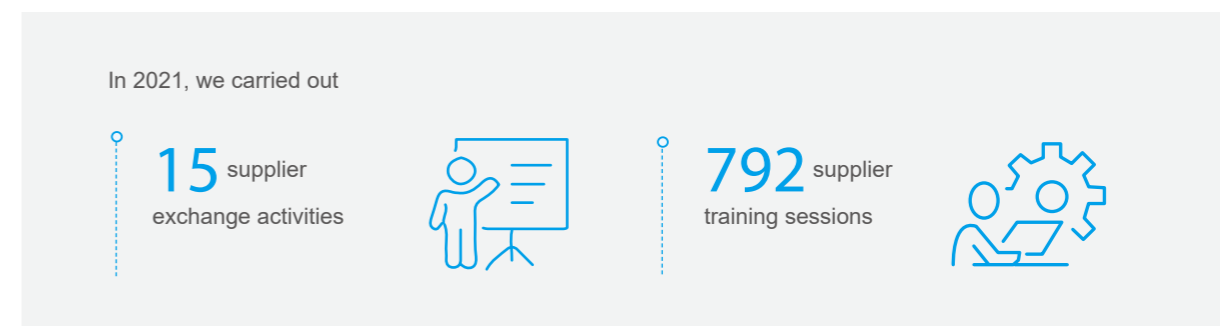
## Suppliers' ESG Performance<sup>6</sup>



In the stages of supplier performance evaluation and exit, Weichai Power implements systematic evaluation and management of suppliers in accordance with the supplier performance evaluation control procedures. For suppliers who do not meet our requirements after assessment, we will urge them to improve and suppliers with undesirable behaviors are not allowed to participate in our supplier appraisal work. At the same time, according to different circumstances of undesirable behaviors, we implement notification, fine and removal of suppliers who have violated the rules to ensure the sustainable development of the supply chain.

## Supply Chain Empowerment

Weichai Power is willing to growing together with suppliers. In 2021, we carried out 15 supplier exchange activities and 792 supplier training sessions. While continuously improving the quality of its own products, the Company actively shares its experience with suppliers to help suppliers improve their capabilities, thereby creating a more competitive supply chain.



<sup>6</sup> Supplier data exclude KION.

## Leading in Technological Innovation

Weichai Power regards technological research and innovation as the inexhaustible driving force for sustainable corporate development. Relying on our industry-leading technologies, we continue to launch world-class innovation achievements, and strive to lead the world in key and crucial technologies, basic research, scientific and technological innovation achievements, and innovative ecology, making Weichai Power the most desirable technology platform for global innovative talents.

### Technological Innovation Layout and Systems

We have established multiple R&D institutions to further pursue collaborative R&D innovation, and we have also set up cutting-edge technology innovation centers in Chicago, Aachen and Tokyo. Also, adhering to the concept of "Spontaneous and Combined Innovation", we have carried out integrated cooperation in production, learning, research and application with MIT, Tsinghua University, and other well-known institutions of higher education in and outside of China to jointly build a collaborative, open and mutually beneficial system of technological innovation.

In terms of industry-university-research cooperation projects, the company has added 90 new cooperation projects and 4 new strategic cooperation universities in 2021. In addition, a total of 16 company-level academic salons were held throughout the year, covering topics such as powertrain, zero-carbon fuel engine, hydraulics, electronic control, and new energy, with a total of more than 1,800 participants.

**Case**

The Signing and Opening Ceremony of the Future Commercial Vehicle Innovation Joint Research Center by Shanghai Jiaotong University, Weichai Power and Sinotruk

Shanghai Jiaotong University has maintained a good university-enterprise cooperation relationship with Weichai Power and Sinotruk. Through the establishment of the research center, we aim to build new benchmark for industry-university-research cooperation, deliver products with IIPR and commercialize more academic research results in the industry.



Opening Ceremony of Future Commercial Vehicle Innovation Joint Research Center

Weichai Power has also established a four-in-one technological innovation system of "independent innovation + open innovation + craftsman innovation + basic research innovation". We focus on future technology, and carry out diversified, in-depth and scientific research and technological innovation for engines, new energy, electronic control, process, hydraulics.

**Case**

Commencement Ceremony of the Future Science and Technology Testing and Detection Center Project

The launch of the Future Science and Technology Testing and Detection Center project marks that Weichai Power has fully entered the forefront of technological innovation with a faster pace. A total of RMB 2 billion has been invested in the project to build over 150 laboratories, where cutting-edge basic research, advanced components, new energy, new processes, new materials, intelligent manufacturing, and other testing capabilities will be conducted. It will become the world's top technical equipment and multi-power system advanced technology R&D, testing and detection base.



Commencement Ceremony of the Future Science and Technology Testing and Detection Center Project

As of December 31, 2021, Weichai Power

had a total of **10,421** employees engaged in R&D

who accounted for **12.62%** of the entire staff

our annual R&D and innovation investment<sup>7</sup> reached RMB **8,568.7073** million

<sup>7</sup> R&D and innovation investment was subject to the statistical caliber of annual reports, including KION.

## IPR Protection and Incentives

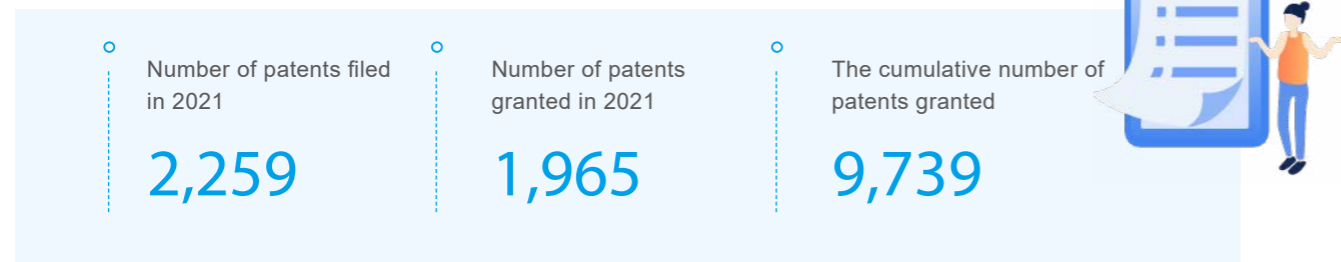
Weichai Power strictly abides by the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations, and fully respects the intellectual property rights (IPRs) of others and actively protects its own scientific and technological innovation achievements, trademarks, patents and other IPRs. We continuously optimize the IPR management system and promote the compliance of IPR application, utilization, and protection by formulating internal management systems such as the *Management Procedures for Intellectual Property Rights*, the *Management Procedures for Company Trademark*, the *Management Procedures for Intellectual Property Rights Protection*, and the *Control Procedures for the Intellectual Property Rights of R&D Projects*.

By analyzing the trends of technological development and technology clusters, we analyze the degree of innovation in the technical field, identify emerging technologies, and conduct patent protection and innovation in fields where technical blanks exist. We also continue to optimize the intellectual property assessment and incentive mechanism, and conduct intellectual property selections and awards from multiple dimensions such as the number of patents, application effects and prospects, and technological advancement, so as to stimulate the creative motivation of all employees and create a favorable atmosphere for innovative research and development.

Weichai Power focuses on improving the capacity to prevent and control IPR related risks. The Company conducts legal review of all contracts signed. It also carries out IPR reviews on new recruits' IPR related agreements in terms of competition prohibition, confidentiality and others, as well as reviews on issues related to employees' entry into and departure from the company. The Company has established an online intellectual property management system and a patent database, and has built an intellectual property protection system that is closely integrated with R&D projects. It has constructed a trademark infringement reporting platform where such functions as information reporting, reward disclosure, achievement display, text message sending are integrated, so as to transit from the traditional information feedback model and build an information reporting mechanism that leads whistleblowers directly to IPR defenders.

Weichai Power actively applies for scientific and technological achievements awards, and explores ways to commercialize products with IPRs. In 2021, the Company successfully applied for and was granted as a pilot organization of patented technology transferring and transforming projects in Shandong Province. With the support from the local government, it promotes the high-quality transformation of industrial technological achievements.

### IPR Quantitative Performance Measure<sup>8</sup>



<sup>8</sup> The intellectual property data exclude KION.



**Case** Weichai's Frontline Employees' Innovative Achievements Won Two Provincial Awards in 2021

The "Research and Application of Dynamic Measurement Technology for High-temperature Moving Parts of Internal Combustion Engines" completed by the craftsman innovation team led by Kang Haiwei won the first prize of the 2021 China Machinery Industry Science and Technology Award in the category of scientific and technological progress, making another breakthrough in terms of the innovation achievements delivered by the frontline employees of Weichai Power.



Tang Haiwei (third from left) and His Fellow Team Members

The "Data Acquisition and Control Unit of Engine Measurement and Control System" project completed by Huang Jixuan's craftsman innovation team won the second prize of the 6th National Excellent Technological Innovation Achievement for Employees.



Huang Jixuan (third from right) in Discussion with His Fellow Team Members

## Leading Industry Development

Weichai Power highly values the technical exchanges and cooperation with industrial peers and industry associations, actively participates in the formulation of national and industrial standards, and is committed to promoting the common progress among partners. In 2021, Weichai Power HQ participated in the formulation of 16 national and industrial standard, Shaanxi Heavy Duty Automobile participated in 13, Fast Gear 8 and KION 32.

In 2021, the Company focused on conducting benchmarking research on traditional business segments and new ones, explored traditional business competition strategies and future development models of new businesses. In addition, Weichai Power actively explores quality management in the industry, and several of projects have won quality related awards and honors in the industry.

### Quality Related Awards and Honors of Weichai Power in 2021 (Partial)

**Weichai Power HQ**

- Recommended Six Sigma and QC excellent projects to participate in national industry association presentations for four times, and 17 achievements won national honors
- The "Measurement Management Innovation of Large Manufacturers Based on 'Four-in-One' project won the 2021 Enterprise Management Modernization Innovation Achievement in the Machinery Industry of China award

**Shaanxi Heavy Duty Automobile**

- State Administration for Market Regulation: Nomination Award for the 4th China Quality Award
- China Association for Quality: Advanced Organization for Implementing Excellent Performance, Quality Technology Award, Excellent Six Sigma Project Award, National Excellent QC Team, National Excellent Quality Trustworthy Team
- China Machinery Industry Federation: Gold Award in 2021 National Machinery Industry Product Quality Innovation Competition
- First Prize of QC Group of China Machinery Industry Quality Management Association

**Fast Gear**

- "Experience in Implementing BIQ (Co-cast Quality) Management" won the title of "2021 National Quality Benchmark" issued by China Association for Quality in September 2021

