

# **Weichai Power Co., Ltd.**

## **ESG Management Measures**

### **Chapter I General Provisions**

**Article 1** To meet the sustainable development needs of Weichai Power Co., Ltd. (the “Company”), establish and improve the Company’s environmental, social, and governance (ESG) management system, enhance the management level of ESG-related initiatives, and institutionalize and streamline ESG matters, these Measures are formulated in combination with the actual situation of the Company and in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, Code of Corporate Governance for Publicly-Listed Companies, the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation), the Self-Regulatory Guidelines No. 1 for Listed Companies on Shenzhen Stock Exchange—Standardized Operation of Main Board Listed Companies", the Environmental, Social, and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited, other applicable laws, regulations, normative documents, and the Articles of Association.

**Article 2** For the purposes of these Measures, Environmental, Social, and Governance (ESG) refers to an investment philosophy and corporate evaluation framework that prioritizes environmental, social, and governance performance rather than financial performance. The Company’s ESG responsibilities include but are not limited to, ESG-related management supervision and evaluation, performance assessment, information disclosure, and capital market ratings. ESG topics covered under these Measures include but are not limited to, R&D and innovation, product quality and safety, labor rights protection, occupational health and safety, climate change response, and sustainable supply chains.

**Article 3** These Measures are formulated in compliance with Appendix C2 “Environmental, Social, and Governance Reporting Guide” of the *Main Board Listing Rules* issued by the Stock Exchange of Hong Kong Limited (HKEX), the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*, *Code of Corporate Governance of Listed Companies* issued by the China Securities Regulatory Commission (CSRC), *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial*

*Information* and *IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), and Requirements of capital market ratings such as MSCI ESG rating.

**Article 4** These Measures apply to the Company, its branches, and its subsidiary companies.

## **Chapter II ESG Governance Structure**

**Article 5** To implement ESG development principles and provide organizational support for the Company's ESG management, the Company has established a comprehensive, well-structured, and operationally efficient ESG governance framework with clear hierarchies, defined roles, and responsibilities. This framework clarifies the duties of personnel at all levels, departments, and positions, aiming to establish a more robust ESG management mechanism and comprehensively enhance the Company's ESG performance.

**Article 6** The Company's ESG governance structure comprises a three-tier framework: Board-level ESG Committee—ESG Management Team—ESG Working Groups.

**Article 7** The Board-level ESG Committee is the highest decision-making and governance body for the Company's ESG efforts. It provides leadership in ESG governance, oversees and reviews the Company's ESG strategies, goals, and plans, and addresses key ESG matters such as climate change, occupational health and safety, business ethics, and information security. The ESG Committee is responsible for:

- (1) Formulating and monitoring the implementation of ESG strategies, goals, and plans;
- (2) Reviewing ESG risk and opportunity assessments and overseeing the management of significant ESG-related risks and opportunities that may impact the Company's operations;
- (3) Reviewing the annual ESG report and submitting it to the Board for deliberation;
- (4) Reviewing ESG-related policies, monitoring the implementation of ESG management systems, and providing recommendations.

**Article 8** The ESG Management Team, led by senior executives such as the General Manager and Deputy General Managers, operates under the Board-level ESG Committee's authorization. It is responsible for coordinating ESG initiatives across departments to ensure effective and efficient implementation. The key responsibilities of the ESG Management Team include:

- (1) Coordinating the Implementation of ESG strategies, objectives, and plans;
- (2) Assessing material ESG risks and opportunities and offering suggestions to the ESG

Committee of the Board;

(3) Ensuring ESG policies are promptly updated to align with national policies, laws, and regulations;

(4) Coordinating resources for annual ESG reporting;

(5) Reviewing ESG-related policies;

(6) Reviewing material ESG matters.

**Article 9** The ESG Coordination Office, led by the Securities Management Department, serves as the executive body for ESG matters, guiding and coordinating cross-departmental ESG initiatives.

**Article 10** The ESG Working Groups are responsible for the execution of ESG work. The Groups include four specialized teams, each focusing on Employee Rights, Occupational Health and Safety, Climate Change, and Sustainable Products. The Groups are composed of liaisons from relevant departments, responsible for coordinating and advancing key initiatives, as well as supporting and implementing ESG-specific tasks. The major responsibilities of the ESG Working Groups at Weichai Power headquarters include:

(1) Developing and improving ESG-specific policies and coordinating their implementation;

(2) Conducting risk and opportunity assessments and executing mitigation measures;

(3) Implementing annual ESG plans and reporting progress to the ESG Management Team;

(4) Collecting and compiling ESG metrics, and providing progress updates of key initiatives implemented to the ESG Management Team;

(5) Facilitating communication between departments and subsidiaries to ensure ESG initiatives are effectively implemented.

