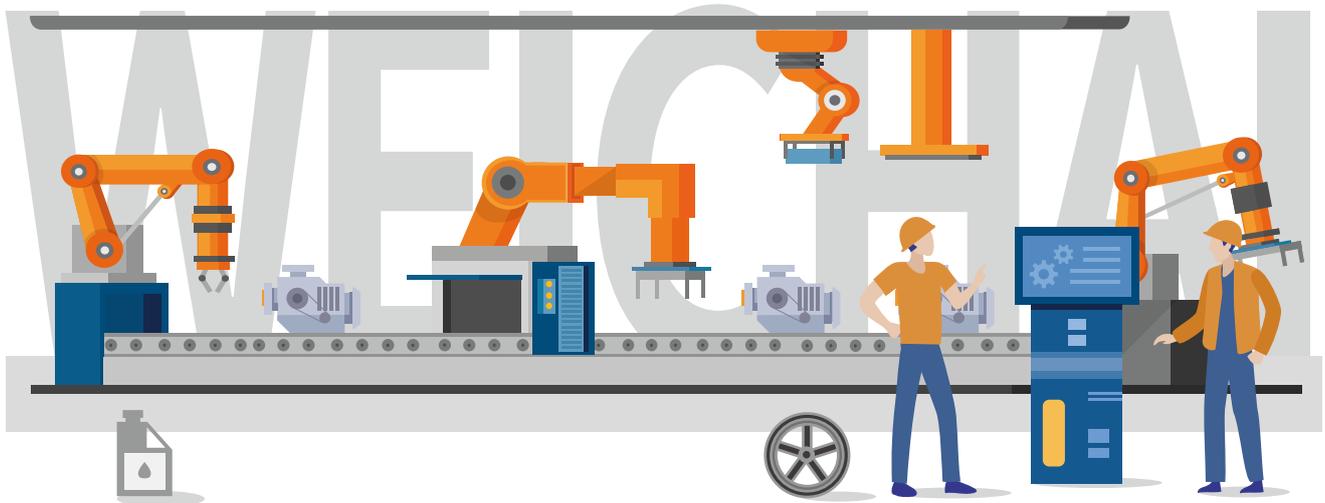


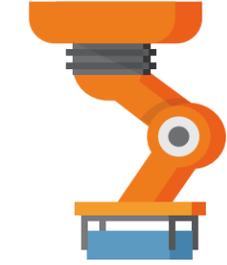


2023

Environmental, Social and Governance Report



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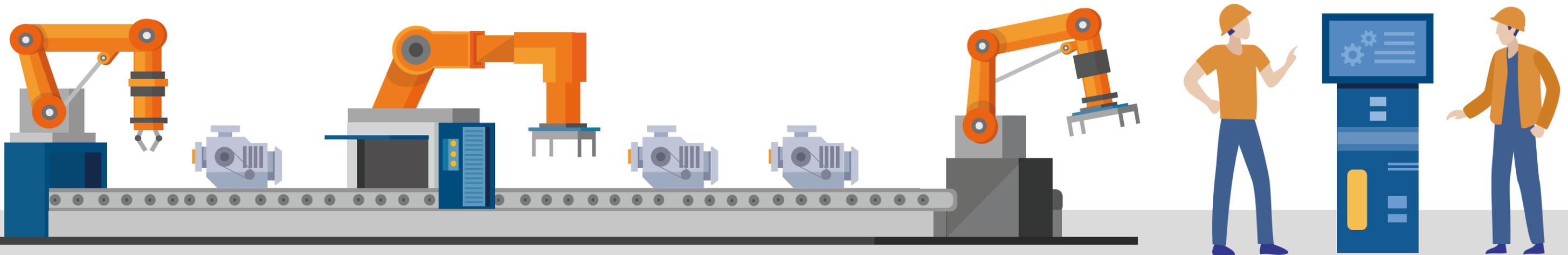
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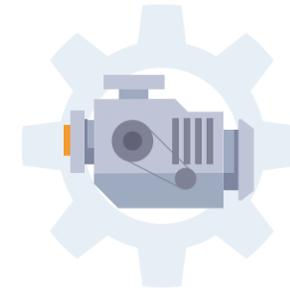
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About This Report

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 C2 to the *Main Board Listing Rules* of the Hong Kong Exchanges and Clearing Limited ("HKEX"), with reference to the *GRI Sustainability Reporting Guidelines (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB), 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 ("CASSCSR"), and the mainstream ESG rating indices of capital markets such as MSCI-ESG rating.

Scope of Reporting

Unless otherwise specified, this Report covers the performance of social responsibilities by the headquarters of Weichai Power Co., Ltd. in Weifang ("Weichai Power HQ") and its main subsidiaries, KION AG ("KION"), Shaanxi Heavy Duty Automobile Co., Ltd. ("Shaanxi Heavy Duty Automobile"), and Shaanxi Fast Gear Co., Ltd. ("Fast Gear") and Weichai Lovol Intelligent Agricultural Technology Co., Ltd. ("Lovol").¹

Data Source

The key financial data provided in this Report are from the *Weichai Power Annual Report 2023*, 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 2023 to 31 December 2023. Some parts of this Report may appropriately date back to previous years.

References

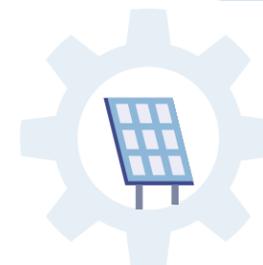
For easy reference and reading, Weichai Power Co., Ltd. is referred to as "Weichai Power", the "Company" and "We", the headquarters of Weichai Power Co., Ltd. in Weifang as "Weichai Power HQ", KION Group AG as "KION", Shaanxi Heavy Duty Automobile Co., Ltd. as "Shaanxi Heavy Duty Automobile", Shaanxi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

Report Access

This Report is available on our official website and that of HKEX in both Chinese and English. Should there be any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

Disclaimer

Parts of this Report are forward-looking subject to uncertainties, which could cause actual results to differ materially from those presented. The Company undertakes no obligation to update any forward-looking statements provided in this Report.



¹ The main subsidiaries include subsidiaries with a 10% or greater impact on the Company's net income



Message from the Chairman

In 2023, despite challenges such as the global economic slowdown and domestic industry operating at a low level, the Company remained focused on its core business. We continued to drive structural adjustments, transformation and upgrading, and quality improvement and efficiency enhancement. As a result, we maintained high-quality development, with key indicators showing significant year-on-year growth. This has been widely recognized by society, the government, shareholders, and employees, demonstrating our commitment to corporate social responsibility.

Adhering to the development philosophy of "green, clean, and sustainable", the Company firmly grasped the trend of green and low-carbon transformation and development. We actively practiced social responsibility, continuously improved energy-saving and emission-reduction technologies for internal combustion engines, accelerated the layout of the new energy industry, and built the "National-Level Green Factory", contributing Weichai's wisdom and strength for achieving the "Dual Carbon" goals.

We persisted in self-reliance and self-improvement in science and technology, leading up to a new level of product core competitiveness. We established the Weichai Power Central Research Institute's "Eight Institutes and One Center" R&D system, strengthened Weichai Tokyo Innovation Center and the Weichai Lovol (Osaka) Technology Innovation Center, and improved our full-process R&D capabilities for specific scenarios, enabling us to comprehensively and rapidly meet customer demands. We have continuously broken the world record for engine thermal efficiency three times in a row, launched a new generation of H/T platform series products, and taken a strong lead in the market for heavy-duty tractors above 500 horsepower, leading the high-efficiency and energy-saving era for high-horsepower heavy trucks.

Our new energy business has achieved high-quality development, with breakthroughs in core fuel cell technologies. We have completed the development of electric drive units for heavy-duty trucks, light trucks, and buses, achieved mass matching of Weichai battery products, and created differentiated advantages for electric powertrains. We released the world's first high-power metal-supported SOFC commercial product, achieving the highest record of combined heat and

power efficiency globally and providing green and low-carbon solutions for distributed energy and microgrids.

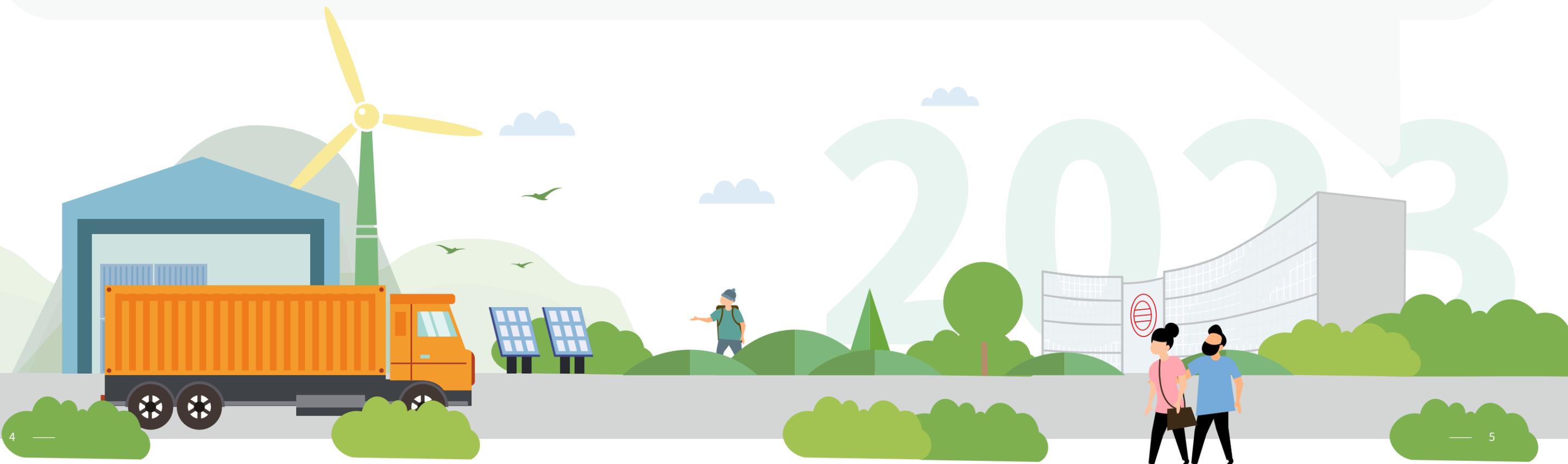
Focusing on high-end agricultural machinery and smart agriculture, we build China's No.1 agricultural equipment brand. We launched China's first systematic CVT tractor smart agriculture application scenario solution, realized the industrialization development of 240HP-340HP high-horsepower CVT series tractors, and rapidly broke through key core technologies such as large feeding volume harvesting machinery and high-end agricultural machinery, leading the upgrading of agricultural machinery equipment towards largescale, high-end, and intelligent.

We facilitate the replacement of traditional drivers by new ones for future development. We accelerated major equipment upgrades, major process reforms, and major project construction, broke through new technologies such as process simulation, additive manufacturing, and modular equipment, shortened the product development cycle by one-third, and led the industry in intelligent control of product manufacturing processes. We invested in major projects such as the construction of a new generation of engine digital industrial parks, Phase II of the Linde hydraulic industrial park, and the Dematic high-end logistics equipment manufacturing base, seizing strategic development opportunities.

We have proactively fulfilled our social responsibilities and participated in charity activities such as volunteer services, poverty alleviation and donation for education. We have also leveraged our role as the "Chain Leader" to organize the Global Supply Chain Strategic Cooperation Partner Conference, and created an industrial innovation ecosystem centered on powertrains. We thus have earned a wider popularity and reputation.

The release of this ESG report is to take stock of our efforts in fulfilling social responsibility in 2023. We hope to further strengthen the Company's social responsibility, promote benefit sharing between the Company and all sectors of society, especially stakeholders. This will enhance mutual understanding and recognition, and make new and greater contributions to economic and social development by better fulfilling social responsibilities.

**Chairman
Tan Xuguang**





ESG Statement of the Board

Weichai Power adheres to the *Code of Corporate Governance for Listed Companies* of the China Securities Regulatory Commission (CSRC) as well as the requirements of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. We integrate the concept of sustainable development into our daily management and business operations, continuously promoting the development of the ESG management system.

The Company has established a three-tier ESG governance structure featuring "Governance-Management-Execution", providing organizational guarantee for the smooth implementation of ESG work. The Board of Directors is the highest regulatory body for ESG matters at Weichai Power, responsible for overseeing the Company's ESG work. The Strategic Development and Investment Committee of the Board of Directors, as the main supervisory and decision-making body for the Company's ESG work, is responsible for the formulation and review of the Company's ESG goals, strategies, annual and medium- to long-term plans,

the supervision of their implementation, the identification of ESG risks and opportunities, and the review of annual ESG reports. The ESG Management Team, as the main management department for Weichai Power's ESG-related work, is responsible for formulating and coordinating the annual ESG work plan, summarizing and reporting on the operation of the ESG system and the completion of various stage objectives, and establishing daily communication channels with stakeholders. To ensure the implementation and implementation of daily ESG management work, the ESG Working Group, composed of business units and functional departments, is responsible for implementing the Company's annual ESG work plan, participating in the preparation of the annual ESG report, and setting ESG goals.

The Board of Directors highly values identification and determination of material ESG issues. In 2023, Weichai Power updated the list of material ESG issues based on knowledge of the external macro social and economic environment

and internal development strategies. Weichai Power systematically sorted and adjusted material issues through the four steps of "identification-research-evaluation-confirmation", updated and completed the Material Issue Matrix for 2023, which has been reviewed by the Board of Directors and disclosed in this Report.

This Report discloses in detail the progress and performances of Weichai Power's ESG efforts in 2023, which was submitted to the Board of Directors for consideration and approval by the Strategic Development and Investment Committee on March 25, 2024.



About Weichai Power

Weichai Power was founded in 2002 by the original Weifang Diesel Engine Factory as the main sponsor, together with other domestic and foreign investors. It is a Chinese combustion engine company listed on "HKEX" and it is also the first enterprise to achieve dual listing in both Hong Kong and the Chinese mainland through share swap and merger, known as "H to A" listing. Weichai Power owns a range of well-known brands, both domestically and internationally. Domestically, it includes "Weichai Power Engines", "Shaanxi Heavy Truck", "Weichai Lovol Intelligent Agriculture", "Fast Gear", "Hande Axle", and "Torch Spark Plug". Internationally, it includes "KION" and "Linde Hydraulics" from Germany, "Dematic" and "PSI" from the USA, "Moteurs Baudouin" from France, and "Ballard" from Canada. In 2023, it achieved an operating income of RMB213.958 billion, a net profit attributable to the parent of RMB9.014 billion, ranking 156th among China's Top 500 Enterprises, 73rd among China's Top 500 Manufacturing Enterprises, 22nd among China's Top 100 Multinational Companies, with a transnational index of 48.57%.

Weichai Power's main business encompasses power systems, commercial vehicles, agricultural equipment, and smart logistics. The Company's subsidiaries are spread across Europe, North America, Asia, and other regions, with products exported to more than 150 countries and regions. The Company's heavy engines and heavy gearboxes rank first in global sales, its industrial forklifts are among the global leaders, its agricultural equipment sales are the highest in China, and its heavy trucks are leading in China. The Company hosts national innovation platforms, such as the State Key Laboratory of Internal Combustion Engine and Power System, the National Fuel Cell Technology Innovation Center, the National Commercial Vehicle Power System Assembly Engineering and Technology Research Center, the National Industrial Design Center, the National Internal Combustion Engine Product Quality Inspection and Testing Center, the National Internal Combustion Engine Industrial Measurement and Testing Center, the Nationally Recognized Enterprise Technology Center, among others. It also has set up "post-doctoral research stations" and other research bases, has established ten cutting-edge technology innovation centers across the globe, and built a global collaborative R&D platform. The Company has won nine national scientific and technological awards, including the first prize of National Science and Technology Progress Award in 2018.





Key ESG Performance in 2023²

Compliance and Sound Governance, Consolidating Development Foundation

- Weichai Power HQ organized 32 risk management training sessions, reaching over 10,000 employees.
- The total duration of anti-corruption training was 73,296 hours, with an average of 3.5 hours for management and 3 hours for non-management staff.
- The signing rate for Weichai Power HQ's *Supplier Integrity and Honesty Co-building Agreement* was 100%.
- Suppliers of Weichai Power using environmentally friendly materials and recyclable packaging accounted for 86.7%.
- 100% power accessory suppliers were certified under the IATF 16949 system.

Relentless Improvement, Providing Premium Products

- ISO 9001 or IATF 16949 quality management system certification coverage reached 100%.
- Average quality training time per person at Weichai Power HQ was 20.8 hours.
- 0 product recall incidents.
- Customer complaint closure rate reached 100%, with customer satisfaction at Weichai Power HQ at 92.76%.
- Annual investment in innovation and R&D was 8,982.68 million yuan.³
- Applied for 3,590 patents, a total of 20,432 patents granted till now.³

People First, Promoting a Harmonious Society

- The overall satisfaction of employees participating in satisfaction surveys is 96.83%.
- A total of 41,768 employees participated in training, accumulating 4,831,990 hours, with an average of 101 hours of training per person.
- The coverage rate for GB/T 45001 or ISO 45001 occupational health and safety management system certification reached 100%.
- Total contributions to public welfare and charity³ amounted to RMB1.06 million yuan.
- Weichai Power HQ staff participated in volunteer services 27,000 times, with a total service time of over 30,000 hours.

Green Manufacturing, Guarding Lucid Waters and Lush Mountains

- Environmental investments totaled more than RMB 28.3862 million.
- The coverage rate for GB/T 24001 or ISO 14001 environmental management system certification reached 100%.
- The coverage rate for ISO 50001 energy management system certification reached 100%.

Honors and Awards

In recent years, Weichai Power has been honored with prestigious awards, including the first prize of National Science and Technology Progress Award, the China Quality Award, the China Patent Gold Award, the China Trademark Award for Trademark Innovation, the National Quality Award, National Enterprise Culture Demonstration Base, etc.



² Unless otherwise specified, all data excludes KION

³ The data includes KION



01

Compliance and Sound Governance Consolidating Development Foundation

Weichai Power firmly believes that sound management is the key to the Company's growth. While continuously deepening development and creating value, we also continuously improve corporate governance and risk prevention capabilities, adhere to business ethics, enhance operational transparency, and integrate ESG concepts into corporate governance. By working together with partners, we fulfill corporate social responsibility and establish a trustworthy corporate image.