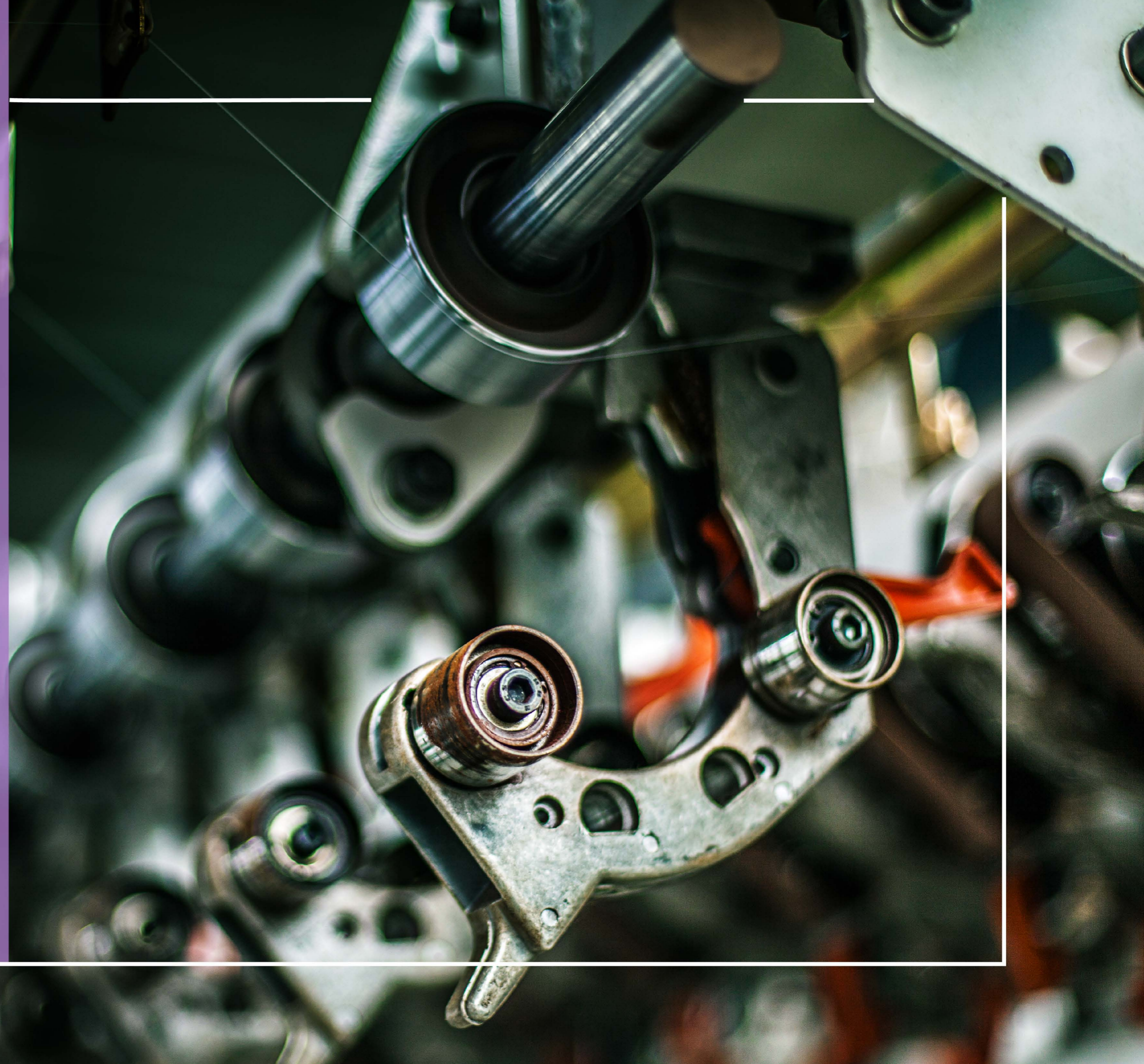


# 03

## Safety

### Facilitating Safe Growth

Production safety is the cornerstone of our healthy growth. Adhering to the policy of “safety first, prevention focused, comprehensive management”, we continuously improve our safety management systems and enhance our inspection and management capacities to build a positive safety culture. These endeavors ensure better management performance and protection for the health and safety of employees.



## Safety Management System

Strictly complying with the *Production Safety Law of the People's Republic of China*, the *Law on Safety of Special Equipment of the People's Republic of China* and other laws and regulations, the Company formulates and implements the *Management and Control Procedures on System of Responsibility in Safe Production*, the *Control Procedures on Production Safety Inspection* and the *Inspection and Treatment of Potential Incidents*, and other systems for managing safety, so as to provide reliable system guarantee for the effective implementation of the safety management work of production and operation units.

Based on the structure of the Company and by fully analyzing the production safety management responsibilities at all levels, we have established a production safety management system covering "company-branch-workshop-team", and further streamlined entity responsibility for production safety to persons in charge at all levels. The Safe Production and Environmental Protection Committee, as the highest regulatory body for our safety and environmental protection management, is headed by our senior managers and responsible for the overall supervision and review of the production safety management of all our production units. Under the committee, we have set up 10 professional groups, covering main aspects including processes, equipment and facilities, transportation, R&D and testing, fire control, infrastructure construction, kinetic energy, new energy, casting and forging, as well as environmental protection. The groups are composed of heads of relevant functional departments and production units. The Safety and Environmental Protection Department, as the daily management branch of the committee, is responsible for the organization, scheduling and implementation of relevant work in the committee, and coordinating with various departments to fully implement the management of safety.

As for now, Weichai Power has fully established an all-round safety management system composed of the production safety standardization system, the occupational health and safety management system, and the dual prevention system, covering all production units and related functional departments. The production safety system is audited by government departments every three years, and the construction of GBT45001 occupational health and safety management system has been audited and certified by a third-party organization.

KION creates a safe working environment for employees by identifying, minimizing and eliminating negative impacts, and plans to achieve ISO 45001 or equivalent system certification for 100% of all plants by 2024. In the daily work, KION regularly reviews the status quo of safety management and publishes monthly reports on occupational health and safety progress, which serve as a basis for safety management goals and HSE risk assessment, enabling further improvement of the safety management system.

## Safety in Production Process

Relying on its comprehensive safety management system, Weichai Power integrates the concept of safe production into every link of production and operation. We strictly investigate and handle safety risks from the source, implement the requirements for handling safety incidents, strengthen the management of special equipment, introduce advanced safety technology and equipment, implement strict management of safety production performance of relevant parties before, during and after the operation, and constantly convey the Company's philosophy of high-standard management and control of safety to others.



## Potential Safety Hazards Investigation

In order to sub-divide risks and trace back to sources of danger, we have built systems to further classify and control risks in safe production and to inspect and treat potential safety hazards in accordance with the national guidelines for establishing a dual prevention system, so as to better integrate the dual prevention system and the safety management system. Weichai Power has formulated and implemented the *Implementation Guidelines for the Construction of a Hierarchical Safety Risk Management and Control System* and the *Implementation Guidelines for the Construction of a Hidden Hazards Inspection and Governance System* and other policies, set up multiple rounds of safety risk sorting and identification and hidden danger screening procedures, and updated the *List of Major Hazard Sources* in real time, so as to effectively strengthen the identification, evaluation, classification, control and continuous improvement of safety risks and to realize the dynamic management of potential accidents on the site.

In 2021, we conducted 14 special evaluations on key management and control matters and units such as hazardous operations, related parties, new energy, and natural gas. We have carried out the "three simultaneous" evaluations for 16 fixed asset investment projects, prepared special safety evaluation reports, proposed safety improvement suggestions, and limited the number of minor accidents well below the prescribed limit.

## Safety Incident Handling

The Safety and Environmental Protection Department at Weichai Power, as the body responsible for the investigation and handling of production safety accidents, is in charge of the management of production safety accidents in daily work, conducting investigation and handling of safety accidents, and supervising and inspecting the implementation of preventive measures.

A mechanism of "accident investigation-report- evaluation-rectification and verification" has been established to guide the handling of safety accidents occurred in daily operations. Guided by the mechanism, we conduct accident investigation and analysis in a timely manner, so as to find out the causes and liabilities, to obtain the opinions of the people in charge on handling the incidents, and to formulate and implement effective preventive measures. Through the closed-loop management of safety incidents, we ensure that the cause of the accident is identified, the person claimed responsible is punished seriously, the parties involved and employees in general have learned the lesson, and preventive measures are implemented.

### Special Equipment Management

As special equipment is complex in structure, wide in the range of operation, and may be dangerous, they are regarded by Weichai Power as a key object of management and control in ensuring safe production. We organize safety inspections for special equipment such as hoisting machines, pressure vessels, boilers, elevators, and forklifts in operation on a regular basis, and deactivate, cancel and scrap special equipment that fails to meet safety management requirements in a timely manner. Weichai Power completed the annual inspection of more than 500 sets of special equipment, and deactivated, canceled and scrapped over 100 sets of special equipment in 2021.

Weichai Power completed

the annual inspection of more than

500

sets of special equipment

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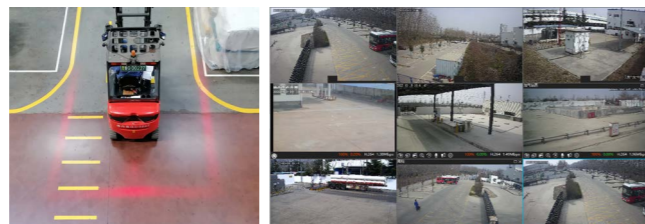
deactivated, canceled and scrapped over

100

sets of special equipment

**Case** Ensuring Safety in Using Special Equipment and in Key Areas

In 2021, while promoting excellent safety technology upgrade projects to relevant units every month, Weichai Power also completed the installation of safety warning lights for more than 130 forklifts, and adopted the “CCTV +automatic monitoring” method in key areas such as limited space, to achieve digitalized management and control.



Digitalized Safety Monitoring Equipment

We carried out trainings on the safe operation of special equipment according to the operational needs of employees. We also organized relevant units to build sites for forklift operational skills training with appropriate training procedures developed, so as to provide safe venues for employees in need to learn and receive training.

### Safety Management of Relevant Parties

To regulate the operations of relevant organizations conducted in Weichai Power and identify lines of responsibility, Weichai Power has formulated the *Procedures on Managing and Controlling Safety and Environmental Protection of Relevant Parties* as another regulation for relevant parties' operators, which also provides a comprehensive evaluation of the safety management of relevant parties carried out in each link before, during and after the operation.

Before project tendering, the safety and environmental protection conditions of potential suppliers and contractors and other relevant parties are carefully reviewed in strict accordance with the qualification review process, safety and environmental protection agreements will be signed and safety and environmental protection management personnel of relevant parties within the unit will be designated. The unit that proposes the operation needs to identify the risks in the operation process of the relevant parties based on the operating conditions, and put forward specific requirements in terms of safety and environmental protection.

Before the operation, the on-site supervisory unit shall review the safety and environmental protection agreements signed by relevant parties, and require contractors and other relevant parties to strictly follow our regulations in terms of providing training, physical examination, and distribution of protective supplies. If it's a technical upgrading project that is involved, the on-site training publicity meeting shall be carried out and construction site safety notice shall be issued. Relevant parties shall set up safety and environmental protection notice boards in the operation area, and post them in obvious positions in the construction area.

During the operation, the safety management personnel from the supervisory unit shall conduct safety education on material hazards, safety risk prevention and control, and emergency management to the relevant parties based on specific operation sites and features of the operation. The Safety management personnel shall also check the relevant parties' license for conducting dangerous operation and their special operation qualification to ensure that personnel, equipment and facilities meet the safety operation access conditions. Safety management personnel, the technical upgrading department, the safety assurance department, the safety and environmental protection department and other departments shall regularly carry out special safety supervision and inspection of relevant parties, and propose, in a timely manner, the rectification requirements for potential safety hazards found during the inspection of on-site operations.

When the operation is completed, the supervisory unit of the operation site shall confirm the safety of the relevant parties on the site, conduct safety assessments according to the provisions of the safety and environmental protection agreement, safety and environmental protection commitment letter or notice signed by all parties, develop a work ledger and keep relevant parties' safety and environmental protection agreements, education records, inspection records and rectification data of related hidden dangers.

## Occupational Health and Safety

In strict compliance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, Weichai Power implements the occupational health and safety management system and meets the all the relevant requirements.

Adhering to the principle of eliminating the risks from sources, we regularly carry out the identification of workplace hazards, conduct the identification, monitoring and evaluation of occupational hazard factors, comprehensively sort out and identify the occupational hazard factors existing in the post, develop the *List of Occupational Hazards in the Workplace*, and implement special control measures, so as to further improve the working environment of employees and effectively protect the health of all employees.