**Article 11** The ESG Working Groups establish subsidiary ESG Working Groups for major subsidiaries, including the Lovol ESG Working Group and the Shanghai Division ESG Working Group. The Lovol ESG Working Group is overseen by the Board Office, while the Shanghai Division (including Shaanxi Heavy-Duty Automobile, Fast Gear, Torch Technology, Zhuzhou Gear, and Xiang Torch Machinery Manufacturing) is managed by the Shanghai Operations Center. The main responsibilities of the subsidiary ESG Working Groups include:

(1) Formulating ESG strategic plans

(2) Monitoring the implementation of ESG strategies;

(3) Collecting ESG data of subsidiaries and timely reporting them to the Company;

- (4) Establishing effective communication channels between the Company and subsidiaries to strengthen collaboration in ESG management;
- (5) Continuously improving the ESG performance of subsidiaries.

### **Chapter III Meeting Mechanisms for ESG Governance**

**Article 12** ESG Meetings consist of Committee Meetings, Management Team Meetings, and Ad-hoc Meetings.

**Article 13** The ESG Committee of the Board incorporates ESG matters into its agenda, following the *Working Rules of the Environmental, Social, and Governance (ESG) Committee of Weichai Power Co., Ltd.*

**Article 14** ESG Management Team Meetings include regular and interim sessions. Regular meetings focus on reviewing ESG plans, tracking progress, assessing risks, making key decisions, and addressing other relevant matters.

**Article 15** Meetings may be conducted in person or virtually (e.g., via video or phone conferencing).

**Article 16** Interim Meetings may be convened by the ESG Management Team and Working Groups as needed, with participation from relevant department heads and designated liaisons. The Working Groups are responsible for compiling regular ESG progress reports on plans, implementation status, and risk assessments and addressing. These reports must be reviewed and confirmed by relevant departments before submission to the ESG Management Team for further review.

**Article 17** Resolutions made by the ESG Management Team shall be formalized into a comprehensive ESG work plan, which is implemented and monitored by the Working Groups. Any matters beyond their scope shall be escalated to the Management Team, which shall subsequently submit progress toward ESG objectives, risk assessments, annual reports and other relevant deliverables to the ESG Committee for approval.

**Article 18** In the event of emergent ESG matters, interim meetings shall be convened following established procedures. Adjustments may be made based on the situation to ensure timely discussions and appropriate response measures.

## **Chapter IV Stakeholder Communication**

**Article 19** The Company's stakeholders include governments, regulatory authorities, shareholders, investors, customers, employees, partners, community representatives, industry associations, and other relevant groups. To foster strong relationships with stakeholders and ensure compliance with regulatory requirements, a Stakeholder Communication Mechanism has been established by the Company. This mechanism is designed to identify and prioritize stakeholder expectations and requirements through systematic analysis, formulate effective response processes to address material concerns in a timely manner and develop diversified communication channels. Through this mechanism, the Company aims to ensure timely and efficient communication with stakeholders at all levels.

## **Chapter V ESG Information Disclosure**

**Article 20** ESG disclosure is a key channel for the Company to communicate its ESG progress and achievements to external stakeholders. By providing a transparent and comprehensive overview of ESG performance to shareholders, customers, and other stakeholders, it fosters a constructive engagement mechanism that enhances mutual trust and promotes long-term collaboration.

**Article 21** ESG disclosure includes the annual ESG Report, ESG-specific sections within it, responses to capital index-related ratings and ESG-related inquiries from investors, ESG information dissemination through the Company's official website, stock exchange platforms, and other official channels. The ESG Report shall be disclosed annually, while other ESG-related content, such as policies and updates, shall be disclosed periodically based on the Company's policy development progress and operational execution status.

## **Chapter VI Supplementary Provisions**

**Article 22** These Measures apply to the Company, its branches, and its subsidiary companies.

**Article 23** These Measures take effect upon approval by the ESG Committee.

**Article 24** The ESG Committee reserves the right to interpret these Measures.

**Article 25** The ESG Coordination Office is responsible for revisions.

**Article 26** Any matters not specified in this policy shall be governed by applicable laws, regulations, and the *Articles of Association*.

**Article 27** Subsidiaries are encouraged to develop their own Environmental, Social, and Governance (ESG) management measures, using this policy as a reference.