Deepening Corporate Governance

Compliance Operations

During the Reporting Period

the Board of Directors convened

12 Meetings

with a attendance rate of

100%

Weichai Power constantly improves the corporate governance structure. By consistently enhancing compliance management and risk management systems, we increase corporate compliance awareness and risk prevention capabilities, and promote the sustainable and steady corporate development.

Weichai Power emphasizes the effectiveness and transparency of corporate governance. We strictly comply 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*, and other laws and regulations. By consistently improving corporate governance structure, we ensure the stable operation of the Company and fully protect rights and interests of the shareholders.

The Board of Directors has established the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Strategic Development and Investment Committee. The Company clarifies the responsibilities and work processes of each committee to supervise the management of various company affairs, provide upper-level decision-making for company development, and maximize interests of the shareholders. During the reporting period, the Board of Directors convened 12 meetings with a 100% attendance rate.

The Company fully considers factors such as gender, age, expertise, and industry experience of board members to ensure the diversity of the board while meeting the needs of various businesses. As of December 31, 2023, the Board of Directors consisted of 15 members, including 7 executive directors and 5 independent non-executive directors. The independent directors have rich industry experience, with professional backgrounds in finance, law, risk management, engineering, and other fields, bringing diversified experience and professional knowledge to the Company. In addition, the Board of Directors has appointed 1 female independent non-executive director, reflecting our emphasis on female leadership and the importance of board independence and diversity.

Risk Management

Weichai Power has established a well-structured risk management and internal control system with clearly-defined rights and responsibilities. The Board of Directors is the leading and decision-making body for the Company's risk management, responsible for coordinating the development of the Company's risk management and internal control system. At the functional department level, the Risk Management Department is responsible for implementing specific response measures for major risks.

To ensure the effectiveness of the risk management and internal control system, the Company has established "three lines of defense" for risk management to effectively prevent operational risks and enhance risk management.

Three Lines Defense

<p>The First line of defense Business Units and Functional Departments</p>	<p>Business units and functional departments continuously identify and analyze risks within business processes, serving as the front line of the Company.</p>
<p>The Second line of defense Risk Management Responsible Bodies</p>	<p>Risk management departments lead and coordinate works regarding risk management of all units within the Company. The risk management leading group ensures the implementation of risk management and continuously monitors relevant works.</p>
<p>The Third line of defense The Internal Audit Department</p>	<p>The Internal Audit Department is charged with the role of assisting the management and the Board of Directors/Audit Committee in performing their duties of supervising company risk management, responsible for senior management and the Board of Directors/Audit Committee, as well as monitoring and assessing corporate performance in the operation and efficiency of risk management systems and internal control systems.</p>

The Company has developed a full lifecycle risk management process covering risk identification, assessment, response, and continuous supervision and improvement, comprehensively enhancing risk prevention capabilities.

Full Lifecycle Risk Management Process





Weichai Power HQ organized

32

risk management training sessions,

totaling over

10,000 enrollments

In 2023, the Company conducted a comprehensive risk assessment to categorize and optimize risk management and control. It continuously monitored 10 major risks and formulated 47 specific risk prevention and control measures for 37 sub-risks. This effort resulted in the formation of a risk prevention and control and supervision responsibility matrix for the Company, which included ESG risks such as technological research and development, safety, and health risks.

To continuously strengthen employees' awareness of compliance, the Company organized a variety of risk management training activities to comprehensively enhance the Company's risk management. In 2023, Weichai Power HQ organized 32 risk management training sessions, totaling over 10,000 enrollments, effectively enhancing the Company's core competitiveness in risk prevention and control, as well as the risk management capabilities of all employees.

Risk Management Training

Key Personnel

Conduct risk management capability tests for all key personnel, and provide training and exchange sessions on risk management mechanisms and methods to help each unit accurately understand risks and enhance risk awareness.

All Employees

Gather risk management theories and practical research from experts to provide methods and tools guidance for advancing risk management work.

Focus on thematic risk management knowledge blind spots, analyze risk management knowledge points from multiple angles to avoid misunderstandings in risk management.

Share risk management anecdotes to convey risk awareness concepts.

Compliance Management

In order to implement the *Measures for the Compliance Management of Central Enterprises* and other policies, the Company has strengthened the organization and guarantee of compliance management work. In accordance with GB/T 35770, ISO 37301, and other requirements of compliance management systems, the Company integrates industrial best practices to optimize a compliance management system with Weichai Power characteristics. This system combines compliance management with business operations, strengthens compliance capacity building, and ensures practical application and effectiveness of compliance management.

In December 2023, Weichai Power invited external experts to conduct an external audit of the compliance management system and successfully obtained the GB/T 35770 and ISO 37301 compliance management system certification, with a coverage rate of

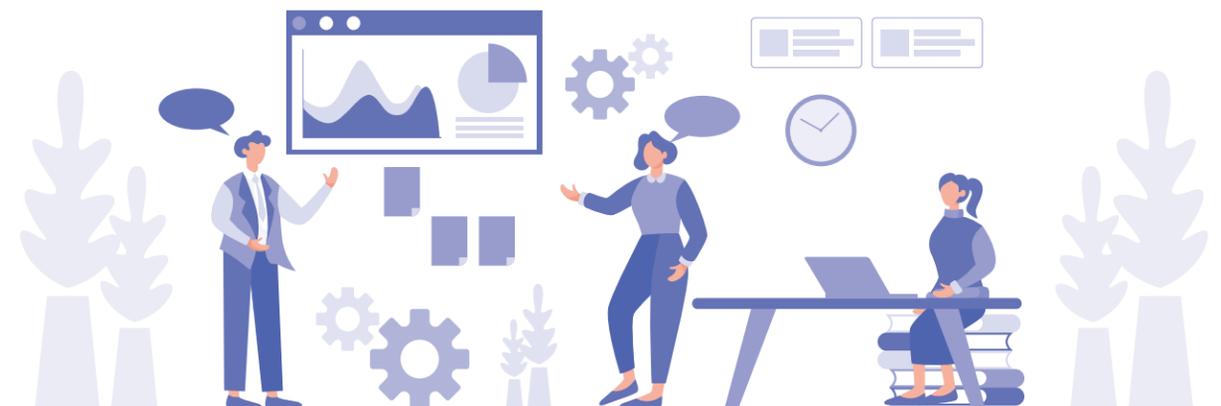
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GB/T 35770 and ISO 37301 Compliance Management System Certification

"Four-in-one" Compliance Management System

- Compliance Organization System**
Clarify compliance responsibilities at multiple levels, including the management, execution, compliance directors, and business units, to ensure that all activities are effectively executed and monitored.
- Compliance System**
With the Compliance Management Manual as the guideline, we have formed systematic compliance guidelines to guide the management of compliance risks.
- Compliance Risk Management and Review Mechanism**
Comprehensively sort out important compliance risks in operation and management activities, and realize the whole process of control and management of compliance risk management in terms of prevention, response and accountability.
- Compliance Culture Guarantee Mechanism**
Internally, through the signing ceremony of the senior management's compliance commitment, regular compliance meetings, compliance training and other approaches, the Company has built up the compliance awareness among all staff through multiple channels;
Externally, the "Compliance Column" on Weichai's official website announces the Company's commitment to compliance, and expresses the Company's attitude towards compliance to its global stakeholders.





Strengthening ESG Governance

Weichai Power incorporates the concept of sustainable development into daily management and operations, continuously promotes the development of ESG management system, and promotes the healthy development of the industry and society by leveraging own influence. The Company attaches great importance to communication and exchange with stakeholders, and carries out materiality assessments and responds to the demands of stakeholders in light of business development and stakeholders' requests.

ESG Governance Structure

To ensure the formulation and implementation of corporate sustainability strategies, Weichai Power has established a three-level ESG governance structure of "Governance-Management-Execution", ensuring organizational guarantee for the advancement of our ESG agendas.



Weichai Power's ESG Governance Structure



Responsibilities of ESG governance structure

- The Board of Directors, as the highest supervisory body for ESG-related matters of Weichai Power, is responsible for supervising the Company's ESG work and reviewing relevant reports;
- The Strategic Development and Investment Committee under the Board of Directors, as the main supervisory and decision-making body for Weichai Power's ESG work, is responsible for organizing the formulation/review of the Company's ESG objectives, strategies, annual, medium- and long-term plans, etc. and supervising their implementation, assessing the Company's ESG risks and opportunities, and reviewing the annual ESG reports.
- The ESG Management Team, as the main management department of Weichai Power's ESG-related work, is responsible for formulating and coordinating the annual ESG work plans; summarizing and reporting on the operation of the ESG systems and the completion of the milestones of each matter; and establishing the daily communication channels with stakeholders.
- The ESG Working Group consists of staff members from various functional departments and business departments, and is responsible for the execution and implementation of the Company's annual ESG work plans, the preparation of the Company's annual ESG reports, and participation in the formulation of ESG objectives.



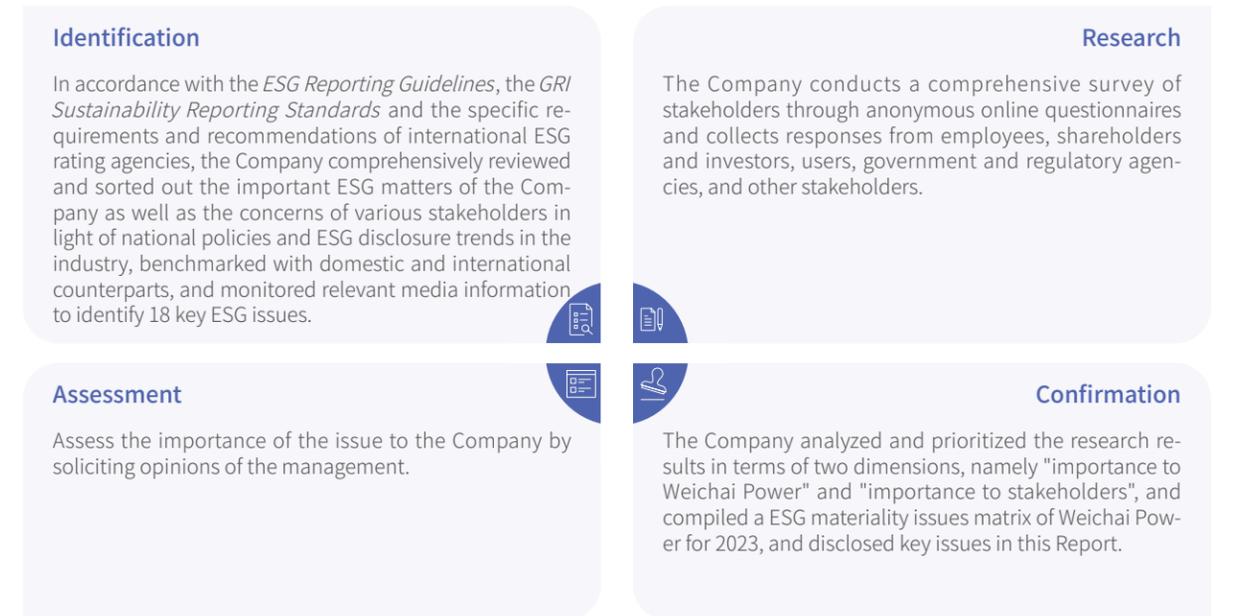
Stakeholder Communication

The Company always pays attention to and listens to the demands of internal and external stakeholders, continuously improves normalized, multi-channel communication mechanisms, and responds to the expectations and opinions of stakeholders in a timely and efficient manner. The Company strives to meet the needs of stakeholders and achieve win-win results for all parties.

Stakeholder	Stakeholder Expectation	Communication Mechanism
Government and Regulatory Agencies 	Compliance with laws and regulations Compliance operation Paying taxes according to law Contributing to local development	Information disclosure Routine communication and report Government research and inspections
Shareholders and Investors 	Shareholder returns Information disclosure Risk management Corporate governance Business performance	Shareholders' meetings Periodic reports and announcements Investor communication meetings
Customers 	Supply of renewable energy products High-quality services	Guaranteeing product quality Customer satisfaction surveys Regular customer communication activities
Staff 	Employee rights and interests protection Occupational health and safety Career development	Staff congresses and trade unions Employee satisfaction survey Performance management Internal and external trainings Employee care activities
Partners 	Clean business environment Win-win development Supply chain sustainability	Public bidding On-site audits Supplier conferences Business conferences
Community Representatives 	Driving local economic development Environmental impact of production and operation on the community Community service and charity	Volunteer service Supporting cultural and sports activities Participating in community building
Industrial Associations 	Fair competition Promoting industry development Technology and experience sharing	Industry exchange seminar Project cooperation

Materiality Assessment

Weichai Power understands the significance of the feedback and suggestions from stakeholders on corporate development. In 2023, the Company has systematically sorted out and adjusted the material issues by following four-steps of "Identification - Research - Assessment - Confirmation", and further mapped out the material issues matrix for 2023. The steps of materiality assessment are as follows:





Upholding Business Ethics

Business Ethics Governance System

Weichai Power firmly believes that integrity, equality, and transparency are the cornerstone of the Company's long-term stable development. The Company has established a sound system for governing business ethics, resolutely opposes all forms of corruption, continuously strengthens anti-corruption governance and daily anti-corruption publicity activities, regulates the daily behavior of employees, and strives to create a clean and upright business environment.

The Company strictly complies with anti-corruption and business ethics laws and regulations and has issued a series of policy documents internally to ensure compliance with regulations through a sound system and supervision system.

External Laws and Regulations

- the *Company Law of the People's Republic of China*
- the *Anti-Unfair Competition Law of the People's Republic of China*
- the *Oversight Law of the People's Republic of China*
- *Anti-monopoly Law of the People's Republic of China*
- the *Criminal Law of the People's Republic of China*
- the *Interim Provisions on Prohibition of Commercial Bribery*

Internal Policies and Systems

- the *Administrative Measures for the Integrity of the Company*
- the *Management Procedures for the Declaration of Major Events for Key Positions*
- the *Management Measures for Administrative Accountability*
- the *Code of Business Conduct*



In December 2023, Weichai Power invited external experts to conduct an external audit of its anti-bribery management system. As a result, it obtained the ISO 37001 Anti-Bribery Management System certification with a coverage rate of

100%



ISO 37001 Anti-Bribery Management System Certification

We designate the Development and Investment Committee under the Board of Directors Strategic as the highest management and supervisory body. By implementing a system of stationed supervision and appointing integrity supervisors in key departments and regions, we strengthen supervision and management of anti-corruption and integrity.

We strictly adhere to the requirements of the *Code of Business Conduct* and adopt a zero-tolerance attitude towards any behavior that violates business ethics. We clearly define all behaviors and potential behaviors that violate business ethics, including commercial bribery, extortion, fraud, money laundering, monopoly, and unfair competition, and prescribe corresponding management measures. We also sign the *Letter of Responsibility for the Main Body of Improving Party Style and Building Integrity* and the *Letter of Supervisory Responsibility* as well as other methods, to achieve dual responsibilities of the main body and supervision, ensuring that employees perform their duties in accordance with regulations and enhance the overall awareness of anti-corruption and integrity within the Company.

We continuously improve our own inspection and supervision mechanisms and actively take preventive measures to ensure honest and lawful business operations. We have established a sound mechanism for "Comprehensive Supervision" and launched an "inspection and supervision handling" information platform. Every year, we carry out anti-corruption supervision and inspection covering key areas of the Company's business, with the supervision and inspection covering the *Administrative Measures for the Integrity of the Company* and other business ethics and anti-corruption systems. For the problems discovered, we strictly implement rectification and specify responsibilities and time requirements, aiming to achieve closed-loop management through investigation to promote improvement. During the reporting period, Weichai Power has obtained ISO 37001 Anti-Bribery Management System certification.

We continue to improve the *Supplier Code of Conduct*, clarify the management requirements for all suppliers regarding business ethics, and strictly prohibit improper behaviors such as corruption and bribery, unfair competition, monopolies, and conflicts of interest.

We pay attention to the integrity performance of employees and business partners, sign the *Commitment to Clean Employment* with employees, and require all suppliers to sign the *Agreement on Jointly Building Integrity and Credibility*, promoting a relationship featuring integrity, honesty, and win-win cooperation. In 2023, the Weichai Power HQ signed the *Commitment to Clean Employment* with 6,040 key position employees and signed the *Agreement on Jointly Building Integrity and Credibility* with 7,954 suppliers, central warehouses, and service stations, with a signing rate of 100% for suppliers.

Business Ethics Training

In 2023,

7,954

with 100%

Agreement on Jointly Building Integrity and Credibility signed

signing rate with suppliers

In terms of building a culture of integrity, the Company organizes various forms of integrity culture training and publicity activities for members of the Board of Directors and all employees.

- Emphasize the role of families in promoting integrity, advocating the initiative "Cleanliness Accompanies the Family, Integrity Starts at Home".
- Conduct the "Integrity Home Visits, Cleanliness Guards" activity to promote a culture of integrity.
- Issue reminders on integrity during festivals such as the Spring Festival, New Year's Day, Mid-Autumn Festival, and National Day.
- Carry out the "Forge Ahead, Stay True to the Original Aspiration, Integrity Self-Reflection, and Reverence for the Law" Integrity Education Month activity.
- Organize the viewing of cautionary and integrity-promoting educational videos.
- Establish the "Daily Integrity Learning" initiative to enhance training on disciplinary inspection and supervision knowledge and share experiences.

Highlights of Integrity Training Performance

Total training hours of Anti-corruption

73,296 hours

Average training hours of anti-corruption per Director

3 hours

Average training hours of anti-corruption per employee by rank

Management employees

3.5 hours

Non-management employees

3 hours



Whistleblower Management

The Company has formulated and strictly adheres to the *Management Process for Violations and Disciplinary Cases* and the *Reporting Management Measures*, standardizing the channels and procedures for reporting to ensure that complaints and reports are handled promptly and effectively.

We encourage stakeholders such as employees, suppliers, and users to report any unethical behavior they discover. We have established open and diverse channels for reporting corruption, including emails, mailboxes, visits, hotlines, QR codes, and the Company's website. Upon receiving verified reports, we promptly formulate investigation plans and conduct investigations. After confirming the facts of the violation, we handle the complaint and report cases seriously.