### Work-related Injuries Occurred in Weichai Power in the Past Three Years<sup>9</sup>

	2019	2020	2021
Number of safety accidents occurred in production	6	3	2
Number of people injured (person)	6	3	2
Working days lost due to work-related injuries (days)	260	270	220
Work-related fatalities (person)	0	0	0

We fully carry out pre-job training and regularly organize special occupational health training according to the characteristics of the post. We establish employees' personal health files according to the principle of “one person, one file”, carry out full-process occupational health examinations before, during and after employment, regularly summarize and analyze occupational diseases, and distribute high-quality labor protective supplies in a targeted manner to fully implement the entity responsibility of occupational health management.

**Case** Carrying Out Regular Physical Examinations

In order to help staff to understand their overall health status and achieve the purpose of early detection, early diagnosis and early treatment of diseases, Weichai Power organized employees in key positions, overseas personnel, marketing personnel and retired veteran cadres to conduct health examinations in 2021.



<sup>9</sup> The work-related injury data exclude KION.



In 2021, Weichai Power HQ conducted company-level safety education and training for

**1,375** new recruits

and

**831** workers who have changed positions



In 2021, a total of

**282** safety management personnel and

**340** special operation personnel participated in the education and training of safety certification qualifications

## Promotion of the Awareness of Safe Production

Weichai Power holds the annual safety production work meeting every year to clarify our safety management goals, and through management methods such as system guarantee, training and education, and atmosphere creation, it continues to promote the cultivation of safety culture within the Company and enhance the safety production awareness and skills of employees at all levels.

We continue to improve the construction of the safety training system, formulate effective safety education and training plans based on the company's business characteristics and job requirements, and carry out safety education efforts on a regular basis. In 2021, Weichai Power HQ conducted company-level safety education and training for 1,375 new recruits and 831 workers who have changed positions.

In order to further improve our safety management system, while improving the safety production knowledge and skills of employees, we also further strengthen the construction of the talent team, and carry out special qualification education and training for safety management personnel and special operators. In 2021, a total of 282 safety management personnel and 340 special operation personnel participated in the education and training of safety certification qualifications.



Safety Education and Training

Besides cultivating the culture of safe production by individual departments, we also actively carry out various safety culture cultivation activities including the "119 Fire Control Awareness Month" and safety emergency exercises by taking advantage of opportunities such as the "Work Safety Month" and the "Publicity Week of the Law on the Prevention and Control of Occupational Diseases". In 2021, Weichai Power carried out various emergency exercises for 213 times with 6,500 participants, and has effectively improved the safety emergency response capability of all employees.



The 119 Fire Control Awareness Month Event



In 2021, Weichai Power carried out various emergency exercises for

**213** times



with

**6,500** participants

We make full use of electronic journals, system operation reports and other forms to report and publicize safety production knowledge such as relevant laws and regulations, accident cases, and potential hazards investigations, and create a strong safety atmosphere within the Company.



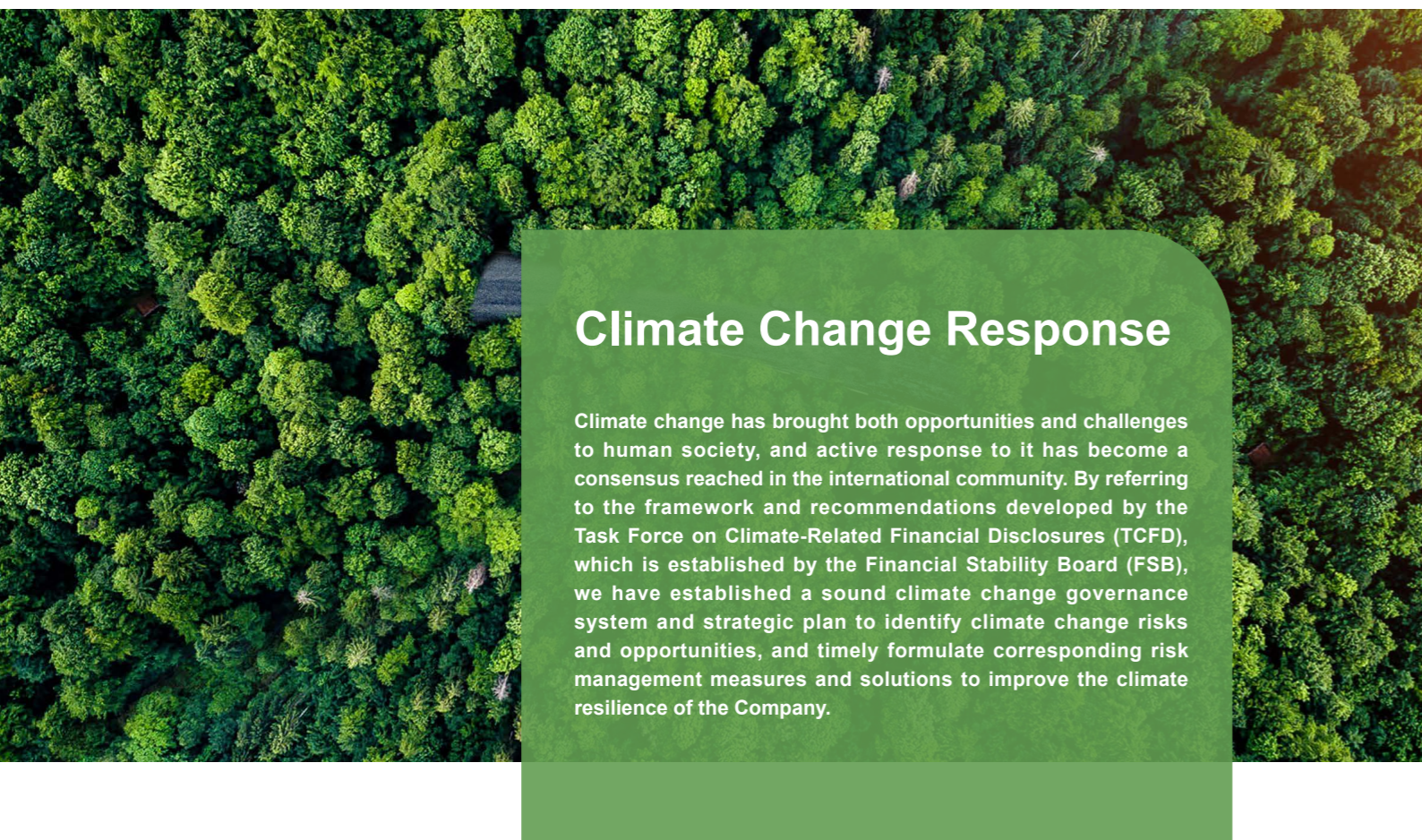
Electronic Journal on Safety Production

# 04

## Environmental Green Power

With “Green power, International Weichai” as its mission, Weichai Power actively responds to the national call for energy conservation and emission reduction, and contributes to addressing climate change. We are committed to pursuing green and low-carbon operation, improving the efficiency of resource and energy use, strengthening the improvement of employees’ awareness of energy conservation, and fulfilling our commitment to sustainable development with practical actions.





## Climate Change Response

Climate change has brought both opportunities and challenges to human society, and active response to it has become a consensus reached in the international community. By referring to the framework and recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD), which is established by the Financial Stability Board (FSB), we have established a sound climate change governance system and strategic plan to identify climate change risks and opportunities, and timely formulate corresponding risk management measures and solutions to improve the climate resilience of the Company.

### Climate Governance

Weichai Power actively responds to the national “dual carbon” goals and conducts in-depth research on relevant guidelines such as the *Opinions of the State Council on Completely, Accurately and Fully Implementing the New Development Concept and Performing Well in Fulfilling Carbon Peaking and Carbon Neutralization Targets*, and the *Action Plan for Carbon Dioxide Peaking Before 2030*, as well as other relevant guidelines and policies. To this end, we set up a special team for facilitating the carbon peaking and carbon neutrality targets, which is responsible for organizing and leading the formulation, implementation and scheduling of carbon peaking and carbon neutrality work plans.

### Climate Strategy

Following closely the global trend of energy transformation, Weichai Power integrates the green and low carbon concept into its own strategic planning, actively explores the pathways for product and technology transformation and upgrading, systematically plans energy supply transformation, and contributes to achieving the national “dual carbon” targets. (See

### Climate Risk Identification

In 2021, we carried out climate risk identification efforts to proactively identify the physical risks and transition risks brought about by climate change to the production and operation of the Company, so as to lay a solid foundation for us to better mitigate the impact of climate risks and then improve its resilience against climate change.

### Climate Change Risks Facing Weichai Power

Types of risk		Description
Transition risk	Policy and regulatory risk	Regulatory agencies and capital market rating indices have continuously raised the requirements for corporate environmental information disclosure. If the Company fails to disclose environmental information as required, it will be exposed to compliance risks.
	Technical risk	As required in the national “dual carbon” targets, the research, development and transformation of existing technologies and equipment shall be considered as a method to reduce emissions. Against such backdrop, if the Company fails to increase its research and development of energy-saving and emission-reduction technologies or to employ technologies that save more energy in operations, its sustainable and stable operation cannot be guaranteed.  With the popularization of new energy and renewable energy powered vehicles across the globe, if the Company fails to reduce carbon emissions in vehicle manufacturing and produce environmentally friendly vehicles, the company will not be able to maintain long-term technological leadership.
	Market risk	As Low-carbon has become a new focus in consumption, if the Company fails to effectively reduce carbon emissions in its process of production and operation, or to develop more renewable-energy powered products, customers will reduce their demand for related products and services due to their low-carbon preferences, directly resulting in the loss of revenue and market share.
	Reputational risk	With the popularization of such topics as addressing climate change and pursuing sustainable development, major regulators, investors, customers and other stakeholders and the public are paying closer attention to and looking forward to our new-energy powered products and low-carbon transformation. If the Company fails to launch fresh new-energy powered products in a timely manner or does not have corresponding substantive measures to do so, it will be generally questioned by various stakeholders and the public, affecting its corporate image.
Physical risk	Acute risk	The occurrence of extreme weather events such as typhoons, hurricanes or floods may damage factory sewers, affect the stability of the supply chain, and disrupt construction projects or operations in factories. If the continuity and stability of operations in extreme climates cannot be guaranteed, the low resilience against extreme weather will impose negative impacts on our business operations and corporate image, and thus lowering its revenue.  Extremely hot or cold weather will expose the health and safety of employees to more risks, and will also increase the operating cost of temperature control in the factory area, as well as the maintenance frequency and cost of production equipment and facilities.
	Chronic risk	Global warming will lead to persistent high temperatures, droughts and fires, increasing the frequency of natural disasters and causing water shortages. This will affect the operation of facilities, resulting in lower production efficiency.

Adhering to the energy management policy of “energy conservation and emission reduction, improvement in quality and efficiency, and green development” and complying with the *Energy Conservation Law of the People’s Republic of China* as well as other laws and regulations, Weichai Power takes multiple measures to strengthen energy management, comprehensively builds a resource-saving enterprise and improves its resilience against climate risks.

### Energy Management Measures



- Systematically improve energy management at all levels through energy review, internal and external audits, etc. In 2021, a total of 17 energy management program documents, 32 systems and processes, and 27 energy management record forms were reviewed.



- The practices of wasting or overusing energy detected in monitoring will be stopped in a timely manner. Reports are made every two weeks, and the implementation of newly adopted energy consumption approval system, energy plans and energy supply shutdown system are also continuously monitored.

### Case

#### Establishing energy management system to improve refined energy management and control capabilities

Weichai Power established an energy management system in 2021, which has enabled the centralized and automatic collection of energy data at all levels of the Company. This system has achieved accurate statistical analysis of energy consumption and costs in production, R&D, management, etc., as well as real-time benchmarking analysis of production and energy consumption data. Also, through the intelligent control and transformation of kinetic energy systems, we have realized the centralized control and operation of heating, cooling, air compressor, circulating water and firefighting systems.