To protect the basic rights and interests of whistleblowers, the Company complies with the relevant provisions of the *Reporting Management Measures* and strictly keeps the personal information and report content of whistleblowers confidential within the scope permitted by laws and regulations. Any form of retaliation against whistleblowers is strictly prohibited.

Reporting Channels for Business Ethics Violations at Weichai Power

Reporting email: 2102388@weichai.com

Reporting phone: 0536-2102388

Reporting section of official website⁴

Reporting QR Code



In 2023
0
corruption-related lawsuits occurred.

In 2023, Weichai Power did not engage in any behavior that violated ethical standards such as money laundering, insider trading, or conflicts of interest. The Company was not involved in any corruption-related lawsuits.



⁴ https://www.weichai.com/media_center/gysjb/

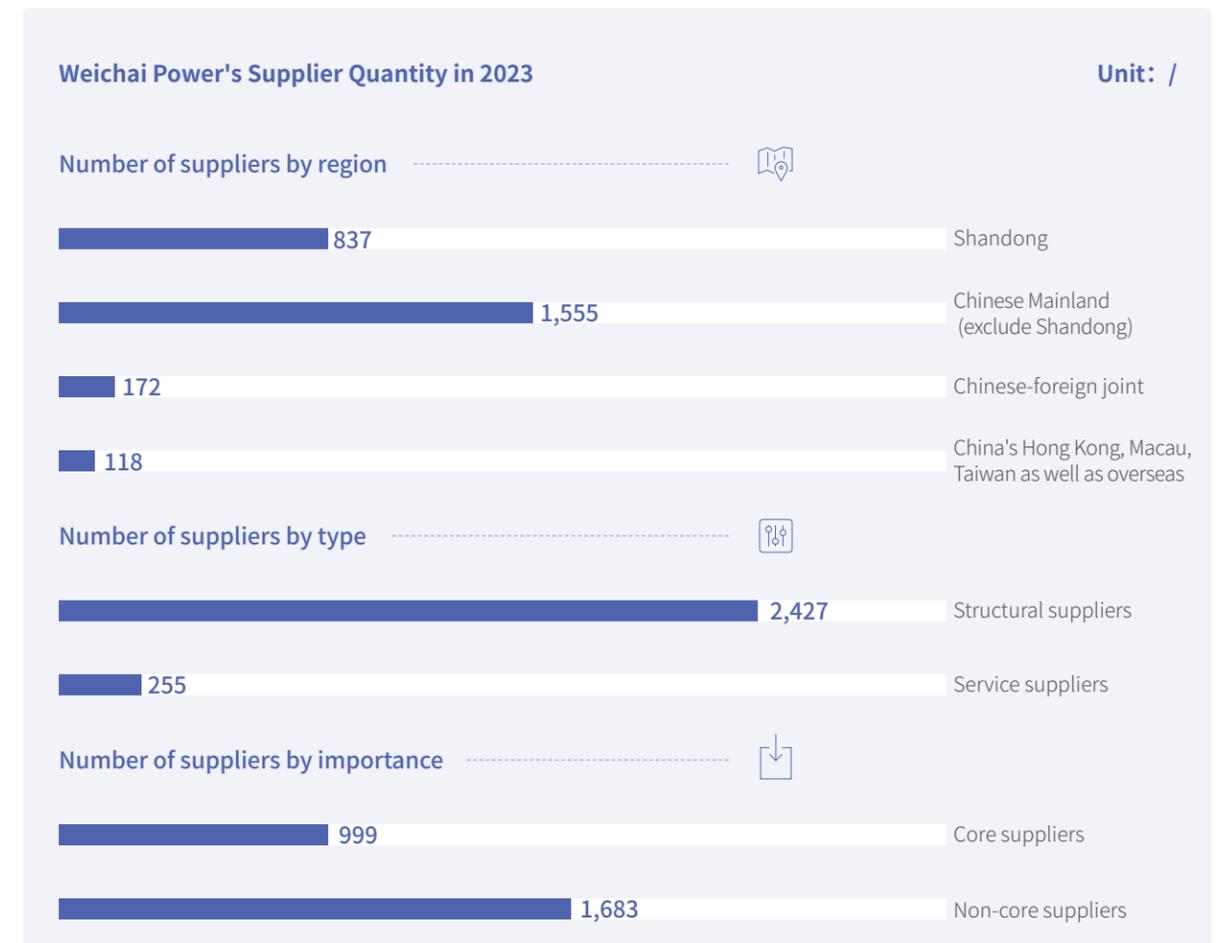
Empowering Partnerships

Supplier Management

Building a stable and sustainable supply chain is a core aspect of the Company's business development. Weichai Power has established a comprehensive supplier management system to provide suppliers with an open, efficient, and transparent cooperation environment. The Company is committed to conveying the concept of sustainable development to upstream and downstream enterprises in the supply chain, working with suppliers to build a transparent and mutually beneficial responsible supply chain.

Weichai Power complies with laws and regulations such as the *Bidding Law of the People's Republic of China* and *Regulation on the Implementation of the Bidding Law of the People's Republic of China*, formulating system documents such as the *Implementation of Supplier Selection Evaluation Control Procedures* and the *Implementation of Supplier Performance Evaluation Control Procedures*. In 2023, we revised policies such as the *Supplier Audit Control Procedure* and the *Production Part Approval Control Procedure*, continuously enhancing our supply chain management capabilities.

Weichai Power has established a supplier lifecycle management system, establishing a comprehensive process management mechanism covering supplier admission, assessment, and exit. We use supplier classification management to comprehensively ensure compliance in business development and procurement. In 2023, Weichai Power upgraded the supplier digital management system SRMNEW, responsible for supplier admission management, product admission management, quality management, performance evaluation, and other process management. The SRM system continues to operate, managing supplier procurement processes and displaying procurement plans, achieving convenient management of suppliers. As of the end of 2023, we had had a total of 2,682 suppliers.





Weichai Power Supplier Lifecycle Management

Supplier Admission



The Company conducts various audits such as supplier qualification review, on-site audit, and recommendation review to assess the qualifications of suppliers and the quality, process, and delivery capacity of purchased products. Only suppliers meeting the Company's criteria can be included as qualified suppliers.

In 2023, we completed 3 new supplier recommendation review meetings, approving 27 suppliers; 68 suppliers were collected through public channels.

Supplier Audit



The Company conducts an annual evaluation of suppliers based on the *Supplier Performance Evaluation Control Procedure*, comprehensively evaluating aspects such as supply capacity, quality status, R&D collaboration, and delivery, using A, B, C, and D as the four levels of supplier evaluation.

In 2023, we completed 31 bilateral audits and 881 on-site audits.

Supplier Exit



Based on the audit results, the Company conducts a risk assessment of suppliers with performance evaluation results of C and D. For suppliers with higher risk levels, we adjust the procurement ratio and communicate rectification measures with the suppliers. Suppliers that still do not meet the Company's standards after re-audit will be eliminated.

In 2023, we conducted quality improvement actions for 303 suppliers and eliminated 36 suppliers due to quality or category not meeting company requirements.

Supplier ESG Management

Weichai Power actively promotes sustainable development in the supply chain, incorporating ESG concepts into supplier management, considering environmental protection, product quality, health and safety, labor standards, and business ethics factors of suppliers. In 2023, we formulated and published the *Supplier Code of Conduct* to identify and address potential sustainability risks in the supply chain.



Environmental Protection

- The Company requires suppliers to sign the *Supplier Safety and Environmental Protection Agreement* on the basis of complying with national and local environmental laws and regulations to minimize the negative impact of operations, products, and services on the environment. We prioritize the use of environmentally friendly materials and select suppliers who have obtained ISO 14001 environmental management system certification, promoting suppliers to develop environmental protection strategies and conduct environmental assessments.
- In 2023, the proportion of suppliers using environmentally friendly materials and recyclable packaging reached 86.7%, and the proportion of suppliers with ISO 14001 system certification was 72.65%.

Product Quality

- Weichai Power strictly controls quality management at all stages, conducting 100% inspection of samples of purchased products and quality audits of incoming purchased materials according to company regulations. This year, we launched a supplier quality improvement campaign to jointly improve the product quality of the Company and its partners, comprehensively enhancing the quality competitiveness of the supply chain.
- In 2023, 100% of the outsourced parts suppliers had passed the IATF 16949 system certification, and suppliers of packaging materials, Class A raw materials, and generator sets had all passed the ISO 9001 quality management system certification.

Health and Safety

- Weichai Power clearly defines the management requirements and responsibilities for occupational health and safety of suppliers, requiring suppliers to provide employees with effective, standard-compliant work protection supplies, accident prevention, and emergency response plans to minimize health and safety risks and impacts.

Labor Standards

- Weichai Power requires suppliers and their upstream suppliers to strictly comply with all applicable labor employment laws and regulations, as well as international labor practices and principles, the Universal Declaration of Human Rights, and international treaties approved by the Chinese government, and adhere to recognized ethical standards, prohibiting any form of illegal labor practices such as forced labor or child labor, ensuring that employee working hours, wages, benefits, and working conditions comply with legal requirements.

Business Ethics

- Weichai Power continuously strengthens the integrity governance of suppliers, requiring suppliers to sign the *Supplier Integrity and Honesty Agreement* and the *Transparent Procurement Agreement*, explicitly prohibiting suppliers from engaging in any form of commercial bribery or providing various property or non-property benefits to the buyer's personnel and their relatives, jointly maintaining the fairness and impartiality of procurement work, and ensuring the healthy circulation of the supply chain. In 2023, the signing rate for Weichai Power HQ's *Supplier Integrity and Cooperation Agreement* was 100%.

To continuously assess and reduce ESG risks in the Company's supply chain, we will promote continuous improvement of ESG performance by supplier partners in accordance with the provisions of the *Supplier Code of Conduct*, work with suppliers to jointly build a path to sustainable development, and help the industry chain achieve sustainable development. KION has formulated the *KION Group Supplier Code of Conduct* and the *Supplier Conduct Principles*, requiring all suppliers doing business with KION to conduct responsible operations, implement ESG supplier risk management processes, monitor whether suppliers meet specific standards in aspects such as HSE, anti-corruption and anti-bribery, product-related environmental protection, upstream supply chain monitoring, human rights, labor rights, and employment standards, and set specific indicators and related targets to assess supplier performance.



Supply Chain Stability Assurance

To ensure the smooth progress of procurement work and timely delivery of products and materials, we have established a supplier layout database and component supply guarantee mechanism, and formulated systems such as the *Emergency Plan for Procurement Product Interruption* and the *Qualification Review Record*, enhancing the supply chain's ability to resist risks.

For the components required for production and manufacturing, we have established a parts supply guarantee mechanism based on safety stock reserves, supplemented by rapid response, and guided by risk control, taking multiple measures to reduce or avoid production downtime or delays caused by emergency incidents.

Component Supply Assurance Mechanism

<p>Capacity risk</p> <p>Following market demands and advancing production capacity reserve by seeking more suppliers that can provide exclusive and key components and by facilitating the increase of existing suppliers' productivity.</p>	<p>External risk</p> <p>Keeping abreast of the impacts of policy changes on local communities to make an appropriate plan and adjust the regional layout of suppliers.</p>	<p>Operational risk</p> <p>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 backup plans.</p>
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Amidst global economic fluctuations and intensified domestic market competition, Weichai Power has taken proactive measures to ensure timely product delivery. We actively understand market demand, reasonably predict capacity demand, and optimize the safety stock model. Moreover, we gradually standardize product and process development, cooperate with suppliers, improve processes and processing methods, shorten procurement and product delivery cycles, and ensure that emergency orders are delivered on time.

Supplier Communication and Empowerment

Weichai Power attaches importance to supplier capacity building and improvement, conducting diversified training and exchange activities for suppliers, and working together with upstream and downstream supply chain partners to promote the sustainable development of the supply chain. Through forms such as SRM system training, WOS training, and supplier conferences, we cooperate with partners to grow their capabilities. In 2023, Weichai Power conducted 38 supplier training sessions and organized 76 supplier exchange events.

In 2023, Weichai Power

conducted **38**

supplier training sessions

organized **76**

supplier exchange events

Case | Weichai Power's Global Supply Chain Strategic Partner Conference



From 10th December to 11th December 2023, Weichai Power held the Global Supply Chain Strategic Partner Conference to establish an open, innovative, and collaborative procurement platform. Over 400 global suppliers participated in the conference. Through two days of communication and exchange, we deeply explored industry trends, technological innovation, integrity cooperation, and supplier management with our partners.

Weichai Power-Sinotruk Engine Product Development Community Member Conference

During the conference, we held the Weichai Power-Sinotruk Engine Product Development Community Member Conference. Industry chain partners conducted in-depth research and exchanges on industry development trends and collaborative innovation of key engine core technologies.

Integrity Cooperation Commitment

Weichai Power, together with all suppliers, issued a commitment to integrity cooperation to society. Weichai Power and supplier enterprises are committed to strictly preventing commercial bribery, eliminating related-party transactions, maintaining a fair bidding process, and ensuring high quality, jointly maintaining market order. At the meeting, Weichai Power signed the Integrity Cooperation Commitment with representatives from 10 suppliers.

Supplier Management

Weichai Power released a framework for the selection and incentives of excellent suppliers, openly soliciting opinions from suppliers. The framework details the evaluation criteria, dynamic management, and incentive policies for excellent suppliers, aiming to further strengthen procurement management, encourage all suppliers to continuously improve their comprehensive strength, and jointly create a world-class global supply chain system.

Over **400**

global suppliers participated in the conference

Weichai Power signed the Integrity Cooperation Commitment with representatives from

10 suppliers



Weichai Power Global Supply Chain Strategic Partner Conference

02

Relentless Improvement Providing Premium Products

Weichai Power always strives to provide customers with high-quality products and services, continuously optimizing quality management, and comprehensively ensuring product quality and service capabilities, guiding by customer needs, advancing with technological innovation, and Weichai Power makes endeavors for assisting in the continuous iteration and sustainable development of the Company and the industry.





Improving Product Quality

Weichai Power has established and improved the quality management system, strictly controlling the entire process of quality management, and conducting quality culture construction internally to establish a company-wide quality and safety awareness.

Quality System Construction

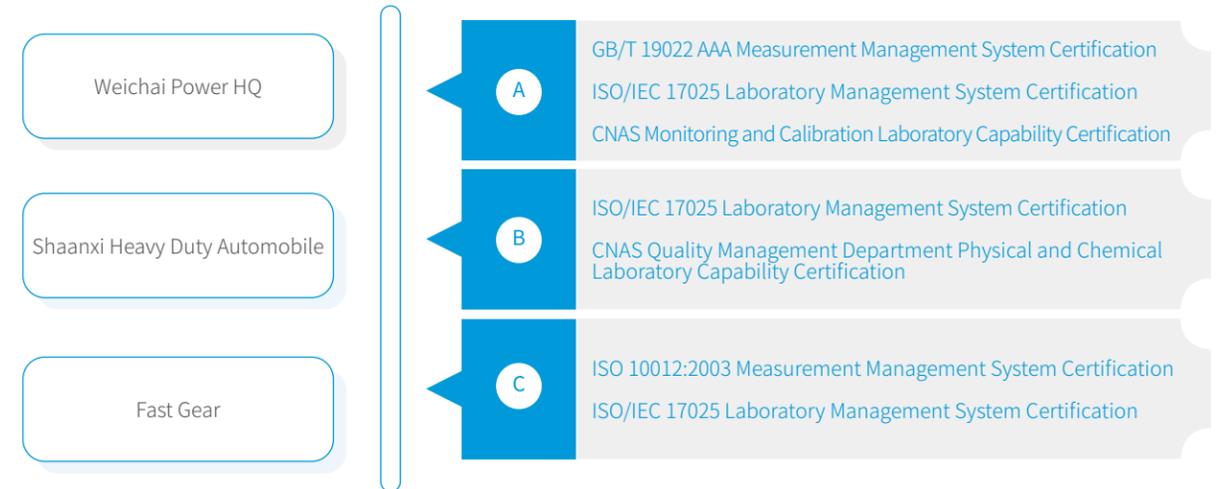


Weichai Power complies with laws and regulations such as the *Product Quality Law of the People's Republic of China*, *Standardization Law of the People's Republic of China*, the *Metrology Law of the People's Republic of China*. We have formulated the Company's quality management outline document, the *Law of Weichai Quality*, based on the WOS quality management model, focusing on the quality management of the entire lifecycle of product development, manufacturing, sales, and service, committed to creating a collaborative, mutually beneficial, and win-win industrial chain ecosystem. The promulgation of the *Law of Weichai Quality* fills the gap in China's manufacturing quality management standards, marking the entry of Weichai's quality management into a new era with legal norms, reflecting the role of state-owned enterprises in promoting high-quality development. The Company continuously optimizes the quality management policy system, enhances the effectiveness of quality management, and in 2023, we modified various procedural documents 184 times. At the same time, we continue to promote the certification of the Company's quality management system, laboratory management, and measurement management system, adding quality management systems: supplier measurement audit management process 342301-2023, hydraulic electronic control software and data development control process QGWDG.C756-2023, to ensure product quality with a sound internal and external mechanism.

Weichai Power's Quality Management System Certification Status in 2023

Weichai Power HQ	IATF 16949:2016 Automotive Quality Management System Standard ISO 9001:2015 Quality Management System Certification
Shaanxi Heavy Duty Automobile	IATF 16949:2016 Automotive Quality Management System Standard ISO 9001:2015 Quality Management System Certification
Fast Gear	IATF 16949:2016 Automotive Quality Management System Certification
Lovol	ISO 9001:2015 Quality Management System Certification
KION	ISO 9001:2015/GB/T 19001-2016 Quality Management System Certification ISO 3834-2 International Welding System Certification

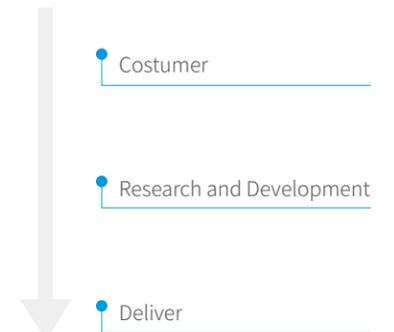
Certification Status of Weichai Power Laboratory Management and Measurement Management System



Weichai Power makes a point of adopting the WOS (Weichai Operating System) quality management model, with "Customer-R&D-Delivery" as the core value chain, supported by digitalization, and with strategic implementation system, index management system, standard process system, and training support system as the main content, promoting business quantification, assessing ability, and continuous optimization of quality management. In 2023, we conducted maturity evaluations of the quality management systems of nine subsidiaries or units to strengthen the overall quality management construction of the Company.

To further improve the quality management system, the Company has established a three-tier quality management personnel system including the Chief Quality Officer, Quality Director, and Chief Quality Engineer. The Quality Department is responsible for coordinating quality management, quality inspection, measurement, physical and chemical measurement, quality audit, pollution control, customer quality management, etc. Through the operation mechanism of PQC (Process Quality Control) at various levels, we ensure the orderly implementation of quality management work.

To strictly control quality standards, Weichai Power has established and continuously improved a quality audit mechanism that combines internal and external audits.



Weichai Power Quality Management Audit 2023

Internal Audit

Quality Management Audit: In 2023, we conducted an internal audit of the IATF 16949/ISO 9001 quality management system. All issues identified regarding quality objectives, design objectives, and production processes not meeting expectations were rectified, achieving a 100% closure rate for corrective actions.

Measurement Management Audit: We conducted an internal audit of the measurement management system, rectifying all issues identified regarding the effectiveness of measurement confirmation, achieving a 100% closure rate for corrective actions.

External Audit

Weichai Power collaborates with external professional third-party organizations to establish audit plans, conducting comprehensive quality diagnosis and improvement across all company units.



Building on a systematic quality management foundation, Weichai Power continues to innovate, injecting new ideas and methods into quality management, and empowering quality management with digitalization to enhance the continuous optimization and high-quality development of the industry and the entire supply chain. The Company has established a comprehensive information platform covering the entire product lifecycle, creating a digital era of whole-life quality management for products. The establishment of the Tongxin Cloud Platform enables interconnectivity of data across equipment, products, users, and systems, which strengthens the traceability of quality information throughout the product lifecycle, enhances the sharing and utilization of quality data across the industrial and supply chain, and promotes quality management linkage upstream and downstream of the supply chain.



"Digital Quality Management Innovation and Practice Cases" was honored as a typical case at the China Quality Conference



"Unleashing the Efficiency of Enterprise Quality Infrastructure to Promote Quality Linkage Improvement in the Industrial Chain" was honored as a typical case of quality change and innovation by the National Chief Quality Officer of Enterprises

Production Quality Control

Weichai Power has established a full-process quality management model to strictly control and close the loop on core processes such as raw material inspection, production manufacturing, and recall handling. While continuously optimizing internal quality control, we also enhance the quality standards of our supplier partners and listen to our customers' genuine feedback.

Raw Material Inspection

We have formulated the "Selection and Control Procedure for External Parts Suppliers" system to continuously optimize inspection standards and procedures. Moreover, based on the PDCA closed-loop control model, we conduct incoming inspection of raw materials. For raw materials that do not meet the Company's quality requirements, we require suppliers to carry out rapid rectification within 24 hours. In 2023, we established 316 testing specifications, inspected 700,000 batches of materials, and conducted 111 process capability audits on suppliers in collaboration with the procurement department.

In 2023

we developed

316 testing specifications

inspected

700,000 batches of materials

conducted

111 process capability audits

Weichai Power's PDCA Closed-loop Control Mode

• Inspection Plan Planning and Implementation

Multifunctional teams identify risk detection projects for each type of component, develop inspection plans for components including inspection characteristics, drawings, and measuring tools, and carry out inspections of components in the inspection system.

• Inspection Execution

During the inspection execution process, the inspection system generates a list of items to be inspected based on historical inspection data, randomly assigns inspection tasks to inspectors, and determines batch conclusions according to the zero-defect principle.

• Inspection Data Analysis

Analyze incoming inspection data from different dimensions such as suppliers, components, and product categories, focusing on key suppliers and key characteristics; use information technology to regularly analyze and monitor supplier quality performance.

• Closed-loop Management of Quality Issues

The unqualified information found in the factory inspection is pushed to each supplier in real time through the integration with the supplier platform, to facilitate the analysis and rectification of unqualified materials and form closed-loop management of the problem.

Production and Manufacturing

Weichai Power has clear requirements for assembly technical conditions, factory test technical conditions, control plans, and process guidance based on internal systems and quality standards such as the *Product Quality Pre-planning Control Procedure*. In 2023, we improved product audit standards, established 10 sets of complete inspection standard cards for various models, and established a dynamic modification mechanism to continuously upgrade the standardization of product production quality.

Through system optimization and feedback from customers regarding quality issues, we conduct strict reviews of product quality in the production process. In 2023, we integrated product audit standards into the Product Data Management (PDM)⁵ system, conducted quarterly product audits for the entire product line, and required that all audit issues be resolved 100%. In addition, based on customer feedback on quality issues, we conducted quality inspections of products through batch product sampling and full inspection of new products.

Recall Handling

The Company complies with the *Regulations on the Administration of Recalls of Defective Automotive Products*, formulates and issues the internal document, the *Non-Conforming Output Control Procedure*, which clarifies the standards and recall specifications for non-conforming products, strengthens the ability to handle product quality problems, and further guarantees product quality and safety.

We continue to improve the recall management process, set up relevant leadership groups including the quality department, to assess and recall problematic products. For products that do not meet national standards, industry standards, or pose a risk to personal or property safety, we stop sales and proactively recall them. After the product recall, we will replace the product for the customer, conduct factory identification of product hazards, and optimize subsequent products. In 2023, Weichai Power had no product recalls.⁶

⁵ PDM refers to the technology used to manage all product-related information and processes

⁶ The data excludes KION



Building Quality Culture

To enhance the awareness of quality risks and the ability of quality management among all employees, and continuously build quality culture, Weichai Power actively conducts quality training and cultural activities in accordance with relevant quality management laws and regulations, combined with the requirements of product regulatory agencies, to create a good atmosphere of emphasizing quality.

The Company uses Wei-Learning as a learning platform to launch customized quality training courses for employees at all levels. In 2023, we planned and completed a program to enhance the quality literacy of all employees, conducting training at different levels using online and offline methods to improve the overall quality literacy of the Company.

Weichai Power Quality Training Courses in 2023

The Management	<ul style="list-style-type: none"> • Special Lecture on High-Quality Development • Special Lecture on Quality Digital Transformation
Production Line Managers and Above	<ul style="list-style-type: none"> • Aerospace Quality Management "Double Zero" Training
New Employees with 1-3 Years of Service	<ul style="list-style-type: none"> • Basic Quality Management Training • Quality Management System Standard Training • Quality Tools and Methods Training

Quality Training Highlights and Accountability of Weichai Power in 2023

Weichai Power HQ

Training Overview:

The quality training courses recorded 65,496 enrollments, with 1,582,554 hours of online learning and 72,022 hours of offline learning.

Training Content:

Theoretical knowledge training in quality management system standards, the five major quality tools, and quality tool methods was provided for new employees, the management, and team leaders. Additionally, efforts were made to enhance the quality literacy and post certification of the Company's personnel at all levels, aiming to comprehensively improve the quality literacy of all staff.

Fast Gear

Training Overview: In 2023, 17 quality-related training sessions were organized, covering 671 person-times.

Shaanxi Heavy Duty Automobile

Training Overview: In 2023, 51 quality-related training sessions were organized, covering 933 person-times.

Lovol

Training Overview: In 2023, 59 quality-related training sessions were organized, covering 790 person-times.

In 2023, the Company continued to hold internal quality activities and external quality exchanges, enhancing the overall quality awareness while exploring quality improvement methods with outstanding enterprises. During the Year, we organized quality month activities and the "Quality Convergence, Collaboration of Chain and Win-Win" quality exchange event, coordinating internal and external forces to help improve the quality of the entire industry chain.

Case | Weichai Power Organizes the 12th Quality Ministers' Alliance Conference



In November 2023, Weichai Power organized the 12th Quality Ministers' Alliance Conference with the theme "Quality Convergence, Collaboration of Chain and Win-Win". Weichai Power, Sinotruk, Shaanxi Heavy Duty Automobile, and 21 other companies participated in the event. The conference focused on the discussion and exchange of practical experiences regarding "Quality Digital Transformation in the Context of Intelligent Manufacturing". By leveraging the synergies of group quality management and promoting the interconnection of the quality management infrastructure across the industry chain, the conference aimed to enhance collaboration and cooperation in quality management.



Weichai Power's 12th Quality Minister Alliance Conference

Case | Weichai Power's "Quality Month" Event in 2023



In September 2023, Weichai Power launched its Quality Month event themed "Quality Drives Development, Global Recognition for Excellence". The event included activities such as quality enhancement projects, exhibitions of typical cases of product quality, and grassroots promotion of quality brand stories. These activities aimed to strengthen the concept of "Quality in My Hands" among all employees through practical actions.



Launching ceremony of Weichai Power's "Quality Month" event in 2023



Enhancing Service Quality

Weichai Power adheres to a customer-centric approach, continuously optimizing its customer service system to provide customers with high-quality service experiences. We focus on customer service management, communication, protecting customer privacy and security, and continuously improve service quality to fully support the realization of customer value.

Customer Service Assurance

As of the end of 2023

the Company had external centers

33

authorized maintenance service centers

more than **6,300**

As of the end of 2023, the customer service center had a total of 130 employees, with 33 external centers and more than 6,300 authorized maintenance service centers. Weichai Power strictly complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and the *Advertising Law of the People's Republic of China*, tracking and resolving issues related to health and safety of products after sale, as well as full service process control. The Company's customer service center is responsible for the six modules of service policy management, customer interaction, service channel construction, service information management, accounting and claims, and appraisal business, responding comprehensively to customer service needs. We have a technical support team to handle difficult issues in the market, manage service elites, dispatch service elites to handle problems, and select high-level service technicians through national core channel selection methods to form a service elite team to handle difficult issues in the area.

To efficiently address customers' professional maintenance demands, we continue to improve the development of the customer service center, technical support team, and service elite team, and promptly resolve various types of fault repair issues.

Weichai Power Service Team Development

● Service Elite

Spread across various provinces nationwide, primarily addressing difficult issues in each region. They provide feedback on classic case studies, product defects, regional competitor performance, driving regional maintenance capabilities, and ensuring maintenance efficiency.

● Technical Support Staff

Responsible for handling technical inquiries from service channels, remote assistance in troubleshooting difficult faults, on-site handling of difficult problems, and collection of fault cases. In 2023, the technical support team received over 1,100 requests for repair guidance.

To continuously enhance employees' professional service capabilities, we organize training and conduct activities to comprehensively strengthen their professional skills and service levels. In 2023, the Company held 314 training sessions, with a total of 22,563 person-times. We also established three new training centers, covering training content such as Weichai Hydraulic, Rui Dongli, and non-fourth-class product maintenance skills certification training.

The Company held service training sessions

314

number of training sessions reached

22,563 person-times

Case | Weichai Power Service Competition



In 2023, to comprehensively improve service efficiency and quality and create the most satisfying service for customers, the Company organized the Service Elite Competition, which included 9 regional competitions and one national final, with more than 500 participants in total. The Competition was mainly aimed at skills competition in mechanical assembly and adjustment for Weichai engine products, vehicle troubleshooting for electronic control post-treatment, as well as quizzes on corporate culture. 119 individuals were selected and appointed as Weichai "Service Elites".



Picture of the competition venue

Weichai Power always promotes and markets products with a responsible attitude, strictly adhering to the *Advertising Law of the People's Republic of China*. The Company has developed internal documents such as the *Marketing Agreement Management Process*, the *Marketing Policy Management Process*, and the *Product Promotion Content Review Process* to regulate its various marketing activities. For marketing materials, the Company strictly controls the content from strategy formulation, content authenticity, compliance, to professional technical support, ensuring the rigor and accuracy of promotional materials. Additionally, the Company's legal team conducts responsible marketing training for marketing personnel, advocating for compliance with marketing concepts and enhancing awareness of fair marketing practices.

Customer Communication & Feedback

Weichai Power has established a comprehensive customer service management system, from receiving customer needs to resolving service requirements, and promptly listens to and resolves customer complaints, employing multiple measures to improve customer service quality and satisfaction.

In 2023, the global call center had 96 members, providing 7*24 efficient service. Based on segmented and scenario-based businesses, focusing on the efficiency and effectiveness of each process, we incentivize improvement in service efficiency and performance, linking them, and utilize an information system covering all service processes as infrastructure to promptly receive and efficiently resolve customer needs.

Customers only need to call the service hotline 400-618-3066 to put forward their service needs, and we will do the rest.

The global call center had

96 members

providing

7*24 efficient service



Weichai Power Customer Service Commitment

Rapid and Efficient Response Mechanism

Implementing all-weather, all-round, 24-hour service

Service timeliness

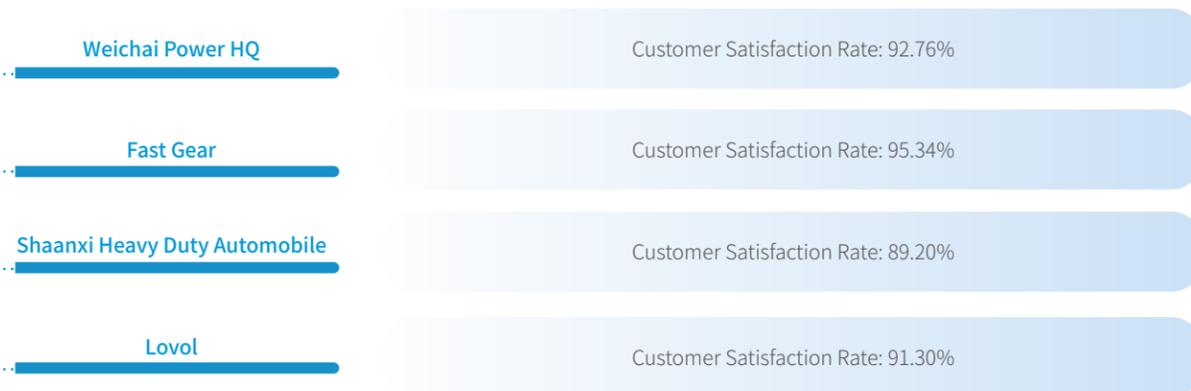
- Regular product service timeliness: within 2 hours in the city, within 6 hours in general areas, within 12 hours in remote areas; engine fault repair process responds within 5 minutes, “on-site” service maintenance within 4 hours for regular maintenance, 6 hours for minor repairs, 12 hours for medium repairs, and 72 hours for major repairs.
- Special line logistics service timeliness: within 2 hours in the city, within 6 hours in general areas, within 12 hours in remote areas; engine fault repair process for minor repairs within 6 hours, medium repairs within 12 hours, and major repairs within 48 hours.
- Agricultural machinery, excavator, forklift product service timeliness: dispatch completion within 5 minutes, dispatch response time within 5 minutes, arrival in general areas within 2 hours, general fault repair within 6 hours, and medium fault repair within 48 hours.

Approval for major faults and complete machine return or exchange completed within 1.5 hours, expedited allocation approval for warranty parts completed within 1 hour.

We attach great importance to communication and feedback from customers, establishing the Customer Complaint Handling Management Process. Complaints are classified as urgent, major, or general. In 2023, Weichai Power received 1,189⁷, complaints with a complaint closure satisfaction rate of 100%.

In 2023, to better enhance customer experience, the Company invited a professional third party to conduct a comprehensive customer satisfaction survey for user groups such as end customers, dealers, OEMs and service stations, and collected more than 3,000 research samples.⁸

Weichai Power Satisfaction Rate in 2023



⁷ The data excludes KION

⁸ The scope of this research is the Weichai Power HQ

Information Security

The Company conducted

6 special inspections of confidentiality

97 information security and confidentiality management activities

Weichai Power strictly complies with the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law*, and the *Data Security Law*. We have developed internal documents such as the *Company Confidentiality Management Measures* and the *Confidentiality Management Measures for Computer Information Systems* applicable to Weichai Power HQ. In 2023, we revised the *Management Measures for Personnel Involved in Business Secrets* in Weichai Power HQ to strengthen the internal management of business information and data security, and to prevent various information security incidents. At the same time, we established the *Brand and Market Management Department Confidentiality Management Measures*, strictly in accordance with the prescribed process, through the OA process data and information use application process approval, to provide confidential materials to the outside world, to protect the absolute security of customer privacy data. In 2023, the Company continued to improve its information security management level in terms of security governance, management, and operations.

Weichai Power has established a three-tier confidentiality organizational structure, including the Confidentiality Committee, the Confidentiality Office, and the Confidentiality Working Group. The Confidentiality Committee is the leading decision-making body for the Company's confidentiality work, composed of senior management of the Company, responsible for overall planning of the Company's confidentiality and information security work. The Confidentiality Office and the Confidentiality Working Group are responsible for the daily information security management and supervision of information security.

In terms of information security management, we continuously improve the network security system, introduce international network security standards such as IPDRR⁹ and the Software Development Lifecycle (SDL), focus on information asset management, build a depth protection system of cloud-end, and establish and improve information security operations. As of 2023, Weichai Power HQ had obtained Level 3 certification of national information security level protection; Shaanxi Heavy Duty Automobile's Supply Chain Management System (SCM) and Marketing Management System (DMS) are Level 3 protected systems, and the e-commerce platform has passed Level 3 assessment of information security level protection; Fast Gear has obtained Level 2 certification of national information security level protection.

The Company conducts special governance and audit of information security to avoid or reduce information security vulnerabilities. We conduct weak password special governance from the source of password generation through technical means to effectively block the generation of weak passwords. We organize internal and external audits, strengthen daily audits of departing employees and employees at high risk, and focus on data security audits such as management of sensitive areas, storage and transmission of sensitive documents, implementation of confidentiality systems, and employee confidentiality awareness. In 2023, the Company conducted 6 special inspections of confidentiality internal audits.