Energy Management Platform

Weichai Power actively invests in and applies energy-saving and emission-reducing technologies to comprehensively improve energy efficiency and vigorously reduce energy consumption besides ensuring the safety and reliability of energy supply. Weichai Power was leading the industry in the fields of green manufacturing system construction, energy saving, low carbon and clean production in 2021, and was awarded the “Fifth Patches of National Industrial Power Demand-side Management Demonstration Enterprise (Park)”, “National Green Factory” and “Energy-saving Advanced Unit in Weifang” and other honors. We continue to build the Company into a model of green manufacturing.

### Energy-reducing Transformation Projects of Weichai Power HQ

<b>Lighting transformation project</b>	Replacing traditional lighting with energy-saving technologies such as LED: more than <b>6,000</b> sets of lamps in our production areas and office areas were replaced in 2021, saving <b>60%</b> energy, or <b>9.87</b> million kWh of electricity, or <b>1,213</b> tonnes of standard coal per year;
<b>Air compressor station transformation project</b>	Introducing air compressors and air dryers with higher energy efficiency, optimizing the pipe network, and adopting variable frequency air compressors, so as to continuously improve the energy efficiency of the compressed air system, saving <b>2.53</b> million kWh of electricity, or <b>310</b> tonnes of standard coal per year;
<b>Refrigeration station transformation project</b>	Introducing refrigerators with higher energy efficiency, optimizing the pipe network and automatic control process, so as to effectively and continuously improve the overall efficiency of the refrigeration system, saving <b>2.03</b> million kWh of electricity, or <b>249</b> tonnes of standard coal per year;
<b>3150T unit intermediate-frequency furnace heating system transformation project</b>	According to the billet specifications, the heating furnace of the 3150T unit was redesigned to improve the heating efficiency, saving <b>140,000</b> kWh of electricity or <b>17</b> tonnes of standard coal every year;
<b>Electric dynamometer transformation project</b>	Continuing to upgrade and transform the existing test beds, convert the mechanical energy of the test process into electrical energy, so as to achieve the effective use of energy, saving <b>640,000</b> kWh of electricity, or <b>79</b> tonnes of standard coal every year;
<b>Pump and impeller coating transformation project</b>	A total of <b>32</b> pump chambers and impellers were transformed with super-slip and energy-saving ceramic coatings to reduce water flow resistance, saving about <b>1.25</b> million kWh of electricity or <b>153</b> tonnes of standard coal every year.



We facilitate the use of clean energy and vigorously promote alternative energy sources such as PV power generation and waste energy utilization. The Company also vigorously encourages green office, takes multiple measures to reduce resource and energy consumption in pursuit of the green and low-carbon development.

### Green Office Initiatives



#### Facilitating paperless office

- We encourage employees to go digital to improve work efficiency and avoid printing documents out unless it is high necessary. We call on everyone in the office to save paper, print on both sides, and reuse paper.



#### Standardizing electricity management

- Air conditioners can only be turned on when the indoor temperature reaches 26°C or over in summer and is 20°C or lower in winter. Doors and windows shall be closed when air conditioners are on. Air conditioners shall be turned off before the room is unoccupied;
- Reduce the standby time of office equipment such as computers and printers, turn off the power when they are not in use for a long time or after employees get off work, and pull out the power plug to reduce standby energy consumption;
- Both turning on lights during daytime and keeping lights on when the room is not occupied are prohibited. Turning off lights when leaving is required.



#### Promoting water conservation

- Calling on employees to consciously develop the habit of saving water, and turn off the faucet in time after using to prevent any waste of water resulted from leaking or dripping.

The Company highly values the conservation and management of water resources, strictly abides by the *Water Law of the People's Republic of China* as well as other relevant laws and regulations. We strengthen the whole-process water-saving management of water intake and water use, and conduct in-depth research and development of innovative technologies to improve the efficiency of water use and to recycle water, preventing water waste. The Company does not engage in any malpractices in seeking applicable water sources.

### Water Conservation Initiatives

In-depth water treatment techniques and facilities such as ozone treatment are introduced besides the existing sewage treatment process, and the wastewater that meets the reuse standard are recycled for toilet flushing and greening, so as to save water.

We have carried out the circulating water quality improvement project, installed variable frequency induction water processors in each circulating water system, improving the activity of water molecules, removing old scale in the system, so as to achieve the purpose of descaling.

## Indicators and Targets

In order to facilitate the implementation of climate change response actions, the Company strictly comply laws and regulations related to GHG emissions management as well as specific requirements. We have also drawn up GHG emissions management targets and environmental targets for different business segments to carry out green actions, reduce the resource and energy consumption, and effectively support the improvement of the environment and climate conditions, contributing to the green and low-carbon development of the Company as well as the fulfillment of the national "dual carbon" goals.

### Environmental Targets

Weichai Power HQ	Shaanxi Heavy Duty Automobile	KION
<ul style="list-style-type: none"> <li>• By 2025, reducing the intensity of energy consumption by <b>18%</b> compared with 2020;</li> <li>• By 2025, reducing the intensity of water consumption by <b>16%</b> compared with 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• By 2025, reducing the intensity of energy consumption by <b>12%</b> compared with 2021;</li> <li>• By 2025, reducing the intensity of water consumption by <b>5%</b> compared with 2021.</li> </ul>	<ul style="list-style-type: none"> <li>• By 2030, reducing Scope 1 and Scope 2 GHG emissions by <b>4.2%</b> and reducing Scope 3 GHG emissions by <b>2.5%</b> per year compared with 2021;</li> <li>• By 2050, achieving <b>zero carbon emissions</b>.</li> </ul>

### Energy Consumption Data Sheet

Type	Unit	2021
Direct energy consumption		
Purchased natural gas	1000 kWh	511,198.49
Gasoline	1000 kWh	25,171.95
Diesel <sup>10</sup>	1000 kWh	382,105.07
Indirect energy consumption		
Purchased electricity	1000 kWh	753,782.32
Purchased steam	1000 kWh	132,951.40
Purchased heat	1000 kWh	89,496.64
Total Comprehensive energy consumption <sup>11</sup>	1000 kWh	1,894,705.86
Comprehensive energy consumption intensity	1000 kWh/RMB billion in revenue	9,308.41
PV consumption	1000 kWh	10,283.64
Power generated from PV <sup>12</sup>	1000 kWh	29,283.64

<sup>10</sup> During the test run, the Company consumes diesel oil and connects the engine to the electric dynamometer, so the energy emitted by the tested machine can return in the form of electric power which will be used by other equipment, thereby achieving energy recovery and low-carbon production. In 2021, the Company generated a total of 31,548,800 kWh of electricity through test runs, all of which were recycled.

<sup>11</sup> Comprehensive energy consumption is calculated according to *GB-T2589-2008 General Principles for Calculation of the Comprehensive Energy Consumption*. The comprehensive energy consumption of KION is calculated according to the *Energy Statistics Manual (Annex 3: Units and Conversion Equivalents)* issued by the International Energy Agency.

<sup>12</sup> The power generated from PV of Shaanxi Heavy Duty Automobile is fully connected into state grid, not for self-use. The PV power generation of Shaanxi Heavy Duty Automobile was 19,000,000kWh in 2021.

### Water Consumption Data Sheet

Indicator	Unit	2021
Total water consumption <sup>13</sup>	Tonne (s)	3,098,085.22
Water consumption intensity	Tonne (s)/RMB billion in revenue	15,220.44
Recycled amount of water	Tonne (s)	1,118,847.00

### GHG Emission Data Sheet<sup>14</sup>

Indicator	Unit	2021
Scope 1: Direct emissions from GHG	Tonnes of carbon dioxide equivalent	207,568.52
Scope 2: Indirect emissions from GHG	Tonnes of carbon dioxide equivalent	671,042.73
Total GHG emission	Tonnes of carbon dioxide equivalent	878,611.25
Total GHG emission density	Tonnes of carbon dioxide equivalent/RMB billion in revenue	4,316.49

## Pollutant Discharge Management

Weichai Power adheres to the concept of low-carbon development, strictly regulates its environmental protection management. We actively reduce the discharge of wastewater, waste gas, solid waste and noise during daily construction and operation, avoiding environmental pollution caused by pollutant discharge to the greatest extent.

### Environmental Management System

The Company strictly complies with the laws and regulation in the jurisdictions where its operations are conducted, including the *Environmental Protection Law of the People's Republic of China*, formulates a series of systems and procedures such as the *Environmental Protection Archives Management Measures* and the *Environmental Protection Inspection and Control Procedures*. We conduct environmental impact assessment of construction projects in accordance with the law, establish the online monitoring mechanism of "daily supervision, weekly summary, monthly report", and continue to monitor and manage the sources of environmental pollution, strictly controlling and managing our emissions and discharge to land, water and air. During the reporting period, Weichai Power obtained the ISO 14001 environmental management system certification, with a coverage rate of 100% of operation activities, and no major incidents or violations relating environmental pollution occurred.

During the reporting period, Weichai Power obtained the ISO 14001 environmental management system certification, with a coverage rate of **100%** of operation activities



<sup>13</sup> Only including municipal water.

<sup>14</sup> The Scope 1 GHG emissions are calculated according to the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Other Industrial Enterprises* regarding the conversion of gasoline, diesel and natural gas consumption. The Scope 2 GHG emissions are calculated according to the *China's Regional Grid Baseline Carbon Dioxide Emission Factors 2021* regarding the conversion of electricity consumption, purchased thermal power and purchased steam consumption. The calculation of KION's GHG emissions refers to the GHG emission factors of many countries (including IPCC) and has been included in the data. GHG only includes CO<sub>2</sub>.

### Case Monitoring of environmental pollutant sources

Weichai Power has entrusted a qualified third-party testing company to carry out environmental monitoring on more than 500 locations in the High-tech Park, Hanting Park and Anqiu Park where wastewater, waste gas and noises are discharged, and more than 200 test reports have been delivered. In addition, we prepare an annual monitoring plan according to the self-test requirements of the sewage discharge permit, and purchase portable monitoring equipment to monitor volatile organic compounds and wastewater. The Company uploads the environmental testing data into the Shandong Provincial Pollution Source Monitoring Information Sharing System, and 100% of the testing data are provided and published.



Environmental Monitoring

In terms of environmental emergency management, we have formulated systems such as the *Contingency Management and Control Procedures for Environmental Emergencies* and the *Contingency Plan for Environmental Pollution Incidents*, established environmental emergency rescue departments for responding to emergencies. We classify environmental emergencies into four levels: extremely serious (Level I), very serious (Level II), serious (Level III) and ordinary (Level IV). Besides carrying out environmental risk assessments, we also determine the risk objectives and risk factors that may cause sudden environmental pollution events and formulate preventive measures, so as to improve our ability to deal with sudden environmental events and maximize the prevention of sudden environmental events and the losses.

### Division of Responsibilities of Environmental Emergency Rescue Departments

#### The Safety and Environmental Protection Department

- Emergency management**

It is responsible for the management of our environmental emergency response system and the preparation and filing of the company's environmental emergency response plans. In addition, its function is to urge all relevant units to carry out emergency plan exercises on a regular basis, and to investigate, analyze, handle and report sudden environmental accidents;

- Potential risk identification**

As the centralized management department for the investigation and management of potential risks of environmental emergencies, it is responsible for organizing and supervising the implementation of the investigation and management of environmental hazards in relevant units, and conducting assessments on a regular basis.

#### Production units and related functional departments

- Emergency management**

Each unit establishes an emergency plan preparation team for environmental emergencies, carries out environmental risk assessment and emergency resource investigation, comprehensively identifies existing environmental hazards, and determines environmental risk levels;

- Potential risk identification**

The production units and related functional departments are responsible for carrying out the governance of environmental risks investigation, and the person in charge is responsible for the investigation and governance efforts of the unit.

Weichai Power is committed to the promotion of the environmental protection concepts and contributes to the integration of the green and low-carbon development concept into employees' daily life. We carry out trainings on various environmental protection and energy conservation systems including the *Management Measures for Weichai Technical Transformation on Construction Site*. In addition, we organize special trainings on environmental protection, such as company-level pollution discharge permit management, ecological and environmental safety warning education, hidden danger detection in key soil regulatory units, dust pollution prevention and control, and standardized management of industrial solid waste, so as to comprehensively enhance employees' awareness of environmental protection.