⁹ IPDRR cybersecurity framework includes Risk Identification (Identify), Security Defense (Protect), Security Detection (Detect), Security Response (Response), and Security Recovery (Recovery)



To continuously raise employees' awareness of information security, we have issued the *Information Security Incident Management Process* and the *Emergency Drill Management Process*, formulated emergency response steps for information security incidents, conducted classified information security emergency drills, established a penetration team internally, conducted information security protection from the attacker's perspective through red-blue confrontation, attack and defense drills, etc., to prevent data leaks. We have also independently developed an employee security awareness credit platform to demonstrate employees' security awareness through quantified indicators. In addition, through the "Secrecy Month" activities and inviting external experts and internal trainers to conduct multiple information security training for all employees at the Company level, we have established a security culture where information security is everyone's responsibility. In 2023, Weichai Power conducted a total of 97 information security and confidentiality management activities, with a training coverage rate of 97.65% for employees.

Case | Weichai Power Invites External Experts for Training



In April 2023, to strengthen the awareness of security and confidentiality of the leadership of Weichai companies, Weichai organized a training session themed "Understanding the Situation, Strengthening Responsibility, and Excelling in Confidentiality Work for the New Era". We invited external experts to conduct training training focused on security education regarding confidentiality and explaining critical clauses of the *Confidentiality Law*. The training has significantly boosted the management's awareness of safety and confidentiality, laying a solid foundation for strengthening the Company's information security risk prevention.



Training site

Pursuing Innovation and Development

Weichai Power always regards technological innovation as the core driving force for the Company's development. We have established a research and development management system with sound and efficient institutions and internal and external collaborative innovation mechanisms to enhance research and development efficiency and quality, driving technological progress in the industry.

Innovation System & Layout

Weichai Power continues to improve its innovation system. Based on the established "Independent Innovation + Open Innovation + Basic Innovation + Craftsmanship Innovation" integrated technological innovation system, we optimize the project process for research and development, promoting the formation of a closed-loop for R&D projects. In 2023, the Company formulated the *R&D Project Post-Evaluation Management Process* to track and evaluate the application of research projects.

Weichai Power has established the Institute of Scientific and Technological Research, which includes the Engine Research Institute, Future Technology Research Institute, New Energy Research Institute, Hydraulic Transmission Research Institute, Electronic Control and Software Research Institute, and Craftsmanship Research Institute. These institutes conduct basic research and application technology innovation in areas such as engines, new energy, electronic control, processes, and hydraulics, promoting a clear division of labor and a multi-dimensional pattern of technological innovation.

In 2023

The company added

59

new external technology cooperation projects

conducted

16

special technical exchanges with 14 partners

Through various forms such as organizational settings, fund applications, and incentive funds, the Company actively fosters a culture of technological innovation internally. In 2023, we established an Academic Committee and held the first Academic Committee meeting to review the research tasks of laboratories. We set up an open fund and issued application guidelines, actively promoting project innovation in various laboratories and teams. Ultimately, 30 open topics were approved for funding this year. Additionally, for projects with high research difficulty and market urgency, the Company established incentive projects to provide financial rewards to project teams that meet project completion requirements on time.

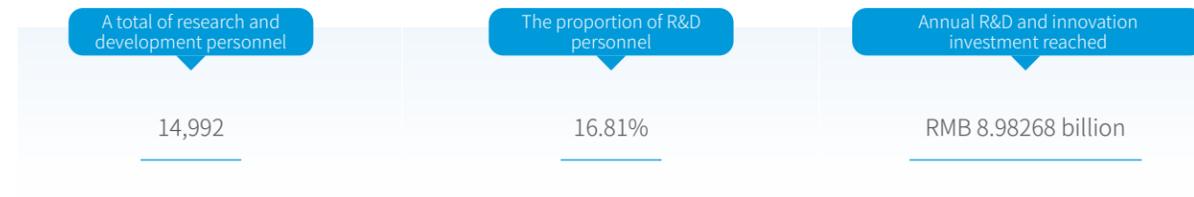
We focus on industrial innovation layout and are committed to establishing an advanced product innovation system. In response to future regulations on fuel consumption for heavy-duty commercial vehicles, we continue to conduct research on thermal efficiency technology and product layout, concurrently researching hybrid routes to further improve vehicle fuel economy and reduce energy consumption. In the context of the "Dual Carbon" strategy, we actively develop high thermal efficiency gas engines, methanol engines, hydrogen engines, and ammonia engines, accelerating the technological iteration and product upgrading of low-carbon green fuel engines. We comprehensively deploy graphite stack and metal stack fuel cell systems, continuously improving product power and optimizing the comprehensive energy utilization efficiency of solid oxide fuel cells.

While focusing on our own technological innovation, we pay attention to and learn from cutting-edge technologies and innovative research in the industry. We actively cooperate with universities, national innovation laboratories, and other internal and external institutions to conduct in-depth exchanges in areas such as engines, new energy, smart manufacturing, and intelligent driving, expanding the boundaries of scientific research and continuously accumulating innovative potential. In 2023, the Company added 59 new external technology cooperation projects, conducted 16 special technical exchanges with 14 partners, and signed a framework cooperation agreement with Wuhan University of Technology.





As of 31 December 2023, Weichai Power had



Case | Weichai Power Hosts the 11th International Conference of ICE Reliability Technology



The International Conference of ICE Reliability Technology is an annual flagship academic exchange event hosted by Weichai Power, a global industry leader. From 18th February to February 19th, 2023, the 11th International Symposium on the International Conference of ICE Reliability Technology was held. More than 1,000 experts, scholars, and industry representatives from nearly 200 domestic and foreign research institutions, universities, and renowned companies such as AVL List GmbH from Austria, FEV Group from Germany, IAV Global from Germany, Southwest Research Institute from the United States of America, Bosch Group from Germany, Tsinghua University, Zhejiang University, Shanghai Jiao Tong University, and Tianjin University, among others, participated. They jointly discussed the development of key common technologies for internal combustion engine reliability, promoting global industry technological progress and industrial chain transformation and upgrading.

Since 2012, the International Conference of ICE Reliability Technology has been successfully held for ten sessions, with increasing influence. It has become a pivotal academic exchange platform and technological development indicator in the global internal combustion engine industry. Leveraging this platform, an increasing number of domestic and foreign universities, research institutions, and enterprises have conducted collaborative innovation around the basic theory and key common technologies of internal combustion engine reliability, making important contributions to the advancement of internal combustion engine reliability technology.



Seminar site

Leading Industry Development

Weichai Power has always insisted on synergizing the enhancement of its innovation capabilities with the advancement of the industry. It actively joins domestic and foreign industry organizations, participates in the formulation of various standards, and leverages its practical experience and innovative achievements to support industry development. In 2023, Weichai Power HQ issued a total of 16 national standards, 6 industry standards, and 21 group standards. Shaanxi Heavy Duty Automobile participated in the formulation of 10 national, industry, and group standards, while Fast Gear participated in the completion of 6 national standards.

In 2023, Weichai Power joined three new standardization technical organizations:

TC 105/ahG 16, the Fuel Cell Technology Committee of the International Electrotechnical Commission, in the PEM Module Performance Testing Working Group.

SAC/TC159/SC5, the National Automation System and Integration Standardization Technical Committee, in the Architecture, Communication, and Integration Framework Sub-Technical Committee.

The Information and Communication Committee of the China Engineering Construction Standardization Association.

Weichai Power's Quality Awards and Honors in 2023 (Partial)

Weichai Power HQ

- Awarded as a Standard Innovation Enterprise in Shandong Province.
- Selected for Shandong Province's High-Level Standardization Project and Original Standardization Project.
- Won the Third Prize of Weifang City Standard Innovation Award.
- Selected as a pilot project for the application of national intelligent manufacturing standards in 2023.

Fast Gear

- The project "Smart Factory Quality Closed-loop Control Solution and Practice" was selected as one of the "Top Ten Typical Cases of Quality Change and Innovation in Shaanxi in 2023" and entered the "Digital Quality Management Innovation and Practice Forum" of the China Quality (Chengdu) Conference.
- In the Shaanxi Provincial Excellent Quality Management Team Achievement Release Competition, 6 QC (Quality Control) group achievements submitted by Fast Gear won the first, second, and third prizes.

Lovol

- Participated in the QC Presentation Meeting organized by the China Quality Association. The projects "Improving the First-pass Qualification Rate of Grain Unloading Auger" and "Improving the Clearance Qualification Rate of GR Models" were awarded the "Improvement Level" presentation results.
- Participated in the QC Presentation Meeting organized by the China Machinery Quality Association. The projects "Reducing the Unqualified Rate of GM Chopper Axle Welding" and "Reducing the Poor Welding Deformation Rate of the Cross Beam on the Cutter Table" won the "First Prize" presentation results.
- The "Key Technology and Industrialization of High-horsepower Smart Tractor" and "Key Technology and Equipment for High-efficiency Joint Harvesting in Complex Scenarios" won the first prize of the China Agricultural Machinery Science and Technology Award.
- The Wheat High-performance Compound Precision Seeding Mechanization Technology was rated as a major new technology in Chinese agriculture and rural areas in 2023 by the China Agricultural Society.

IPR Protection

Weichai Power always adheres to the principle of combining technological innovation with intellectual property protection, abides by domestic laws and regulations such as the *Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China*. We have formulated internal systems such as the *Management Procedures for Intellectual Property Rights, the Control Procedures for the Intellectual Property Rights of R&D Projects, and the Copyright Management Procedures*, and revised the *Intellectual Property Rights Protection Management Process* in 2023 to comprehensively enhance the ability to create, utilize, and manage intellectual property.

Weichai Power's Intellectual Property Performance in 2023



The Company continuously optimizes its patent management model, regularly conducts intellectual property rights protection work, and actively reduces the Company's intellectual property risks. In 2023, we explored a patent grading evaluation management model, conducted grading evaluations based on the types of intellectual property, and built databases for key technologies, key components, and high-risk patents to protect the Company's core intellectual property rights. Meanwhile, we conduct intellectual property rights protection work every month. In the past year, the Company has conducted patent infringement analysis 19 times, analyzing 55 suspected infringing patents.

To enhance the intellectual property protection awareness of all employees and create an atmosphere of technological innovation, Weichai Power established a series of intellectual property courses in 2023, launching 12 series of courses and leading the organization of high-value patent application training camps to stimulate the innovative vitality of company talents.



¹⁰ The data excludes KION

Case | Weichai Power Wins China Patent Gold Award

In 2023, Weichai Power won the China Patent Gold Award for its "Method for Diesel Engine Fuel Injection Control and Diesel Engine Applying the Control Method". This patent first proposed a mathematical model for the actual injection timing corresponding to the crankshaft angle, a mathematical model for the critical crankshaft angle at which the fuel spray collides with the piston top surface, and a control method based on the actual end timing of the injection and the crankshaft angle to prevent fuel spray collision. It effectively solves the industry-wide technical problem of fuel spray collision with the piston top, significantly improving the thermal efficiency, reliability, oil change interval, and energy saving and emission reduction effects of diesel engines.

Currently, this patent technology is highly practical and has been widely used in Weichai diesel engines, such as the WP5, WP7, WP10, WP10H, and WP13H series. Since its implementation, it has accumulated sales of 1.428 million units, generating an additional sales revenue of RMB87.3 billion. It achieves an annual fuel saving of 2,798,900 tons and reduces annual carbon dioxide emissions by 8,816,500 tons, which is of great significance for achieving the "Dual Carbon" goals, ensuring national energy security, and promoting ecological civilization construction.



Patent certificates

This patent technology is highly practical

- Accumulated sales of **1.428** Million units
- Generating an additional sales revenue of RMB **87.3** Billion
- An annual fuel saving of **2.7989** Million tons
- Reducing annual carbon dioxide emissions by **8.8165** Million tons



03

Green Manufacturing Guarding Lucid Waters and Lush Mountains



Weichai Power adheres to the mission of “Green Power, Global Weichai” , actively identifies and responds to the risks of climate change, and adheres to the route of environmentally friendly and sustainable development. We take practical actions to carry out green and low-carbon operations, actively explore the path of green technology transformation and upgrading, and promote the country to achieve the goal of “carbon peak and carbon neutrality” .





Advancing Climate Strategy

Climate change is a major challenge facing human society. It is urgent for countries, enterprises, and individuals to actively explore reasonable and effective ways to address climate change. Against the background of the carbon peaking and carbon neutrality, as a responsible enterprise, Weichai Power consistently improves climate change governance framework and strategic planning, actively identifies climate risks and opportunities, practices climate actions, clarifies climate goals, and continuously enhances adaptation and resistance to climate change.

Climate Change Governance

Weichai Power integrates climate change response into business development and operation strategies. Based on the suggestions from the *International Financial Reporting Sustainability S2 Climate-related Disclosures* by the International Sustainability Standards Board (ISSB), the Company continues to promote climate change governance. We have established a special team for facilitating carbon peaking and carbon neutrality targets, tasked with organizing and leading the formulation, implementing and scheduling carbon peaking and carbon neutrality work plan, coordinating and supervising the identification, evaluation, and response to climate risks, and promoting the implementation of climate strategies.

Climate Change Strategy

In response to the global energy transition trend and the national strategy for carbon peaking and carbon neutrality, the Company has incorporated green and low-carbon transition as an important task into its strategic planning, actively constructing a modern new energy system. Weichai Power always upholds the goal of "Leading the Global Industry Development in New Energy Business by 2030", continues to deepen the new energy industry, regards clean energy technology as one of the core future strategies, and is committed to becoming a global leading provider of new energy power system solutions with core technologies. The Company actively explores the path of product technology transformation and upgrading, promotes green and low-carbon development of the Company and the industry, and helps achieve the national targets for carbon peaking and carbon neutrality.

Climate Risk Management

The Company incorporates climate change risks into overall risk management system, establishes a full-process management of climate risk and opportunity identification, evaluation, and response, laying a solid foundation for timely and effective response to climate risks, seizing climate opportunities, and taking response measures.



Climate Change Risks

Risk Category	Specific Risk	Risk Description	Risk Response
Transition Risk	 Policy and Legal Risk	<ul style="list-style-type: none"> International and domestic regulators, capital market rating indices, etc., continue to increase disclosure requirements for corporate environmental information. Failure to disclose environmental information as required may lead to compliance risks. Against the backdrop of carbon peaking and carbon neutrality goals, the carbon trading market will further open up, and the requirements for carbon emissions will be further increased, leading to additional costs for the Company to meet carbon quota requirements. 	<ul style="list-style-type: none"> Establish a special team for facilitating carbon peaking and carbon neutrality goals, timely monitor trends in national policy changes, study policy risk control, strengthen communication with various regulators, capital market rating agencies, and all stakeholders, respond to the requirements of various stakeholders, and enhance the comprehensiveness and accuracy of environmental information disclosure. Seize the opportunity of the country's energy low-carbon transition, vigorously promote the exploration and R&D of new energy and renewable energy, improve the utilization rate of new energy, and realize the substitution of traditional energy. Actively promote climate change planning work, explore new models of low-carbon management, and prepare to respond to policy and legal risks.
	 Technical Risk	<ul style="list-style-type: none"> In the "Dual Carbon" era, the world economy is transitioning from resource dependence to technology dependence. Strengthening technological innovation can provide strong impetus for achieving carbon peaking and neutrality. Enterprises must rely on breakthroughs in key technologies to assist in achieving green transformation. Faced with the impact of climate change, in terms of coping with extreme weather effects, companies need to introduce new technologies, increase investment in research and development, and ensure the stable operation of their businesses. 	<ul style="list-style-type: none"> Continuously explore green energy technologies, increase investment in technological innovation, accelerate the transition of the industrial chain towards low carbon, explore new models of industrial construction in the new situation, and comprehensively form a new energy business structure with the coordinated development of various technologies such as efficient engines, low carbon fuel engines, fuel cells, hybrid power, and pure electric power. To ensure the effective operation of equipment in extreme weathers, the Company will increase R&D efforts, introduce new technologies, and comprehensively enhance competence to cope with extreme weathers.
	 Market Risk	<ul style="list-style-type: none"> Preference changes will become an important customer characteristic under the national goals for carbon peaking and carbon neutrality. Customers' demands for energy solutions focusing on low carbon and energy conservation will increase. Failure to timely and accurately grasp customer needs will have a significant impact on market share and profitability. 	<ul style="list-style-type: none"> Pay close attention to customer needs, timely grasp new opportunities for green development, fully meet customers' needs for clean, low-carbon, and efficient energy transition, and provide customers with green and low-carbon solutions with clean energy as the main focus.



Risk Category	Specific Risk	Risk Description	Risk Response
Transition Risk	<p>Reputational Risk</p>	<ul style="list-style-type: none"> Climate change has become a universally concerned issue. Major regulators, investors, customers, and the general public are closely watching and expecting the Company's new energy products and low-carbon transition. If the Company's low-carbon transition is not carried out effectively and new energy products are not launched in a timely manner, it will lead to profound pressure from public opinion and affect the Company's corporate image. 	<ul style="list-style-type: none"> Regularly disclose emission reduction and energy-saving measures and results, further formulate emission reduction targets and methods to meet them. Actively carry out external technical cooperation and exchanges, promote the R&D of new energy projects, explore the application and implementation of energy-saving and emission reduction technologies, and help the whole society save energy and reduce emissions through technology. Precisely plan the low-carbon development path in combination with the macro environment, industry characteristics, and business development goals, practice low-carbon commitments, and build the Company's image.

Risk Category	Specific Risk	Risk Description	Risk Response
Physical Risk	<p>Acute Risk</p>	<ul style="list-style-type: none"> Extreme or abnormal weather events caused by climate change, such as thunderstorms, typhoons, hurricanes, floods, and blizzards, etc., which may severely affect the operation of plant equipment, damage plant pollution control facilities, destabilize the supply chain, disrupt plant construction and operation, resulting in increased operational costs. If the continuity and stability of operations cannot be guaranteed under extreme weather conditions, the lower capacity to adapt to extreme weather will undermine the Company's business operations and compromise corporate image. Extremely hot and cold weather increases the probability of health and safety risks to employees, and increases the operating costs of temperature control in plants as well as the frequency and cost of maintenance of production equipment and facilities. 	<ul style="list-style-type: none"> Formulate the Emergency Management Measures for Heavy Pollution Weather and "one plant, one policy" emergency response plan to effectively prevent and respond to the risks brought by extreme weather. Develop emergency rescue plans for hot and cold weather to prevent risks associated with extreme temperatures and improve the level of employee health and safety. Organize relevant personnel to create public signs for extreme weathers and conduct publicity training for employees.
	<p>Chronic Risk</p>	<ul style="list-style-type: none"> Rising sea levels will damage existing equipment and facilities, and the inland migration of coastal cities will affect existing markets. Global warming will lead to persistent heatwaves, droughts, and fires, increase the frequency of natural disaster risks, and damage existing plant facilities and equipment, affecting plant productivity. 	<ul style="list-style-type: none"> Closely monitor sea level rise and enhance related risk prevention and emergency research capabilities. Develop emergency plans for extreme environments and heatwaves. Actively explore new technology development, increase investment in R&D funds, and enhance the ability of equipment and facilities for climate risks.