## Waste Gas Emissions

The waste gas discharged by Weichai Power are mainly nitrogen oxides, organic exhaust gas produced in coating and welding fumes. We formulate waste gas management systems such as the *Air Pollution Prevention and Control Management Procedures*, conduct real-time monitoring of exhaust gas emitted during production and operation, and take special control measures to control and treat waste gases, so that waste gas can be discharged up to standard and its emissions can be reduced from sources.

### Optimizing material selection

- Low-polluting raw and auxiliary materials are preferred in production and operation to reduce waste gas emission from the sources.

### Deploying waste gas collection devices

- Installing volatile gas collection and treatment equipment in the industrial hazardous waste storage room to avoid fugitive emission of waste gas.

### Improving waste gas treatment facilities and technologies

- Deploying equipment to achieve ventilation and dust removal, so as to effectively remove welding fumes;
- Adopting the “zeolite runner + RTO” process and the “catalytic combustion + activated carbon treatment” process to effectively treat organic waste gas generated during coating and painting make-up from the spray booth;
- Renovating the dry spray booth, sewage station and test-run exhaust gas treatment facilities, replacing the water cyclone and water curtain with the carton filter in the paint mist treatment device, and building a “biological deodorization” facility to collect and treat the exhaust gas from the sewage station, so as to reduce gas emissions on different fronts.



Renovating the dry spray booth to improve the adsorption and removal efficiency of spraying exhaust gas, reducing the concentration of exhaust gas emitted



Collection and treatment of foul gas from the sewage station in the High-tech Park to ensure that no odorous gas escapes from the sewage station



The facilities for treating waste gas emitted during trial run being put into use

### Waste Gas Emissions Data Sheet

Indicator	Unit	2021
Volatile organic compounds	Tonne (s)	201.14
Particulate matters	Tonne (s)	25.47
Sulfur oxides	Tonne (s)	55.23
Nitrogen oxides	Tonne (s)	62.18

## Wastewater Discharge

The wastewater of Weichai Power is mainly composed of industrial wastewater and domestic sewage produced in the factories. We formulate systems and management control procedures such as the *Water Pollution Prevention and Control Procedures* to ensure that all polluted water bodies in our production and operation areas are treated to meet the reclaimed water standard before reuse or effluent. In addition, regular equipment maintenance is conducted to ensure the stable discharge of wastewater up to the standard. Our goal is to achieve a cumulative reduction of 50,000 tonnes of wastewater discharge by 2025.

Our goal is to achieve a cumulative reduction of **50,000** tonnes of wastewater discharge by 2025.



### Wastewater Management Initiatives

We select manufacturing processes and technologies involving less water consumption, no pollution or less pollution to water, so as to reduce the amount of wastewater generated from the sources;

We have put in place an industrial wastewater treatment station and a comprehensive wastewater treatment station. The wastewater is firstly pretreated by the industrial wastewater treatment station and the further treated at the comprehensive wastewater treatment station. The wastewater with a high concentration of pollutants generated in the manufacturing process is collected separately in the high-concentration wastewater collection tank, so as to ensure the discharge of wastewater up to the standard;

According to the *Environmental Protection Inspection and Control Procedures*, we regularly carry out water pollution prevention and control inspections, set up standardized sewage discharge outlets and install sewage online monitoring equipment to monitor the quality of sewage in real time, and resolutely avoid the occurrence of water pollution incidents;

Some of the wastewater that has been treated by wastewater treatment plants are recycled into the reclaimed-water reuse system for greening irrigation in the plant areas.

### Wastewater Discharge Data Sheet

Indicator	Unit	2021
Total wastewater discharge	Tonne (s)	1,164,537.40
COD	Tonne (s)	71.35
Ammonia nitrogen	Tonne (s)	6.66
Total phosphorus	Tonne (s)	0.20

## Waste Management

At Weichai Power, we divide waste into three categories: hazardous waste, recyclable solid waste and non-recyclable solid waste. Besides the *Management and Control Procedures for the Prevention and Control of Solid Waste Pollution*, we have also formulated systems and procedures such as the *Management and Control Procedures for the Prevention and Control of Pollution by Hazardous Wastes* and the *Measures for the Management of Garbage*, so as to strictly regulate the collection, storage and disposal of solid waste. We have also set targets for reducing waste discharge with an aim to reducing environmental pollution caused by waste.

### Waste Reduction Targets

#### Weichai Power HQ

**100%**  
of the hazardous waste are disposed in full compliance with laws and regulations by 2022


#### Fast Gear

The amount of some types of hazardous waste have been reduced

#### Shaanxi Heavy Duty Automobile

**100 %**  
of the hazardous waste are disposed in full compliance with laws and regulations by 2022

The recovery of non-hazardous solid waste (waste steel, leftovers) reaches **95%** or more by 2022



Adhering to the principle of reducing the generation of waste from sources, we constantly promote the upgrading of the manufacturing process. For example, we have transformed from wet coating to dry coating with high-flow and low-pressure spray guns employed to improve adhesion and reduce the amount of paint slag generated. We have also reduced the frequency of replacing filter cotton and activated carbon to reduce the generation and discharge of hazardous waste.

For the waste that has been generated, we entrust different types of waste to qualified organizations for special disposal, take multiple measures to ensure the legal compliance of waste management, improve the efficiency of waste utilization, and prevent secondary pollution.



### Solid Waste Management and Control Measures



- Establish a ledger for hazardous waste disposal and compliant transfer, properly manage hazardous waste in compliance with regulations, and pack it safely as required before sending it to the warehouse, ensuring that it is not scattered, lost or leaked during transit;
- Set up protective layers and dangerous warning signs restricting access to hazardous waste storage warehouses, prevent waste from being blown to surrounding areas due to bad weather, and strictly control the occurrence of leaching and soil pollution during heavy rain;
- Carry out anti-seepage treatment transformation on the ground of hazardous waste storage and sludge storage to prevent hazardous waste from being discharged;
- Regularly organize the investigation and assessment of hazardous waste pollution risk sources, and actively carry out contingency exercises for hazardous waste pollution risks to achieve strict prevention and control of hazardous waste.



- Provide different color-coded bins for different waste types in offices, plants and production areas. Sort and collect recyclable solid waste such as scrap metal, waste plastic and wastepaper, as well as non-recyclable solid waste such as domestic waste and construction waste. Develop disposal records for them and regularly report relevant disposal agreements and monthly disposal volumes;
- Implement a waste recycling program for bulk recycling of recyclable solid waste such as cardboard and plastic;
- Renovate the storage sites of non-hazardous solid waste, improve on-site signs, and ensure that the storage site meets the environmental protection requirements for non-hazardous solid waste storage;
- Improve the level of briquetting treatment technology for non-hazardous solid waste, effectively reduce moisture content, and ensure no dripping occurs on site.

In 2021, Weichai Power HQ organized **283** vehicle trips of hazardous waste compliant transfer

Disposed more than **4,358** tonnes of hazardous waste

Coordinate the transfer and storage of paint residue and oil sludge for **66** times

Reduced about **200** tonnes of hazardous waste through the improvement of relevant technologies



### Solid Waste Discharge Data Sheet

Indicator	Unit	2021
Total amount of hazardous waste	Tonne (s)	22,107.72
Hazardous waste discharge density	Tonne (s)/ RMB billion in revenue	108.61
Total amount of non-hazardous waste	Tonne (s)	140,203.57
Non-hazardous waste discharge density	Tonne (s)/ RMB billion in revenue	688.80

Our consumption of packing materials is mainly attributed to the use of packing auxiliary materials and boxes. In strict accordance with our *Product Packaging Materials and Service Management Procedures*, we standardize the management of disposable and recyclable packaging materials. When signing contracts with users, we state clearly that it is the responsibility of the contractor of packaging services to recycle the turnover equipment, so as to realize the recovery and recycling of packaging materials.

### Packaging Materials Consumption Data Sheet

Indicator	Unit	2021
Packaging materials consumed	Tonne (s)	146,675.00
Amount of packaging materials recycled	Tonne (s)	130,889.00

### Noise Control

The noise we produced are mainly from stamping, welding, grinding workshops and air compressor stations. We have formulated the *Noise and Vibration Pollution Prevention and Control Procedures* and other systems and management control procedures to actively prevent and strictly manage the noise and vibration pollution generated in the process of production and operation. We ensure that the noise generated meets the requirements of the environmental noise emission standards of factories and do our best to prevent noise pollution.

### Noise Control and Treatment Measures



- When purchasing equipment, we fully evaluate the noise and vibration impact of the equipment. While ensuring equipment meets production and process requirements, we prefer the kinds of equipment that with low noise or vibration, and for those pieces of equipment with high noise levels that we have to use, we equip them with noise prevent measures;
- Installing sound-absorbing, sound-proof, and noise-reducing facilities such as sound-proof doors in production sites, and ensuring that the sound proof doors are automatically closed;
- Conducting real-time monitoring of environmental noise conditions to avoid noise pollution.

# 05

## Social Employee Care

Putting people first, Weichai Power is committed to providing employees with a fair, just, comfortable and favorable working environment and contributing to building a prosperous society. We strive to establish a good corporate image to ensure our sustainable growth and wide recognition by all stakeholders.



# People First

The Company firmly believes that employees are the mainstay of corporate survival, development and growth. We strive to achieve the common growth of employees and the Company through diversified talent attraction policies, a sound talent training system, and an industry-competitive compensation and benefits system.

## Diversified Talent Attraction Policies

We are fully aware that employees are an important boost to the sustainable development of an enterprise. We strictly abide by the relevant laws and regulations applicable to the jurisdiction where we operate, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Law of the People's Republic of China on Labor-dispute Mediation and Arbitration*. We comply with relevant provisions related to employee employment, dismissal, working hours and holidays, develop and continuously improve the *Social Talent Recruitment and Employment Period Management Procedures*, the *Campus Recruitment Management Procedures* and the *Intern Management Procedures* to provide employees with comprehensive employment, compensation and benefits guarantees, so as to build a harmonious and stable employment relationship.

During the reporting period, the Company had a total of 82,555 employees globally under labor contracts, including 42,953<sup>15</sup> employees of the headquarters in China. To uphold the employment philosophy of diversity and inclusiveness, Weichai Power had a total of 112 employees with disabilities and 418 employees from ethnic minorities in 2021.



- 82,555 employees globally under labor contracts
- 42,953<sup>16</sup> employees of the headquarters in China
- 112 employees with disabilities
- 418 employees from ethnic minorities

Number of Employees of Weichai Power by Category in 2021

### By gender

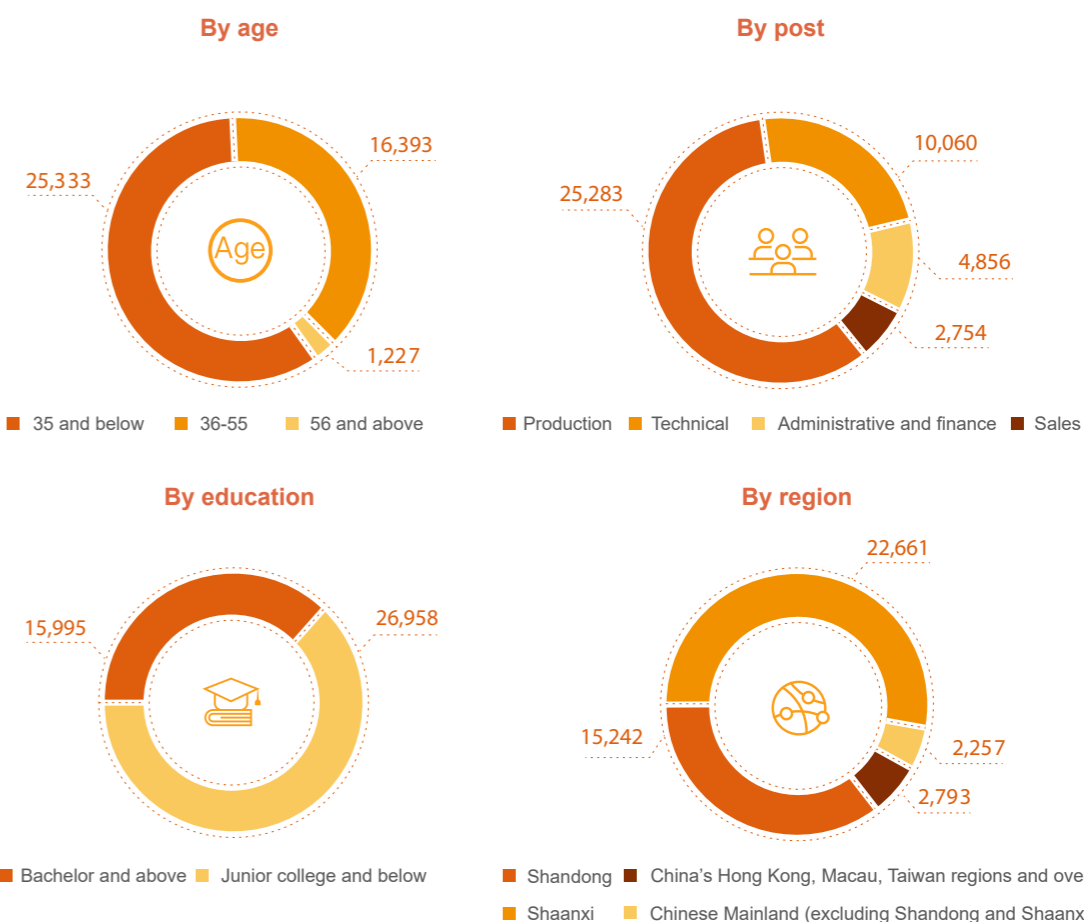
Male **34,838** Persons

Female **8,115** Persons



<sup>15</sup> The indicator data exclude KION.

<sup>16</sup> The employees involved are categorized with the total number of labor contract-based employees as the baseline.



Employee turnover<sup>17</sup> in 2021 was 8.9%

### By gender



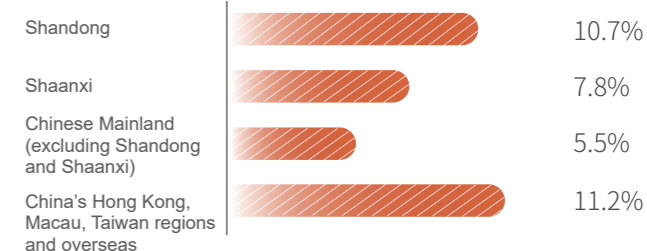
### By age



### By post



### By region



<sup>17</sup> Employee turnover rate = Number of employees leaving by category/ Number of employees by category \*100%.

At Weichai Power, we are attracting a large number of outstanding fresh college graduates and elites with work experience as needed by the corporate development. With the support of internal systems such as the *Social Talent Recruitment and Employment Period Management Procedures*, the *Campus Recruitment Management Procedures*, the *Intern Management Procedures*, and others, we continuously improve the recruitment management mechanism and create a favorable atmosphere for internal talent recommendation to maintain our talent pool. During the reporting period, we cooperated with a number of colleges and universities to carry out many online and offline themed activities such as the “Doctoral Open Day”, the “Pilot Intern Program”, university-enterprise symposiums, and internship practical activities, in order to strengthen brand promotion and maximize talent absorption.

Entities	Featured recruitment events	Description
Weichai Power HQ	Pilot Internship Program	In 2021, Weichai Power HQ launched the third “Pilot Internship Program” activity, and recruited a total of 184 candidates from 35 Project 985 universities and over 70% of them would engage in our new business segments, reaching a record high. During the program, centralized training, cultural experience, academic reports, youth employee exchanges, and on-the-job internships were arranged.
	Doctoral Open Day	In July 2021, Weichai Power HQ successfully held the fifth “Doctoral Open Day” event, and the number of participants and new recruits reached a record high. For the first time, we invited college teachers to participate. A total of 33 teachers and their 248 PhD candidates participated in the event, and the main activities held are company visits, chairman panel discussions, in-depth exchanges with industry experts and others. A total of 70 PhD candidates were recruited on the spot.
Fast Gear	Open Competition	Guided by our “555 Talents” plan, Fast Gear adopted the “3+1” internal competition model to introduce and cultivate talents. During the reporting period, Fast Gear carried out 17 sessions of open competition and selected 33 workers for management and technical positions.

During the processes of recruitment and employment, we strictly abide by the *Law on the Protection of Minors* and other relevant laws and regulations, strictly verify the identity of candidates, regularly review recruitment process and standards, and resolutely prevent the occurrence of child labor or forced labor incidents. We also accept relevant reports, investigate the violations as soon as possible, and deal with them seriously. During the reporting period, no incidents of child labor or forced labor occurred in the Company.

While employees are recruited, Weichai Power fully respects and safeguards the personal rights and interests of them, especially female employees and the employees with disabilities. We are committed to building a diverse and equitable employee structure, encouraging employees from diverse backgrounds to join the Company, and resolutely putting an end to any discrimination and vicious competition based on factors such as gender, age, education, region and religion.



## Talent Training and Growth

Weichai Power highly values the establishment of employee training system and focuses on the attraction and training of high-quality talents to ensure the long-term stable corporate development. The Company has established a complete system for training management, learning and development, as well as training resources. We have also prepared comprehensive institutional documents and set up a four-level training framework, which have enabled full training coverage for staff of different ranks ranging from management to frontline employees.

### Weichai Power's Four-level Training Framework



We design training programs that meet the needs of positions at all levels based on the profiling of the potential trainees. By providing both offline trainings, and online training sessions with the Wei Learning platform, we offer customized and standard training sessions to employees. During the reporting period, the Company successively carried out diversified training programs based on different ranks and job sequences.





## Training for the Management

During the reporting period, the Company provided training for all the senior managers, as well as newly promoted middle managers and office-level managers based on our actual demands, with an aim to comprehensively improve the leadership and political literacy of the management, and boost the company's core decision-making capabilities.

### Weichai Power's Training Program for the Management in 2021



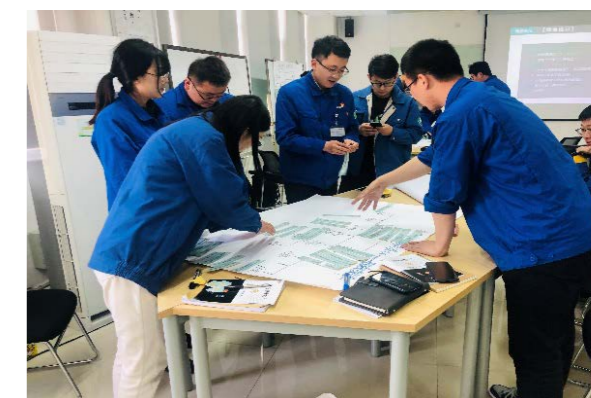
Training for Newly Promoted Managers

## Training for New Recruits

Weichai Power's new employee training is mainly divided into three sections: orientation, corporate culture themed training and excellent new employee training. The training is progressive at each level, aiming to accelerate the role change of new employees, enable them to quickly adapt to the corporate culture, integrate into the team, and become our talents assets.



Military Training for New Employees



Excellent Employee Training Workshop

By leveraging its internal resources, Weichai Power also launched a mentor program and an internal trainer program, where senior staff help the newly recruited to be familiar with their job responsibilities quickly and serve as lecturers to help all employees grow, achieving a looped circle of learning resources utilization in practice. During the reporting period, 100% of new recruits sign up for the mentor program.

During the reporting period,  
**100%** of new recruits sign up  
for the mentor program

Internal trainer program	Specific areas of responsibility
Skill enhancement	Leadership, Marketing, General Knowledge, Overseas Business, Customer Service, Finance, Military Training
Product development	Engine Research and Development, Large Bore, Product Application Development, New Energy Technology, Electronic Control, Quality, Technology and Equipment (Facilities)
Corporate governance	Party Building, Corporate Culture, WOS, Corporate Strategy, Project Management, Digitalization, Human Resources, Legal Affairs
Environmental protection	Environment and Safety, Energy Management
Others	Excellent Team, Internal Trainer Mentor

## Training for Newly Promoted and Outstanding Team Leaders

Weichai Power provides trainings for newly promoted and outstanding team leaders on corporate culture, core competencies and related key work scenarios. The content of trainings is developed with full consideration of the needs of the trainees. With innovative training methods and a complete after-session follow up system, we aim to cultivate an excellent team of leaders who understand business operation with proficiency in management, and to set an example in the industry.

## Craftsman Training

With “pursuing intelligent transformation and heading toward high-end manufacturing” as the theme, we have set the target of training 1,000 high-end craftsmen, and profiled them as seeded craftsmen, youth craftsmen and chief craftsmen based on their knowledge structure, post ability, personal ability, professional accomplishment, contribution to organization and other qualities, so as to facilitate the training of our high-end craftsman talents.

### Weichai Power's Craftsman Training System



Precise training

- They are trained according to a three-tiered structure: seeded craftsmen, youth craftsmen and chief craftsmen.



Optimizing curriculum preparation

- According to the evaluation and selection results of different types of craftsmen, the preparation of training courses and plans is continuously optimized.



Utilizing online platform

- On the Wei Learning platform, a special area for craftsman lecture hall is set up to share and learn the innovative achievements of employees, and provide a series of intelligent manufacturing courses for skilled talents to enable craftsmen to learn online.



ABB Robot Basic Programming and Debugging Training



Comprehensive Training on Intelligent Manufacturing Unit

We also support employees to pursue academic certification and continuous learning. By leveraging our academic resources, we provide employees with customized training on electronic control, kinetic energy, and interdisciplinary software engineering.

### Academic certificates

- Organize employees to participate in training courses
- Incorporate employee self-study examination into company management

### Certificates related to compliance

- Invite external lecturers to be trainers
- Send employees to learn in other organizations

### Trainings on new business segments

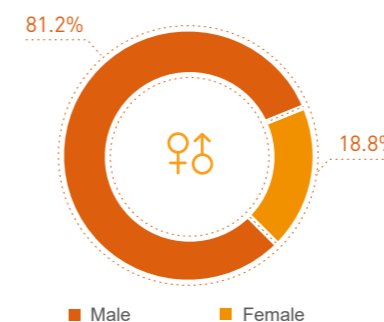
- Send employees to obtain relevant qualification certificates

During the reporting period,

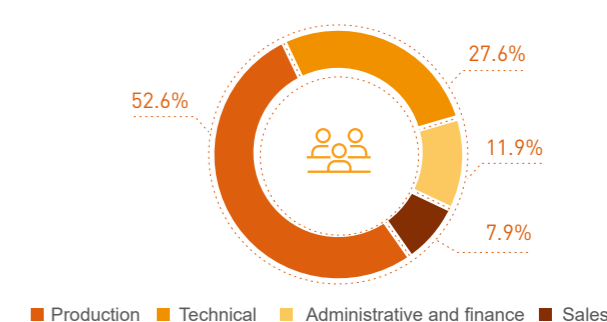


Percentage of employee trained<sup>20</sup> in 2021 was 66.1%

### By gender



### By post



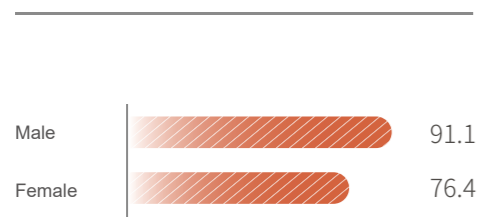
<sup>18</sup> The indicator data exclude KION.