Indicators and Targets

To ensure timely and effective response measures for identified climate change risks and opportunities, the Company sets environmental targets for different business segments based on scientific calculation methods. While achieving energy conservation and emission reduction goals, the Company helps society improve energy efficiency and reduce carbon emissions.

Environmental Targets

<p>Weichai Power HQ</p>	<ul style="list-style-type: none"> By 2024, maintaining the energy consumption intensity below 0.0183 By 2025, reducing the energy consumption intensity by 18% compared with 2020 By 2024, maintaining the water consumption intensity below 0.266 By 2025, reducing the water consumption intensity by 16% compared with 2020
<p>Shaanxi Heavy Duty Automobile</p>	<ul style="list-style-type: none"> By 2025, reducing the energy consumption intensity by 3% compared with 2022 Reducing the energy consumption per GDP in the 14th Five-Year Plan period by 12% By the end of 2025, reducing the energy consumption per GDP by 2% annually By 2025, reducing the water consumption by 3% compared with 2022 Reducing the water consumption per GDP in the 14th Five-Year Plan period by 5% By the end of 2025, reducing the water consumption per GDP by 1% annually By 2024, reducing carbon emissions per RMB 10,000 of industrial added value to 0.047 tonnes/ RMB10,000
<p>Fast Gear</p>	<ul style="list-style-type: none"> By 2025, reducing comprehensive energy consumption per RMB 10,000 of output value by 3% compared with 2022 By 2025, reducing the water consumption per RMB 10,000 of output value by 8% compared with 2022
<p>Lovol</p>	<ul style="list-style-type: none"> As of the end of 2025, increasing the recycling of reclaimed water to 25%
<p>KION</p>	<ul style="list-style-type: none"> In July 2023, KION has formally delivered carbon goals to the Science-Based Targets initiative (SBTi), and will formulate short-term targets and long-term goals to achieve zero carbon emissions by 2050 based on the SBTi standard By 2030, reducing Scope 1 and Scope 2 GHG emissions by 4.2%; and reducing Scope 3 GHG emissions by 2.5% per year compared with 2021



Fulfillment of Environmental Targets in 2023

Weichai Power HQ	<ul style="list-style-type: none"> Achieving 0.021 tce/RMB 10,000 for comprehensive energy consumption per RMB 10,000 of output value Achieving total water consumption of 0.27 tonnes/ RMB 10,000 of output value
Shaanxi Heavy Duty Automobile	<ul style="list-style-type: none"> Achieving the total energy consumption target of 38,000 tce and the total energy-saving target of 300 tce Achieving the water-saving target, with actual water consumption accounting for 80.3% of the total target Achieving carbon emission of 0.0056 tonnes /RMB 10,000 of industrial added value
Fast Gear	<ul style="list-style-type: none"> Achieving comprehensive energy consumption of 0.0298 tce/RMB 10,000 of output value Achieving total water consumption of 0.58 tonnes/RMB 10,000 of output value
Lovol	<ul style="list-style-type: none"> Achieving comprehensive energy consumption of 0.014 tce/RMB 10,000 of output value Achieving total water consumption of 0.30 tonnes/RMB 10,000 of output value
KION	<ul style="list-style-type: none"> Achieving a 30% reduction in total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3 3.3¹¹) compared to 2017

GHG Emission Data Sheet¹²

Category	Unit	Data in 2022	Data in 2023
Scope 1: Direct emissions from GHG	tonnes of carbon dioxide equivalent	178,925.97	188,094.37
Scope 2: Indirect emissions from GHG	tonnes of carbon dioxide equivalent	465,665.89 ¹³	568,669.83
Total GHG emission	tonnes of carbon dioxide equivalent	644,591.86 ¹³	756,764.2
Total GHG emission density	tonnes of carbon dioxide equivalent / RMB billion in revenue	3,680.06 ¹³	3,536.98

¹¹ Scope 3 3.3 GHG emissions refer to the GHG emissions that are not included in those generated by fuel and energy -related activities in Scope 1 and Scope 2.

¹² 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 include electricity consumption, purchased heat, and purchased steam. The emission factors of purchased power refer to the *Notice of the Ministry of Ecology and Environment of the People's Republic of China on the Management of Greenhouse Gas Emission Reports of Enterprises in the Power Generation Industry from 2023 to 2025* published on February 7, 2023. Purchased heat and steam are converted according to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Enterprises - Power Generation Facilities (Revised 2022)*. The calculation of KION's GHG emissions refers to the GHG emission factors of many countries (including IPCC, Defra, etc.) and has been included in the data. GHG only includes CO₂.

¹³ The data for 2022 has been retrospectively updated after adjustments

Leading Low-carbon Operations

Weichai Power upholds the concept of green development, insists on promoting low-carbon operations, establishes a sound environmental management system, vigorously promotes energy conservation and emission reduction, and pollution prevention. We continue to improve resource utilization efficiency and demonstrate our corporate responsibility for green and low-carbon development through practical actions.

Environmental Management System

The Company strictly complies with the applicable domestic and foreign environmental management laws and regulations, such as the *Environmental Protection Law of the People's Republic of China*, and establishes and improves the environmental management system, and formulates and continuously improves internal systems. In 2023, we updated and revised a series of management system procedures such as *Measures for the Administration of the Law-based Disclosure of Environmental Information*, the *Environmental Protection Inspection Control Procedures*, the *Environmental Protection Mark and its Use Standards*, and the *Environmental Impact Assessment Management Regulations*, gradually improving the construction of the full-process environmental management system.

In 2023

the environmental investment of Weichai Power¹⁴ totaled

over RMB **28.3862** Million

To implement environmental management work, the Company incorporates environmental performance into the annual performance appraisal standards of management and employees. It signs the *Environmental/Occupational Health and Safety Management System Target Responsibility Agreements* with management personnel at all levels and sets "Environmental Compliance Rate" environmental performance goals for management personnel. The Company regularly evaluates the achievement of targets, linking the evaluation results to the compensation of relevant personnel in the responsible units, including department heads, environmental business manager, energy business manager and other personnel.

In terms of environmental pollution source monitoring management, the Company has established a sound "daily supervision, weekly summary, monthly report" environmental online monitoring mechanism, formulated an annual monitoring plan, and strictly controlled environmental pollution factors such as wastewater, waste gas, and noise. In 2023, we commissioned qualified third-party testing companies to conduct environmental monitoring of more than 500 detection points for various environmental pollutants in each park more than 1,000 times, and issued more than 140 testing reports, all of which met the emission requirements.

According to the requirements of the *Technical Guidelines for Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather by the Shandong Provincial Department of Ecology and Environment*, the Company conducts regular internal inspections to ensure that the Company's emission data meets the requirements of Class A enterprises.



Environmental Management System Certification

In July 2023, Weichai Power invited external experts to conduct an external audit of the environmental management system and obtained GB/T 24001/ISO 14001 environmental management system certification, with a coverage rate of 100%. No major incidents and violations regarding environmental pollution occurred.

¹⁴ The data excludes KION



In terms of emergency management for sudden environmental incidents, we have revised the *Contingency Management and Control Procedures for Environmental Emergencies*, the *Contringency Plan for Environmental Incidents*, the *Emergency Resources Investigation Report* and the *Risk Assessment Report*. We have classified sudden environmental incidents into four levels: extremely serious (Level I), serious (Level II), significant (Level III), and general (Level IV), and treated them accordingly. We continue to promote the construction of an environmental risk assessment mechanism, conduct environmental risk assessments, and regularly identify and investigate risk targets and factors that may cause sudden environmental pollution incidents. For identified risk points, we have developed detailed risk response plans and corresponding preventive measures to prevent and minimize the occurrence of sudden environmental incidents.

Division of Responsibilities of Environmental Emergency Rescue Departments

Safety and Environmental Protection Department

- ◆ **Emergency management**

It is responsible for continuously improving the construction of the emergency response system for environmental emergencies, preparing environmental emergency response plans. It urges 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**

Production units and related functional departments establish a preparation team of emergency plan for environmental emergencies, carries out the environmental risk assessment and emergency resource investigation, comprehensively identifies existing environmental hazards, and determines environmental risk levels, and develop detailed risk countermeasures.
- ◆ **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.

In 2023, the Company implemented the *Environmental Protection Propaganda and Training Management Control Procedure* to standardize the environmental protection training management process. We conduct environmental education and training through a combination of online and offline methods to cultivate employees' awareness of environmental protection and enhance their concepts of energy conservation and carbon reduction. In 2023, we organized a total of 18 environmental protection training sessions, covering topics such as standardized management of hazardous waste, knowledge of pollution emission control, emergency response management for sudden environmental incidents, and standardization of environmental management business standards.

Case | Conducting Environmental Emergency Plan Training



In 2023, the Company organized environmental emergency plan training for units at risk of sudden environmental incidents. The training covered legal requirements, specifications for emergency plan preparation, and case studies of environmental incident response. Through this training, the Company strengthened the emergency response capabilities of relevant units and improved the emergency management level of personnel involved.



Environmental Emergency Plan Training

We have gradually established a standardized energy-saving culture promotion mechanism to enhance employees' awareness of energy conservation. We published the Brochure of "Green Low-Carbon, Leading in Energy Saving" Energy-Saving Knowledge to showcase the important measures we have taken in recent years to enhance energy-saving management and standardize employees' energy-saving behaviors. Additionally, we designated January and July as "Energy Saving Month", and we held the first Energy Conservation Forum and Energy Saving Technology Exhibition to promote an excellent energy-saving culture, advocate for green and low-carbon concepts, and enhance the energy-saving awareness of all employees.

Case | Weichai Power's First Energy Conservation Culture Forum and Energy Saving Technology Exhibition

During the "Energy Saving Months", the Company organized the first Energy Saving Culture Forum and Energy Saving Technology Exhibition. The forum invited industry-renowned experts and professors across China to provide detailed introductions to advanced green energy-saving and low-carbon technologies and applications. The forum also crystallized the energy-saving philosophy of "Saving to the Max, Green Sharing" and popularized energy-saving technology principles and application cases to all employees through the exhibition, as well as spreading energy-saving awareness with vivid drawings and papercuts.



Energy Conservation Culture Forum and Energy Saving Technology Exhibition



Energy Resource Management

Weichai Power actively implements the *Law of the People's Republic of China on Energy Conservation* and other relevant laws and regulations. Following the energy management policy of "energy conservation, emission reduction, quality improvement, efficiency enhancement, and green development", Weichai Power strengthens energy resource management through various measures to achieve its energy conservation and carbon reduction goals. In 2023, we continued to improve our energy management system and obtained the ISO 50001 Energy Management System certification.



ISO 50001 Energy Management System Certificate

In 2023, the Company continued to establish itself as an advanced model for energy conservation and low-carbon management. On the basis of receiving honors such as "National Green Factory" and "Weifang City Advanced Energy-saving Unit", the Company's "Energy Saving and Low Carbon Demonstration Project Based on Energy Resource Metering Services for Large Discrete Machinery Manufacturing Enterprises" was successfully rated as the "2023 Energy Resource Metering Service Demonstration Project in Shandong Province". These achievements reflect our commitment to advancing the professional level of energy resource measurement services in the enterprise, leading the industry in energy conservation, low-carbon practices, and clean production.

Case | Energy Conservation and Low-carbon Demonstration Project



The Company adheres to the technical concept of "management energy conservation, technology energy conservation, and structure energy conservation", establishing a new energy conservation and low-carbon management mode that is "visible, controllable, and cost-effective". Meanwhile, the Company utilizes information technology to integrate energy measurement resources, optimize the allocation of various types of energy within the park, and maximize the efficiency of energy utilization in the park.

The Company actively promotes the use of clean energy and vigorously promotes alternative energies such as photovoltaic power generation and residual energy. Through a series of energy-saving and cost-reducing projects such as residual energy utilization, clean energy, and multi-energy complementarity, we continuously reduce energy costs and actively create advantages in green manufacturing.

Energy Management Measures

Research on Energy Policies

In-depth understanding of key policies such as the *Notice on Carrying Out the Mid-term Evaluation of the 14th Five-Year Plan of Shandong Provincial State-owned Assets and State-owned Enterprises* and the *Policy Highlights of Stabilizing Growth, Promoting Progress and Enhancing Quality in 2023 (Third Batch)* related to enterprises, closely following the requirements of national policy deployments to ensure real-time grasp of national energy policy guidelines, and comprehensively enhance the effectiveness of the energy management system's operation.

Improvement of Energy Management System

Revision of the energy management system documents, including an energy management manual and 19 energy management procedure documents. Detailed refinement of the *Measures of Energy Management*, broken down into the *Measures of Energy Business Management*, the *Measures of Energy Planning and Statistical Management*, and the *Measures of Energy Measurement Management* according to business processes.

Standardization of System Process Construction

Establishment of four energy-saving mechanisms with company characteristics, including energy-saving compliance and standardization mechanisms, whole-process management control mechanisms, energy-saving technological progress mechanisms, and energy-saving culture promotion mechanisms, etc., to improve the Company's energy management level through various means such as energy review, internal audit, management review, and third-party supervision and audit.

Establishment of Energy Management Platform

Through the construction of an information-based and automated energy management platform, real-time and refined control of the entire process of energy utilization is achieved, improving energy utilization efficiency, and providing strong support for the enterprise's energy conservation, emission reduction, quality improvement, and efficiency enhancement.

Construction of Normalized Control and Supervision Mode

By establishing a "Four-Level" energy-saving supervision network, forming a three-in-one supervision and inspection mechanism, adhering to the "monthly notification" mechanism, and strengthening energy-saving supervision efforts.

Establishment of Energy-saving Performance Management Mechanism

By implementing a performance assessment incentive policy of "comprehensive budget, KPI, and PPC", incorporating energy indicators into performance assessment indicators, and strengthening energy-saving management responsibilities.

Partial Energy-saving Renovation Projects of Weichai Power

The Project of Steam Point Supply

Actively promote the transformation project of steam point supply in the park, replace the original centralized steam supply mode with internal steam area point supply, effectively reduce steam transmission pipelines, reduce pipeline losses, save 11,500 tonnes of steam, reduce carbon emissions by 3,427 tonnes, and save a total amount of RMB3 million.

The Project of Main and Auxiliary Equipment Interlocking

By implementing the interlocking of auxiliary equipment based on the key operating parameters such as temperature, pressure, and time of the main equipment, reduce the idle and standby running time of the auxiliary machines, reduce energy consumption, achieve an annual savings of 1.5 million kWh of electricity, reduce carbon emissions by 1,291 tonnes annually, and save a total amount of RMB1.13 million annually.

The Project of Core Making Process Optimization

Continuously optimize the core making process, reduce manufacturing processes, integrate dust removal equipment, improve the utilization rate of dust removal equipment, achieve an annual savings of 1.4 million kWh of electricity, reduce carbon emissions by 1,205 tonnes annually, and save a total amount of RMB1.05 million.

The Project of Compressed Air and Refrigeration Automatic Control Transformation

By installing electric control valves on the branch pipes of the refrigeration and compressed air in the first and second factories, achieve refined control of the branch pipe valves, reduce energy consumption, save 2,645 thousand cubic meters of compressed air annually, reduce carbon emissions by 228 tonnes annually, and save a total amount of RMB268,000 annually.



Photovoltaic Power Generation Project

Deployment and advancement of photovoltaic power generation projects. The original Phase I and Phase II distributed photovoltaic systems generated 10.22 million kWh. In 2023, Weichai Power HQ independently invested in a photovoltaic power generation project, which can generate 53 million kWh annually, reducing carbon emissions by 46,000 tonnes. In the same year, Weichai Power HQ completed grid-connected power generation of 16.9MW, generating 4.91 million kWh in the year, reducing carbon emissions by 13,000 tonnes.

The Air Conditioning in the Science and Technology Building Automatic Control Renovation Project

By adding a centralized air conditioning control system to the combination air conditioners in the Science and Technology Building, optimizing control strategies, achieving intelligent control, solving the problem of uneven heating and cooling on-site, reducing energy consumption, achieving an annual savings of 1,500 GJ of heat and cold, reducing carbon emissions by 165 tonnes annually, and saving a total amount of about RMB200,000 annually.

Energy Consumption Data Sheet

Type	Unit	Data in 2022	Data in 2023
Direct energy consumption			
Purchased natural gas	1,000 kWh	344,816.01	449,281.18
Gasoline	1,000 kWh	2,975.07	2,869.30
Diesel ¹⁵	1,000 kWh	121,956.96	144,924.99
Indirect energy consumption			
Purchased electricity	1,000 kWh	558,753.69 ¹⁶	750,745.14
Purchased steam	1,000 kWh	72,230.54	60,430.87
Purchased heat	1,000 kWh	99,762.96	101,819.14
Total comprehensive energy consumption ¹⁷	1,000 kWh	1,161,952.93 ¹⁶	1,363,994.25
Comprehensive energy consumption intensity	1,000 kWh/RMB billion in revenue	6,633.74 ¹⁶	6,375.06
PV power consumption ¹⁸	1,000 kWh	11,565.80	26,573.34
PV power generation ¹⁸	1,000 kWh	30,688.34	46,919.92

¹⁵ 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 the Company's other equipment, thereby achieving energy recovery and low-carbon production

¹⁶ The data for 2022 has been retrospectively updated after adjustments

¹⁷ Comprehensive energy consumption is calculated according to GB/T 2589-2020 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

¹⁸ The data excludes KION

Water Management

We value the conservation and reuse of water resources, strictly adheres to relevant laws, regulations, and management practices such as the *Water Law of the People's Republic of China*, and implement water-saving plans throughout the process of water extraction and use. We actively promote water-saving actions, enhance the water-saving transformation of equipment and facilities, promote sewage production processes, construct emergency water tanks, improve the recycling rate of water resources, and make every effort to reduce the waste and loss of water resources. The Company's main source of water is municipal water supply, and during the reporting period, there were no issues with the water supply.

The Measures of Water Conservation

Real-time monitoring of water balance through the energy management system, dynamic monitoring of network leaks, coordination with the "Four-Level" energy-saving supervision mechanism, conducting special network health monitoring, improving response and processing efficiency, and strictly controlling runoff, leakage, dripping, and leaking phenomena.

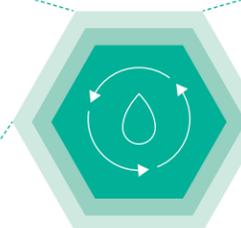
Carrying out governance work to improve the quality of cooling circulating water, by formulating water quality control standards, using electromagnetic water processors and chemical additives, and controlling drainage by conductivity, reducing the hardness of circulating water, and improving the reuse rate of circulating water.

Optimizing the trial operation circulating water system of some production units, selecting high-quality and efficient pumps, saving 4,000 cubic meters of water annually.

Using condensate from boilers and cleaning machines to maintain the working water level of sewage pumps, reducing the consumption of tap water.

Improving the water inlet pipeline of disinfection equipment for domestic sewage treatment plants and comprehensive sewage treatment plants, using reused water pressure to introduce disinfectants into the sewage treatment process, saving tap water consumption.

Building new production pressurized and emergency water storage tanks and water supply systems to ensure stable water supply pressure and emergency water supply for electric furnaces.



Water Consumption Data Sheet

Type	Unit	Data in 2022	Data in 2023
Total water consumption ¹⁹	Tonne(s)	2,745,903.20	2,883,853.78
Water consumption intensity	Tonnes/ RMB billion in revenue	15,676.76	13,478.60
Recycled amount of water	Tonne(s)	584,937.00	557,323.00

¹⁹ Only including municipal water



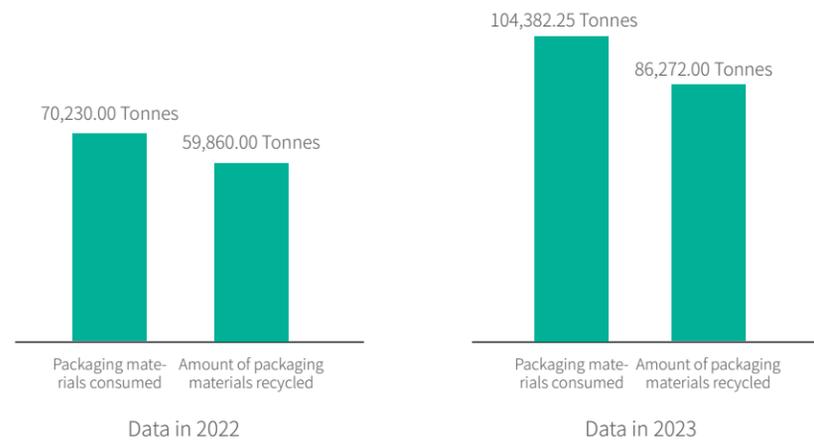
Packaging Materials Consumption

The consumption of packaging materials in the Company mainly comes from packaging accessories and packaging boxes in the product packaging process. In 2023, we continued to improve internal systems such as the *Product Packaging Materials and Services Management Procedures*, and developed 77 packaging material usage guidelines, including the *Assembly Wooden Box Operation Guide* and the *Transfer Frame Applicable Manufacturer Operation Guide*, to comprehensively standardize the management of packaging materials. While continuously optimizing and improving the packaging materials used in the Company's production processes, we encourage logistics partners to develop circular packaging schemes, vigorously promote lightweight and recyclable packaging.

Case | Lightweight Packaging Materials

Considering the transportation and storage environment of the buffering device, the Company optimized the thickness of the plastic bags from 0.09mm to 0.06mm while ensuring that the physical performance of the plastic bags met the transportation conditions.

Packaging Materials Consumption Data Sheet



Green Office

The Company adheres to the green and environmental protection concept, standardizes the environmental management work in office areas, and implements a series of measures to implement green office practices. These include energy conservation, water conservation, paperless office, and other energy-saving measures. We deeply explore the potential of green office practices, minimize resource consumption, and achieve green and low-carbon operations.

Healthy Office Initiatives

Low-carbon Travelling

In the Weichai Power travel platform, a carbon emission data display function is set up to prioritize green and low-carbon travelling methods for employees.



Weichai Power Travel Platform

Paperless Office

We issued the *Proposal on Improving Efficiency, Reducing Costs, and Building Paperless Offices* to promote a paperless plan, cancel unnecessary paper documents and files, encourage double-sided printing, and reuse paper.

Established a portal system where institutional documents, notices, and business process approvals can be completed, using information technology to improve office efficiency and achieve paperless office.

Electricity Management

The air conditioners shall be set not lower than 26° C in summer and not higher than 20° C in winter. Doors and windows shall be closed when air conditioners are on. Air conditioners shall be turned off before the room is unoccupied.

Turn off all power sources in the office area after work, including computers, printers, etc., to reduce standby power consumption.

Follow the principle of "Turn off lights when leaving, lights off when not in use". Both turning on lights during daytime and keeping lights on when the room is not occupied are prohibited. Make full use of natural light.

Water Conservation

Follow the principle of "Turn off taps when not in use", prevent "running taps", and encourage employees to consciously develop water-saving habits to prevent any waste of water resulted from leaking or dripping.



Pollutant Discharge Management

Waste Gas Emissions

Weichai Power attaches great importance to the management of emissions, striving to reduce the impact of pollutants and waste on the environment. We continue to strengthen management, set plans to reduce waste, take mitigating measures for potential pollution emissions and waste, and orderly carry out waste treatment and recycling to ensure the legal and compliant discharge of "three wastes".

The Company's waste gas emissions mainly consist of nitrogen oxides, volatile organic compounds from painting, and welding fumes. In 2023, in accordance with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, we revised the *Air Pollution Prevention and Control Management Procedures* and *Emergency Plan for Emission Reduction in Heavily Polluted Weather* and other waste gas management systems. We continuously monitor the emission of air pollutants during production and operation to ensure compliance with emission standards. Furthermore, we control and treat waste gas emissions through special governance measures, identify sources of pollution generated during operations, and reduce the generation of waste gases from the source. In addition, we have set emission reduction targets, implemented pollutant reduction and substitution, gradually eliminated the emission of benzene series compounds, and reduced the proportion of solvent-based industrial coatings by 20%, achieving emission reduction in waste gases.

Measures of Waste Gas Emission Management

Optimization of Raw Material Selection

- Develop a plan to substitute low-volatile organic compound (VOC) raw materials with water-based paints to reduce waste gas emissions.
- Prioritize the use of low-polluting raw materials and continue the project to replace solvent-based waxes with water-based waxes in the final assembly paint spraying wax room, reducing emissions of volatile organic pollutants and promoting source substitution.

Application of Exhaust Gas Collection Device

- Set up volatile gas collection and treatment equipment in the industrial hazardous waste storage area to avoid unorganized emission of exhaust gas.

Maintenance of Exhaust Gas Treatment Equipment

- Strengthen the maintenance of organic exhaust gas treatment facilities, complete the replacement of activated carbon as required, ensure the normal operation of exhaust gas treatment equipment, and reduce exhaust gas emissions.

Upgrading of Exhaust Gas Treatment Facilities and Technologies

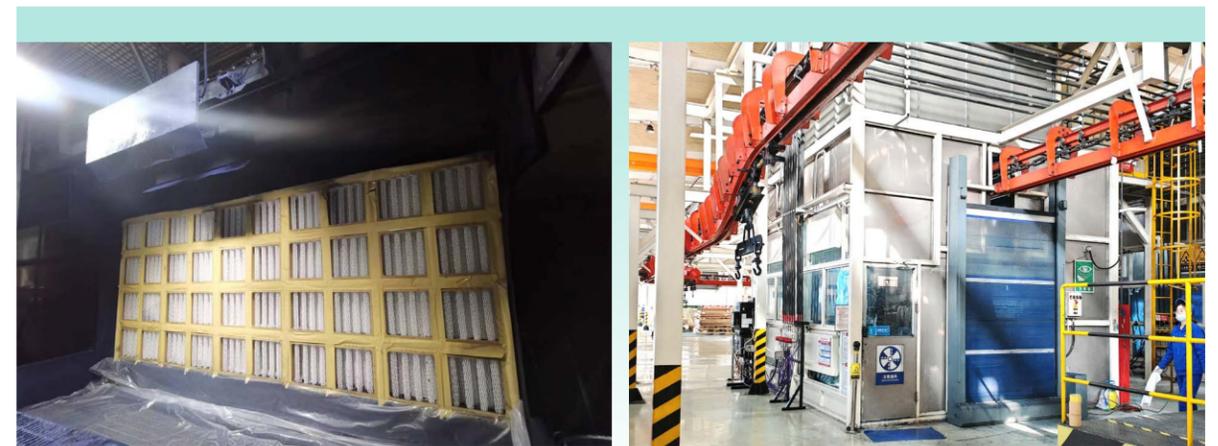
- Retrofit the wet painting process to a dry painting process, adjust the internal structure of the original paint booth, and install paint mist catchers and other measures to reduce VOC emission concentration.
- Retrofit dry painting booths, sewage stations, and test exhaust gas treatment facilities, replacing water spinning and water curtains with paper box filters in the paint mist treatment device, collecting and treating exhaust gas from the sewage station with "biological deodorization" facilities, and reducing exhaust gas emissions in multiple ways.
- Apply VOC treatment facilities for casting core making process, converting unorganized emissions to organized emissions, and reducing VOC emissions.
- Use full room exhaust and ventilation dust removal equipment to effectively remove welding fumes.
- Adopt a combination of the process of "zeolite wheel and RTO" and "catalytic combustion and activated carbon treatment" process to effectively treat organic exhaust gas from the cabin painting and supplementary painting, ensuring that the exhaust gas generated during the painting process meets emission standards and achieves compliant emission.



Collection and Treatment of Odorous Gases from the High-tech Park Sewage Station to Ensure No Odorous Gases Escape



Completion and Operation of the Test Vehicle Exhaust Gas Treatment Facilities



Implementation of the Dry Spray Booth Renovation Project to Reduce Exhaust Gas Emission Concentration



Waste Gas Emissions Data Sheet²⁰

Type	Unit	Data in 2022	Data in 2023
VOCs	Tonne (s)	287.58	203.82
Particulate matters	Tonne (s)	26.96	22.19
Sulfur oxides	Tonne (s)	54.33	46.56
Nitrogen oxides	Tonne (s)	51.99	192.29

Wastewater Discharge



The Company's wastewater primarily comes from production wastewater and domestic sewage in the factory area. In 2023, in accordance with laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, we revised regulations and control procedures such as the *Water Pollution Prevention and Control Procedures*, the *Management and Control Procedures for High-Concentration Wastewater Discharge*, the *Pollution Discharge Permit Management Measures*, and the *Enterprise Wastewater Management System Standards to strictly control wastewater discharge management*. Additionally, we have installed sewage treatment stations in the factory area to ensure that all polluted water is treated to meet the standard of recycled water before reuse or external discharge, ensuring stable and compliant wastewater discharge.

Wastewater Reduction Targets

Weichai Power HQ

By the end of 2025, achieve a cumulative reduction of 50,000 tonnes of wastewater emissions

Shaanxi Heavy Duty Automobile

By the end of 2025, reduce water consumption per unit of GDP by 5%
By the end of 2024, achieve a water reuse rate of $\geq 50\%$

Lovol

By the end of 2024, reduce wastewater emissions by 5%
By the end of 2024, increase the water reuse rate to 20%
By the end of 2025, increase the water reuse rate to 25%

Wastewater Management Measures

- Select manufacturing processes and technologies with low water consumption and minimal or relatively light impact on water environment to reduce wastewater generation at the source;
- Establish industrial wastewater treatment plants and comprehensive treatment stations. After pretreatment at the sewage treatment plant with "physical and biochemical" treatment processes, the wastewater enters the on-site comprehensive sewage treatment station for secondary treatment. Industrial wastewater and domestic sewage are collected and treated in a centralized manner to achieve standardized wastewater discharge;
- After the wastewater is treated by the sewage treatment plant and meets the sewage discharge standards, it is included in the reclaimed water reuse system for irrigation of green areas in the factory area and reuse in the sewage treatment plant, ensuring the full utilization of water resources;
- Collect high-concentration wastewater produced in the manufacturing process separately, and build supporting high-concentration wastewater collection tanks to ensure the standardized discharge of production wastewater;
- Regularly conduct inspections on the prevention and control of water pollution according to the Environmental Protection Inspection and Control Procedure, set up standardized sewage discharge outlets, and install online sewage monitoring equipment to monitor the water quality in real-time and prevent water pollution incidents;
- Continuously increase the amount of reclaimed water for reuse, and convert firefighting emergency water and flush water to reclaimed water to increase water resource recycling.

Wastewater Discharge Data Sheet²¹

Type	Unit	Data in 2022	Data in 2023
Total wastewater discharge	Tonne (s)	1,269,574.60	2,117,270.27
COD ²²	Tonne (s)	26.78	77.08
Ammonia nitrogen ²²	Tonne (s)	3.74	7.68
Total phosphorus ²²	Tonne (s)	0.21	0.68

Waste Management

The Company's waste is divided into three categories: hazardous waste, recyclable solid waste, and non-recyclable solid waste. In 2023, in accordance with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, we revised the *Management and Control Procedures for the Prevention and Control of Solid Waste Pollution*, the *Hazardous Waste Pollution Prevention and Control Management Procedures*, the *Standardization Standards for Hazardous Waste*, the *Measures of Garbage Management*, and other systems and management control procedures to standardize the collection, storage, and disposal processes of waste. We have set waste reduction targets, established plans to reduce the emissions of all operational waste, and strive to achieve the harmlessness, reduction, and resource utilization of waste, minimizing or avoiding the pollution caused by waste emissions to the environment as much as possible.

²⁰ The data of the Company's waste gas emissions disclosed in this Report are calculated based on relevant licensing requirements on waste discharge, such as emission concentration and emission rate. Inconsistencies between these data and the data available from other open channels of the Company may be due to different accounting methods and statistical calibers

²¹ The Company's wastewater discharge data disclosed in this Report are calculated based on relevant licensing requirements on waste discharge, such as emission concentration and emission rate. Inconsistencies between these data and the data available from other open channels of the Company may be due to different accounting methods and statistical calibers

²² The data excludes KION



Waste Reduction Targets

Weichai Power HQ	Shaanxi Heavy Duty Automobile	Fast Gear	Lovol
By the end of 2024, the compliance rate of hazardous waste disposal will remain at 100%	By the end of 2024, the compliance rate of hazardous waste disposal will remain at 100% By the end of 2024, the recycling rate of scrap steel and corner materials will reach 100%; the comprehensive utilization rate of industrial solid waste will exceed 92.5%	By the end of 2024, the compliance rate of hazardous waste disposal will remain at 100%	By the end of 2024, the compliance rate of hazardous waste disposal will remain at 100% By the end of 2024, the emissions of hazardous waste will be reduced by 5%

Progress in Achieving Waste Reduction Targets

Weichai Power HQ	Shaanxi Heavy Duty Automobile	Fast Gear	Lovol
Compliance rate of hazardous waste disposal is 100%	Compliance rate of hazardous waste disposal remains at 100%	Compliance rate of hazardous waste disposal remains at 100%	Compliance rate of hazardous waste disposal remains at 100%

We have initiated the "Sludge Filter Press Renewal Project for the Sewage Treatment Plant" and the "Automatic Slag Removal Machine Project for the Paint Sludge in the Tractor Factory's Painting Line" to address the high generation and moisture content of sludge and paint sludge, reducing waste generation from the source. Additionally, for the solid waste already generated, we will entrust units with legal qualifications for specialized disposal according to the different types of waste. We are taking multiple measures to ensure the legal compliance of waste emission management, maximize the utilization of waste, and promote resource recycling.

Management and Control Methods for Solid Waste

Hazardous Waste

- Introduction of a smart platform for hazardous waste management to guide the orderly implementation of hazardous waste compliance and reduction work by various relevant units.
- Establishment of a ledger for hazardous waste disposal and compliance transfer to manage hazardous waste properly and ensure that there is no scattering, loss, or leakage during transportation.
- Regular organization of hazardous waste pollution risk source inspection and assessment to achieve strict prevention and control of hazardous waste.
- Standardized treatment of hazardous waste storage facilities according to environmental protection requirements, including the setting of protective layers and hazardous warning signs to strictly control the occurrence of dissolution and soil pollution during heavy rain periods.

General Waste

- Providing different colored trash bins for different types of waste in office and production areas for classified collection.
- Establishment of disposal records for general waste, regularly submitting relevant disposal agreements and monthly disposal quantities.
- Implementation of a waste recycling plan to finely classify and batch recycle waste paper boxes, waste wooden boxes, waste plastics, and other recyclable resources for resource regeneration.
- Renovation of storage places for general waste, improvement of on-site signage, and ensuring that storage places meet the environmental protection requirements for general solid waste storage.

Solid Waste Discharge Data Sheet



Type	Unit	Data in 2022	Data in 2023
Total amount of hazardous waste	Tonne (s)	20,267.53	22,053.78
Hazardous waste discharge density	Tonne (s)/ RMB billion in revenue	115.71	103.08
Total amount of non-hazardous waste	Tonne (s)	143,572.08	156,916.77
Non-hazardous waste discharge density	Tonne (s)/ RMB billion in revenue	819.67	733.40



The Noise Management

The Company primarily generates noise during the operation of stamping, welding, grinding workshops, and the air compressor station. In 2023, we internally revised the *Noise and Vibration Pollution Prevention and Control Procedures* and the *Noise Management System*, among other systems and management control procedures, to further standardize noise management. We strictly manage the noise generated during production and operation, take protective measures for high-noise equipment, ensure that the generated noise meets the requirements of the factory boundary environmental noise emission standards, and reduce noise pollution.