<sup>19</sup> Number of training hours per employee = Number of training hours of employees by category/Total number of staff \*100%.

<sup>20</sup> Percentage of employees trained by category = Number of employees trained by category/Total number of employees trained \*100%.

Average hours of training received per employee in 2021 were 88.3 hours

**By gender**



**By post**



## Career Development and Promotion

Weichai Power highly values the career development of employees, and is committed to formulating a fair and just career development path for employees that is in line with the actual situation of the post. We implement a post-appointment system, conduct classified management for different posts, and build career development channels for each employee from both horizontal and vertical perspectives that are suitable for different posts. We encourage employees to continuously achieve self-growth in work and grow together with the Company.

### Vertical Development Channels

We have built an equal and diverse vertical career development channel based on our conditions and the growth needs of our employees. The channel is designed to serve as a platform to encourage employees to choose their own development paths and to grow and realize their self-worth.

Different levels of career development channels have been built for employees in five specific categories of positions, namely research and development, engineering technology, management, marketing, and operations. According to the channels, employees in research and development and engineering technology positions can be promoted to chief engineer, scientists and others at the highest. The Company has also established a comprehensive recruitment and promotion system for skilled talents, providing them with smooth career development path from senior technicians to chief ones and fostering a favorable environment where skilled talents are highly respected. Craftsman innovation studios have also been created to encourage excellent craftsmen to bring their innovative achievements to national competitions. For winners of the competitions, we offer generous awards and exceptional promotions after comprehensive consideration. During the reporting period, our employees won a number of major awards in several national technical competitions.



### The vocational and technical competition awards won by Weichai Power in 2021

- 1 first prize and 1 second prize in the finals of the 2<sup>nd</sup> National Multi-process CNC Machine Tool Operation Adjuster Vocational Skills Competition.
- 2 second prizes and 2 third prizes in the 4<sup>th</sup> National Intelligent Manufacturing Competition.
- 1 special award, 1 first prize, 1 second prize and 3 third prizes in the 2<sup>nd</sup> National Information Industry New Technology Vocational Skills Competition for Quality Inspectors (Intelligent Inspection of Equipment Manufacturing).

In terms of performance appraisal, Weichai Power has established a complete appraisal system. We divide employee performance into five grades: S, A, B, C, and D, which intuitively reflect the actual performance level of employees in the year. Employees whose performance reach the "B" level and above can be promoted and offered a salary increase.

### Horizontal Development Channels

The horizontal development channels are provided by running an internal talent market in Weichai Power. The Company publishes information on talent demands on the internal talent market based on vacancies. On the market, three talents management models, "posts for candidates", "candidates selecting posts" and "candidates for posts", are provided to demonstrate clearly the skills needed and offered, and to encourage employees to apply as they wish, so as to enhance the internal flow of talents in the Company and to improve the enthusiasm of employees.



The Three Management Models

In order to motivate employees, the Company has established a comprehensive incentive system and invests heavily in rewarding employees every year.

### Comprehensive incentive system

Technological Innovation Award, Special Family Visit Award for Overseas Talents, Topping Target Achievement Award, Providing Employments for Families of High-end Talents, Special Housing Rewards, Million-level Annual Salary for Special Talents.

## Employee Communication and Care

Weichai Power regards employees as the most precious asset. Based on the system of workers' congress, we have established equitable, just, open and diverse communication channels to build mutually beneficial employment relationships with our employees. We also encourage employees to actively communicate with their superiors and the Company's discipline inspection and supervision department to propose suggestions for improving the effectiveness of corporate governance.

At present, Weichai Power mainly listens to employees' opinions and responds to their reasonable demands in a timely manner through online and offline channels such as employee mailboxes and the "Employee Voices" blogging platform. At the same time, we have established and continuously improved the system of workers' congress, integrated major issues related to the reform, corporate development and stability and the vital interests of employees into the scope of deliberation of the workers' congress, and take the results of democratic appraisal and evaluation of the workers' congress as an important basis for the assessment, appointment, rewards and punishment of the management, so as to truly integrate the opinions of employees into our operation of the company and serve the corporate development.

In addition, based on the needs of employees, we organized activities such as employee survey and "Bringing Tangible Benefits to Employees". We have also conducted this year's employee satisfaction survey from five dimensions: company vision, organizational identity, work environment, work report, and organizational atmosphere, and further improvements have been made based on the results of the survey.

### Case Employee Inspection and Discussions

To have a good understanding of the major concerns of frontline employees, Weichai Power organized the employee inspection. The responsible persons of the inspection went to the frontline and conducted discussions and communications with employees face to face to listen to their voices. During the reporting period, 9 symposiums were held successively and over 80 pieces of opinions and demands were received, covering such aspects as logistics support, employees' life and human resources.



We are also committed to providing employees with a diversified and competitive compensation and benefits system, and have issued internal policies such as the *Labor Discipline Management Measures* and the *High-end Talent Management Measures*. We provide employees with supplementary medical care and enterprise annuity, organize regular physical check-ups for employees, and promote employees' self-selected safety guarantee and other benefits to continuously increase employees' senses of happiness and identity and to ensure the maximum retention of talents. During the reporting period, Weichai Power's social insurance coverage for its employees has reached 100%.

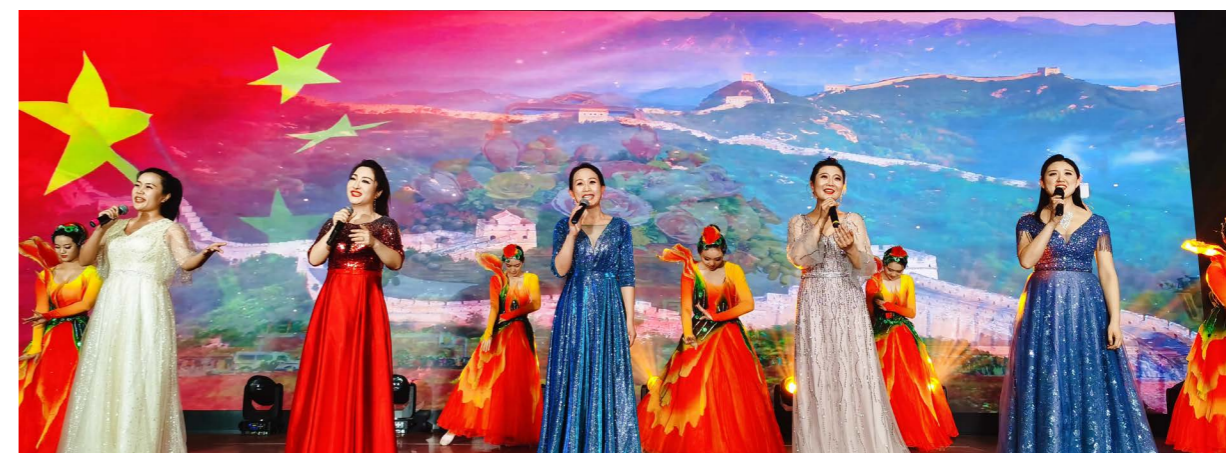
Social insurance coverage for its employees has reached **100%**

### The benefits Weichai Power provides

Six insurances and two funds, accommodation allowance for college graduates, settling-in allowance, regular physical examination, home leave and high-end talent house-purchase allowance.

We also hold various cultural and sports activities from time to time, to enable employees to balance their work and life, strengthen team cohesion and execution, and pursue excellence.

As both the centenary of the founding of the Communist Party of China and the 75<sup>th</sup> anniversary of the founding of Weichai fall in the reporting period, Weichai Power successively organized the "Forging Ahead in A New Era, and Always Following the CPC" chanting event, the "Revolutionary Songs Sung for a Century" Singing Contest, the "Youth - Endeavor" themed online works competitions, the "Love in Weichai and Happiness for a Lifetime" group wedding, the "Forging Ahead in A New Era, Chasing Dreams in Weichai" staff art performance, the "Morning Bell" Revolutionary Opera, the "Tongxin Cup" tug-of-war competition and other cultural and sports activities, demonstrating the vigorous and enterprising spirits of our employees.



The "Forging Ahead in A New Era, Chasing Dreams in Weichai" Staff Art Performance



Employee Group Wedding



The "Revolutionary Songs Sung for a Century" Singing Contest

**Case** The "Tongxin Cup" Tug-Of-War Competition

Weichai Power held the "Tongxin Cup" tug-of-war competition in August 2021, with a total of 32 teams engaged in multiple rounds of fierce competition, which further enhanced the cohesion of and the sense of happiness of employees.



When providing care for our employees, we focus especially on caring female employees, disadvantaged groups and employees in difficulty. We regularly hold cultural activities for female employees, apply for special disease insurance for them, designate less-demanding posts for frontline pregnant women, and offer them the warmest care. We have also set up a "Charity Fund for Employees in Difficulties" to help the ones in need.

**Case** Activities Held on Women's Day

On March 8, 2021, Women's Day, Weichai Power organized such activities as the Women's Day Commendation Conference, the "Gorgeous Striver, Capable Females" female employees' featured work picture show. We also invested in a "Female Striver" program on TV to continuously report the stories of achievements of female employees, to encourage enterprise employees to forge ahead.



**Case** Culture Lecture Hall for Female Employees

In response to the urgent needs of female employees to improve their cultural literacy and sense of happiness, the trade union of Weichai Power launched the "Culture Lecture Hall for Female Employees" activity, which was well welcomed by our employees. During the reporting period, Weichai Power conducted 85 special training sessions on connotation cultivation, marriage and family, parent-child education, business etiquette, and image building, benefiting more than 6,000 employees.



**Case** Happy Mom Cottage

Weichai Power has started to establish the "Weichai Happy Mom Cottage" in seven frontline units for female employees in "four periods (menstrual period, pregnancy preparation, pregnancy and lactation)" since 2017. We also regularly hold the "Happy Mom Classroom" activity to share knowledge on health care, pregnancy and childcare with them, and fully safeguard the basic rights and interests of pregnant women and expectant mothers.



Case Golden Autumn Education Fund

During the reporting period, Weichai Power kicked off the "Golden Autumn Education Fund" activity with a symposium. Fellowship was distributed to employees in need to share true care for employees and to help the children of employees in financial difficulty to seize the chance of obtaining education.



## Community Service and Charity

Fully leveraging its advantages in the industry, Weichai Power actively participates in community services and public welfare undertakings to give back to society. We contribute to the improvement of the sense of happiness of the public, and establish a good corporate image, and what it has done has been widely recognized by society. During the reporting period, Weichai Power won many major awards such as the "National Model Enterprise with Harmonious Labor Relations" and the 7<sup>th</sup> "Shandong Charity Award". In 2021, the Company contributed a total of RMB 12.23 million to education and other charitable projects.



## Epidemic Prevention and Disaster Relief

When Covid-19 and floods suddenly hit, Weichai Power responded to the national call, actively participated in rescue and supplies donation, fully supported the resumption of work and production in the affected areas, and sent warmth and blessings to victims of the disaster during the reporting period.

Case Covid-19 Outbreak in Yangzhou

The sudden outbreak of Covid-19 in Yangzhou in August 2021 shut down the normal production in the Yangzhou Diesel Engine Co. Ltd., a subsidiary of Weichai Power, and caused a shortage of supplies there. Weichai Power decisively dispatched a joint working group to Yangzhou Diesel Engine and purchased 400 folding mattresses and 400 sets of toweling coverlets and many other kinds of supplies and articles of daily use and sent them there, so as to help Yangzhou navigate through the outbreak.



Case Floods in Henan

Henan Province experienced extreme rainstorms and serve floods in many areas in July 2021. By quickly mobilizing its resources in services and talents, Weichai Power provided free rescue services for disaster-stricken vehicles and rescue vehicles. It launched service policies such as quick response in repairing, and prioritizing operations, and made every effort to ensure the normal operation of various frontline rescue vehicles. It also set up a green channel for emergency allocation of equipment accessories, gave priority to ensuring the operation of emergency vehicles, and provided strong service guarantees for customers in the front line of disaster relief and disaster-stricken areas.



## Participating in Community Building

As a responsible enterprise, Weichai Power shoulders its social responsibility. While remaining active on the front line of anti-epidemic and disaster relief, Weichai Power also pays great attention to children's education and vulnerable groups. During the reporting period, the Company donated to different schools including schools in Juancheng County, Linqu Hope Primary School, Chongqing Hope Primary School and others, truly implementing its charity concept of "paying back to society as much as possible".



The "Happy Children's Day" Linqu Hope Primary School Visiting Activity



With Love: Walk into the Stars Children's Theme Activities

In addition, Weichai Power has also established a youth volunteer service team to actively carry out voluntary activities such as planting and protecting greeneries, cherishing and saving water, yielding to pedestrians, manner guidance, and Clean Your Plate Campaign, focusing on the details and carrying out the activities from comprehensive angles to promote positive energy. During the reporting period, more than 15,000 employees of Weichai Power HQ worked as volunteers, and they have served over 26,000 hours.



"Double-Ninth Day Recalling the Past" Volunteer Activity



Tiny Wishes Activity in the High-tech Park



Civilized Travel Promotion Activity



Cleaning Your Plate and Leading the Trend Activity



"Arbor Day" Activity



"Offering Medications" Activity



## Weichai Power's Outlook in 2022



The world today is undergoing profound changes unseen in a century and a new round of technological revolution and industrial transformation is accelerating, which have presented us both challenges and opportunities. Weichai Power will stay focused on producing the most competitive products and services, leading the industry across the globe.

In 2022, the Company will continue to implement the decisions and deployments of the Party Central Committee and governments at all levels, focus on the annual goals and tasks, and resolutely win the battles of technological innovation, market breakthroughs, and management improvement. Driven by scientific and technological innovation, we will lead the industry with our core technologies. We will continue to invest heavily in research and development. By leveraging our innovation platforms and resources all over the world and the most competitive innovation ecosystem in the industry, we will resolve key technical problems in thermal efficiency of diesel engines, electronic control, and after-treatment at a faster pace, so as to ensure the leading position of our traditional business segments. We will also accelerate the industrialization of new energy sources, new forms of business, and new technologies, promote strategic upgrading of business structures, and build new competitive advantages. Focused on customer satisfaction, we will continue to increase our shares in market segments. We will accurately follow industry trends, focus on the upgrade of emission regulations, develop a full range of products in all fields, and consolidate in markets where we have advantages and make breakthroughs in our strategic markets. We will accelerate the transformation of marketing models to value marketing, precision marketing, and brand marketing, and establish a market-oriented integration and rapid linkage mechanism to accurately meet customer needs and promote the product structure to move towards high-end in an all-round way. By facilitating lean management, we will comprehensively improve the quality of our operation. Guided by our business segments, we will fully establish an end-to-end process, create a streamlined and efficient process-oriented organization. We will innovate management mode and tools, build data governance system to explore the value of total data, and boost the digital transformation of management. We will also continue to optimize and promote the WOS management mode, improve the level of lean management throughout the value chain, and achieve the overall optimal operation quality and efficiency of the Company.

The Company will further play a leading role in the industrial chain and lead the transformation, upgrading and coordinated development of the industrial chain. We will actively fulfill our social responsibilities, further enhance employees' senses of satisfaction, gain and happiness, carry forward the major theme of the new era, and take the lead in the new round of high-quality development.

## Key Performance Indicators

### Environmental

Indicator	Unit	2021
Coverage of ISO 14001 Environmental Management System Certification	%	100
Major environmental pollution incidents	/	0
<b>Atmospheric Pollutants</b>		
Volatile organic compounds	Tonne (s)	201.14
Particulate matters	Tonne (s)	25.47
Sulfur oxides	Tonne (s)	55.23
Nitrogen oxides	Tonne (s)	62.18
<b>Water Pollutants</b>		
Wastewater discharge	Tonne (s)	1,164,537.40
COD	Tonne (s)	71.35
Ammonia nitrogen	Tonne (s)	6.66
Total phosphorus	Tonne (s)	0.20
<b>Waste</b>		
Total amount of hazardous waste	Tonne (s)	22,107.72
Hazardous waste discharge density	Tonne (s)/RMB billion in revenue	108.61
Total amount of non-hazardous waste	Tonne (s)	140,203.57
Non-hazardous waste discharge density	Tonne (s)/RMB billion in revenue	688.80
<b>Energy/Resource Consumption</b>		
Purchased electricity	1000 kWh	753,782.32
Purchased steam	1000 kWh	132,951.40
Purchased natural gas	1000 kWh	511,198.49
Purchased heat	1000 kWh	89,496.64
Gasoline	1000 kWh	25,171.95
Diesel	1000 kWh	382,105.07
Total comprehensive energy consumption	1000 kWh	1,894,705.86
Comprehensive energy intensity	1000 kWh/RMB billion in revenue	9,308.41
Total water consumption	Tonne (s)	3,098,085.22
Water consumption intensity	Tonne (s)/RMB billion in revenue	15,220.44
Recycled amount of water	Tonne (s)	1,118,847.00
PV consumption	1000 kWh	10,283.64
Power generated from PV	1000 kWh	29,283.64



Indicator	Unit	2021
<b>GHG Emissions</b>		
Scope 1: Direct emissions from GHG	Tonnes of carbon dioxide equivalent	207,568.52
Scope 2: Indirect emissions from GHG	Tonnes of carbon dioxide equivalent	671,042.73
Total GHG emission	Tonnes of carbon dioxide equivalent	878,611.25
Total GHG emission density	Tonnes of carbon dioxide equivalent/ RMB billion in revenue	4,316.49
Packaging materials consumed	Tonne (s)	146,675.00
Amount of packaging materials recycled	Tonne (s)	130,889.00

## Social

Indicator	Unit	2021
<b>Employees (excluding KION)</b>		
Total number of employees	Person	46,459
<b>By type of employment</b>		
Labor contract-based employees <sup>21</sup>	Person	42,953
Interns	Person	446
Outsourced personnel	Person	3,060
<b>By gender</b>		
Male	Person	34,838
Female	Person	8,115
<b>By age</b>		
35 and below	Person	25,333
36-55	Person	16,393
56 and above	Person	1,227
<b>By post</b>		
Production staff	Person	25,283
Technical staff	Person	10,060
Administrative and finance staff	Person	4,856
Sales staff	Person	2,754

<sup>21</sup> The employees involved are categorized with the total number of labor contract-based employees as the baseline.

Indicator	Unit	2021
<b>By degree</b>		
Bachelor and above	Person	15,995
Junior college and below	Person	26,958
<b>By region</b>		
Shandong	Person	15,242
Shaanxi	Person	22,661
Chinese Mainland (excluding Shandong and Shaanxi)	Person	2,257
China's Hong Kong, Macau, Taiwan as well as those overseas	Person	2,793
Employees with disabilities	Person	112
<b>New Recruits and Separated Employees (excluding KION)</b>		
Employee turnover	%	8.9
<b>By gender</b>		
Male	%	9.7
Female	%	5.6
<b>By age</b>		
35 and below	%	13.1
36-55	%	2.6
56 and above	%	5.9
<b>By post</b>		
Production staff	%	8.7
Technical staff	%	11.8
Administrative and finance staff	%	6.0
Sales staff	%	5.8
<b>By region</b>		
Shandong	%	10.7
Shaanxi	%	7.8
Chinese Mainland (excluding Shandong and Shaanxi)	%	5.5
China's Hong Kong, Macau, Taiwan as well as those overseas	%	11.2

Indicator	Unit	2021
<b>Development and Training (excluding KION)</b>		
Total number of employees trained	Person	28,403
Percentage of employees trained	%	66.1
<b>By gender</b>		
Male	%	81.2
Female	%	18.8
<b>By post</b>		
Production staff	%	52.6
Technical staff	%	27.6
Administrative and finance staff	%	11.9
Sales staff	%	7.9
Total training hours	Hour (s)	3,792,617
Average hours of training received per employee	Hour (s)	88.3
<b>By gender</b>		
Male	Hour (s)	91.1
Female	Hour (s)	76.4
<b>By post</b>		
Production staff	Hour (s)	91.2
Technical staff	Hour (s)	78.4
Administrative and finance staff	Hour (s)	81.2
Sales staff	Hour (s)	110.5
<b>Health and Safety (excluding KION)</b>		
Number of production safety accidents	/	2
Number of people injured in the workplace	Person	2
Work-related fatalities (2019- 2021)	Person	0
Working days lost due to work-related injuries	Day(s)	220
<b>Democracy and Satisfaction (excluding KION)</b>		
Social insurance coverage	%	100
Percentage of employees who have collective bargaining agreements	%	100
<b>Supply Chain Management (excluding KION)</b>		
Total number of suppliers	/	1,454

Indicator	Unit	2021
<b>By region</b>		
Chinese Mainland	/	1,424
China's Hong Kong, Macau, Taiwan as well as overseas	/	30
<b>By ESG Management Requirements</b>		
Proportion of suppliers passing the ISO 14001 System Certification	%	29.2
Proportion of suppliers passed the IATF 16949 System Certification	%	73.2
Proportion of the suppliers signing a transparent procurement integrity and honesty agreement	%	92.0
Proportion of the suppliers using green materials and recycling packaging (Weichai Power HQ)	%	78.2
<b>R&amp;D and Innovation</b>		
Investment in R&D and innovation	RMB 10,000	856,870.73
The cumulative number of patents granted	/	9,739
Number of patents filed in 2021	/	2,259
Number of patents granted in 2021	/	1,965
<b>Customer Service</b>		
Customer satisfaction (Weichai Power HQ)	Point (s)	85.8
Customer satisfaction (Shaanxi Heavy Duty Automobile)	Point (s)	85.7
Customer satisfaction (Fast Gear)	Point (s)	95.0
Customer satisfaction (KION)	Point (s)	94.4
Number of customer complaints	Time (s)	1,490
<b>Volunteer Service</b>		
Number of employee volunteers (Weichai Power HQ)	Person-time	15,000
Volunteer time contributed (Weichai Power HQ)	Hour (s)	26,000

## Governance

Indicator	Unit	2021
Anti-corruption related cases concluded	/	0
Trainings on anti-corruption	Time (s)	10
Hours of training on anti-corruption	Hour (s)	2,000

# HKEX ESG Reporting Guide Content Index

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Social	B1 Employment	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.	P61-63
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## Readers Feedback Form

Dear readers,

Thank you for reading Weichai Power's Environmental, Social and Governance (ESG) Report 2021. We would welcome any feedback or suggestions you might have about this report. You can send the completed questionnaire to us by mail, email, or fax (scanned), or you can give us a call to offer your valuable comments. Thank you!

1. Which category of stakeholder of Weichai Power do you work for:

Shareholders  Employees  Suppliers  Users  Government  Community  Academic institutions

Others (please specify)

2. Have you ever read Weichai Power's ESG Report (If no, please skip the following questions):

Yes  No

3. If yes, was it available in a hard copy or in the electronic form?

Hard copy  Electronic form

4. Would you prefer a hard copy or an electronic version?

Hard copy  Electronic version

5. Your general comment on the ESG Report 2021 (3-point rating scale):

Readability (Easy to understand, beautifully designed, engaging, and easy to find the information you need)

3 (good)  2 (fair)  1 (Poor)

Credibility (Information contained is accurate and credible)

3 (good)  2 (fair)  1 (Poor)

Information integrity (Reflect both positive and negative performance, and meet your needs for information)

3 (good)  2 (fair)  1 (Poor)

Besides what has been disclosed in the report, what other information would you like to know?

March 2022



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