Seizing Green Opportunities

Weichai Power adheres to the concept of innovation-driven development, empowering new businesses with its core business, fully leveraging its leading product technology, cost, and industrial chain advantages to promote zero-carbon development in the industry and support the realization of the country's the "Dual Carbon" goals.



Income from clean technologies accounts for more than **50%**²³ of total revenue

Low-carbon Construction

We actively seize the opportunities of the era promoted by the country's green and low-carbon development, fully leverage the advantages of clean energy technologies, and create low-carbon solutions that prioritize clean energy, apply green technologies, and transform into a digitalized form. We strive to realize the blueprint of achieving "zero carbon" in our factories.

Case | Weichai Power's Subsidiary Fast Gear Declares the First project, "Zero Carbon Factory"

The factory completed the declaration of the first "Zero Carbon Factory"

In order to achieve the goal of a "zero carbon factory", Fast Gear conducted carbon emission accounting at its Gaozhixin Factory to understand its carbon emissions and provide data support for carbon offsetting, fully exploring carbon reduction potential. In April 2022, the Gaozhixin Factory of Fast Gear announced its commitment to carbon neutrality.

In 2023, the Gaozhixin Factory of Fast Gear fully considered the environmental impact of the manufacturing process. Through technological innovation, equipment upgrades, factory planning, and digital transformation, it adopted 31 advanced low-carbon technologies such as photovoltaic power generation, smart energy management, and green processes to effectively reduce greenhouse gas emissions. In June 2023, the factory completed the declaration of the first "zero carbon factory" and obtained the Carbon Neutrality Achievement Declaration Certificate, becoming the first carbon-neutral commitment factory in the domestic commercial vehicle field to be certified by a third party.



Enterprise Carbon Neutrality Declaration Certificate

²³ Income generated from clean technologies includes income from natura gas products, new energy technologies, electric forklifts and other clean technologies of Weichai Power and KION



Case | Weichai Power's Subsidiary Fast Gear Conducts Carbon Footprint Accounting for Key Products



The Company values product carbon footprint management. In 2023, Fast Gear conducted carbon footprint accounting for its main products. By the end of 2023, major products such as transmissions had completed carbon footprint accounting. The Company compiled and summarized the impact of product production, assembly, transportation, and other aspects on carbon emissions, and obtained the *Transmission Product Lifecycle Assessment Report*.

The Company will continue to expand the scope of carbon footprint accounting and systematically carry out related work for other key products and components.

Developing intelligent and green logistics is one of the important paths for the Company's low-carbon transformation. KION, an overseas holding subsidiary of the Company, is a global leading supplier in the field of smart logistics. Its business covers industrial vehicles including forklifts and warehouse technology equipment, as well as automation technology equipment, software solutions, and related services that help improve the efficiency of the supply chain. In 2023, KION achieved revenue of RMB87.5 billion, accounting for 41% of the total operating income.

In 2023

KION achieved revenue of RMB

87.5 Billion

accounting for of the total operating income

41%



Low-carbon Technology

We actively explore the path of technological transformation and upgrading of our products, carry out research and development of cutting-edge technologies, and promote the internal combustion engine technology to achieve cleaner, more efficient, smarter, and more reliable development.

September 16, 2020	The world's first commercial diesel engine with a thermal efficiency of 50.23% was released.
January 8, 2022	The world's first diesel engine with a thermal efficiency of 51.09% was released.
November 20, 2022	The world's first commercial diesel engine with a thermal efficiency of 52.28% was released.

As of December 31, 2023, the Weichai Power HQ had:

- A cumulative total of 832 patents authorized related to alternative fuels²⁴
- A cumulative total of 1,229 patents authorized related to new energy

We have always adhered to the concept of green development, exploring low-carbon innovative technologies and continuously improving our diversified new energy system, which includes the development of "hybrid power", "pure electric", and "fuel cell" technologies. In 2023, we continued to focus on improving engine thermal efficiency and matching powertrain development, among other areas, to promote the industry's green and low-carbon transformation. Our overseas holding subsidiary, KION, has entered the production of hydrogen power systems, developing and producing fuel cell systems for industrial vehicles. On 15 November 2023, it officially launched the hydrogen fuel cell system, with a planned investment of over 11 million euros in the field of clean technology.

"Fuel Cell" Products	<ul style="list-style-type: none"> ● In 2023, The Company continued to promote the demonstration and promotion of hydrogen fuel cell vehicles. Several fuel cell products achieved mass sales, leading globally in core technologies and industrialization in the hydrogen fuel cell field.
"Hybrid Power" Products	<ul style="list-style-type: none"> ● In 2023, the development of the heavy truck hybrid power system and the upgrade of the light truck hybrid assembly were completed, significantly improving acceleration performance; ● In 2023, a hybrid extended-range loader was developed, and the validation of an extended-range wide-body mining truck in mining areas was completed.
"Pure Electric" Products	<ul style="list-style-type: none"> ● KION, subsidiary of Weichai Power, is committed to achieving a product portfolio focused on electric power. In 2023, KION's electric forklift sales accounted for 91.1% of total sales, and the electrification solutions provided accounted for 100% of the supply chain solutions; ● The product achieved mass sales and is widely applied in markets such as commercial vehicles, forklifts, and aerial work platforms. Moreover, the Company's batteries, motors, and electronic control products have significant differentiation advantages, with vehicles equipped with Weichai's new energy powertrains consuming 5% less electricity than competitors.

The Company adheres to empowering the industry with technological innovation, deeply explores and taps into the application scenarios and potential of green and low-carbon technologies, and contributes to further advancing the application of green and low-carbon technologies.



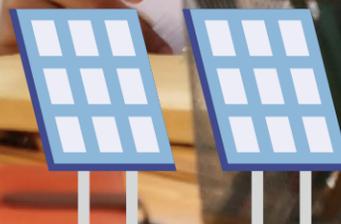
Ranked among the "2023 China Industrial Carbon Peaking 'Leader' Enterprises" released by the China Federation of Industrial Economics.
Listed in the "Candidate of 2021-2022 Annual Energy Conservation and Emission Reduction Efforts Advanced Enterprises in Shaanxi Province" released by the Shaanxi Provincial Development and Reform Commission.

²⁴ Patents related to alternative fuels include patents for gas engines, methanol engines, ammonia engines, and hydrogen engines

04

People First Promoting a Harmonious Society

Weichai Power adheres to the principles of talent growth and development, respects the rights of employees, provides them with good welfare and equal opportunities for development, empowers employees in all aspects, fully stimulates their potential, and creates a diverse, inclusive, and equal work environment. At the same time, we work with various sectors of society to promote public welfare and rural revitalization, achieving both economic and social benefits.





Safeguarding the Rights and Interests of Employees

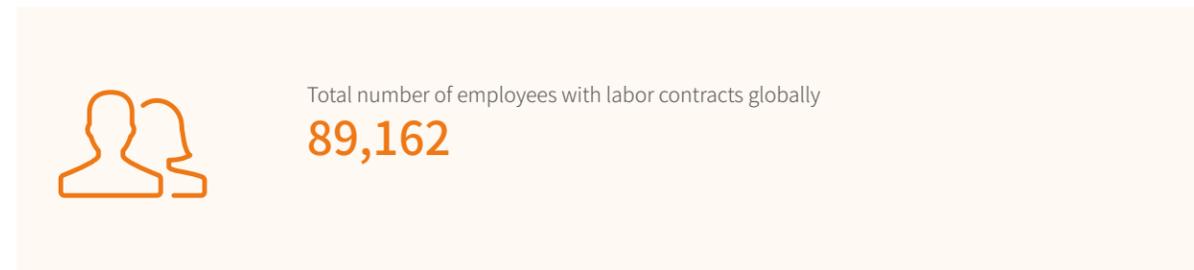
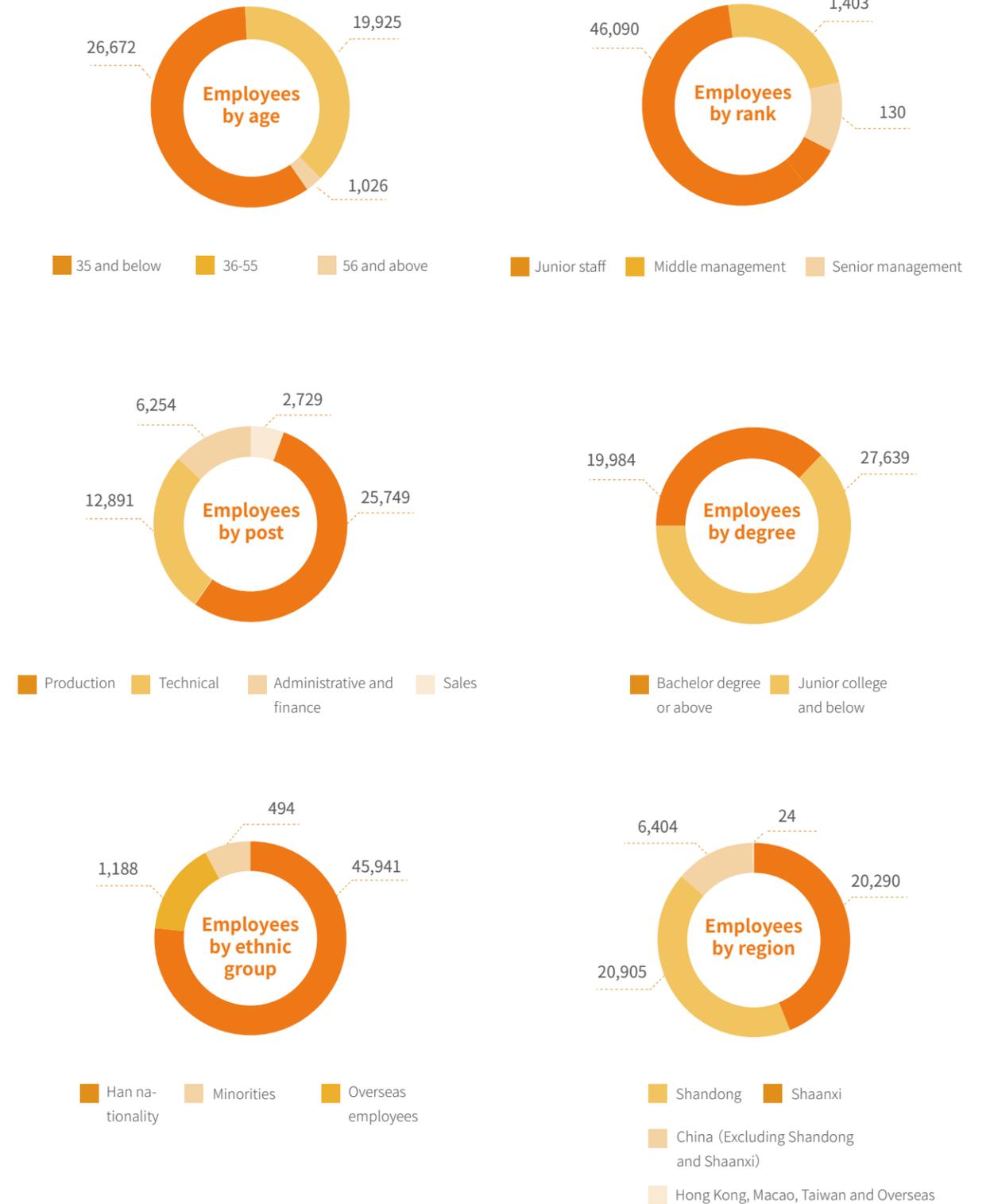
Weichai Power always places the rights and interests of employees at the core, firmly implements basic principles such as equal employment and anti-discrimination, creates a diverse employment environment, actively seeks various benefits for employees, and greatly enhances their sense of belonging and happiness.

We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China* and other relevant laws and regulations. Additionally, we have revised the *Social Talent Recruitment and Employment Process* to regulate employees' employment, salaries, benefits, working hours, and holidays. We ensure the fairness of recruitment, and protect the rights and interests that employees are entitled to.

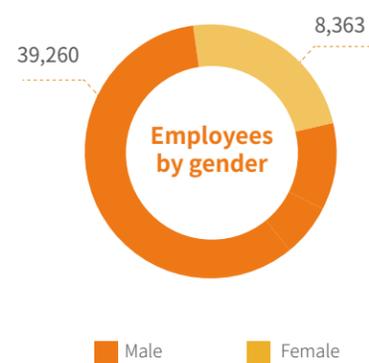
During the recruitment and retention of employees, we strictly abide by the relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Minors*, and the *Regulations Banning Child Labor*, and resolutely avoid forced labor and child labor. During the signing of the *Labor Contract*, we strictly check the identity of employees to ensure that no child labor is employed. There was no child labor or forced labor malpractice in 2023.

Weichai Power upholds the principle of equal employment and creates a diverse and inclusive work environment. We treat all employees fairly and justly regardless of nationality, gender, age, educational background, region, religious belief, or cultural background, in a bid to provide equal opportunities for employees. In a bid to create a diverse and inclusive workplace environment, we continue to optimize the workforce structure and promote the reasonable distribution of employees in gender, age, and geography. During the reporting period, Weichai Power had a total of 89,162 employees globally under labor contracts, including 47,623 employees of the headquarters in China. Among all the employees, there are 72 disabled employees, 494 employees from ethnic minorities, and 1,188 overseas employees. The proportion of employees who signed collective agreements was 100%²⁵.

Employee Composition and Turnover Data



Employee Composition and Turnover²⁶



²⁵The data excludes KION.

²⁶The classification of employees by different categories is based on the total number of employees under labor contracts, and all indicators exclude KION.



Employee turnover rate²⁷
7.53%

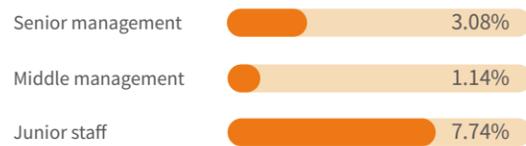
Turnover by gender



Turnover by age



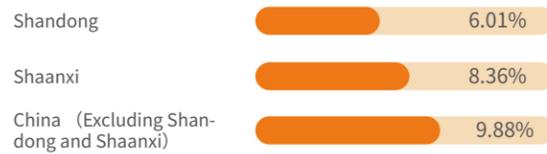
Turnover by rank



Turnover by post



Turnover by region



²⁷ Employee turnover rate = Number of employees leaving by category/ Number of employees by category *100%.

Weichai Power is committed to building a sustainable talent development team, consistently improving personnel management systems, standardizing recruitment processes, and building an inclusive workplace.

Featured Recruitment Events

Unit	Featured Recruitment Events	Specific Details
Weichai Power HQ	Campus Recruitment	During the 2023 campus recruitment period, Weichai Power visited more than 40 universities, conducted school-enterprise seminars, doctoral seminars, and campus recruitment seminars to enhance school-enterprise interaction and branding promotion.
	Pilot Internship Program	In 2023, Weichai Power's fifth "Pilot Internship Program" proceeded as scheduled, with a total of 47 participants. During this period, we arranged concentrated training, quality development, and other events to help students understand the Company better and attract as many talents as possible.
	Doctoral Face-to-face Communication Activities	In 2023, Weichai Power organized multiple doctoral face-to-face activities, receiving more than 2,300 doctoral resumes throughout the year. More than 200 individuals agreed to enter into a contract, and 28 were ultimately hired.
	Social Recruitment	In 2023, Weichai Power organized four special social recruitment events, recommending more than 600 candidates. Over 60 candidates passed the interview stage, and 23 were eventually hired.
	Weichai Day Activities	In 2023, Weichai Power held four campus Weichai Day activities at school-enterprise partner colleges and universities.
Fast Gear	School-Enterprise Exchange Activities	In 2023, Weichai Power hosted 13 universities for internship school-enterprise exchanges, with a total of 297 participants.
	"3+1" recruitment	In 2023, Fast Gear's recruitment efforts continued to focus on the "3+1" model, with a total of 326 employees recruited in various technical, managerial, and marketing positions. The overall scale and effectiveness of recruitment saw significant improvement compared to the previous year.
Shaanxi Heavy Duty Automobile	Employer Brand Building Activities	In 2023, Shaanxi Heavy Duty Automobile strengthened cooperation with key universities. It collaborated with the School of Mechanical Engineering at Beijing Institute of Technology to complete the "Mechanical Star" model selection activity. It also hosted more than 130 students for summer practice and internships from the School of Mechanical Engineering at Beijing University of Science and Technology and the School of Automotive Engineering at Wuhan University of Technology. Furthermore, it invited leaders from Jilin University, Wuhan University of Technology, Nanjing University of Aeronautics and Astronautics, and other universities to visit and exchange, further enhancing Shaanxi Heavy Duty Automobile's reputation among students and faculty.
Lovol	Skill Talent - School-Enterprise Cooperation Order Class Construction	In 2023, Lovol completed the signing of 12 order classes in collaboration with 6 partner schools. Specialized courses were developed and delivered, benefiting 530 students enrolled in these order classes, which serve as a talent reserve for the Company.
	Campus Recruitment	In 2023, Lovol organized its first-ever Doctoral Recruitment City Tour in Harbin and Xi'an. The event attracted 108 doctoral candidates, received 125 doctoral resumes, and extended offers to 15 candidates. Additionally, the Company organized its first Doctoral Open Day, inviting 27 doctoral candidates to visit the Company for exchanges, leading to offer acceptances from 8 candidates.
	Social Recruitment	In 2023, Lovol significantly improved the quality of talent recruited. The completion rate for high-end talents increased by 9.6% compared to 2022, while core talent completion rate increased by 5% compared to 2022.



Highlighting Employee Development

Employee Training

"Success comes from talent, and business thrives on talent". Weichai Power cares about employee development and emphasizes talent empowerment. We advocate for the continuous development and mutual growth of employees and the enterprise, attaching great importance to employee development. We consistently improve the diversity, scientificity, and effectiveness of training, broaden employee promotion channels, stimulate employee enthusiasm through various forms, and empower employees in an all-round way to support their growth.

To assist each employee in realizing their self-worth, we have established a Four-Level training framework at company level, unit level, department level, and team level, covering all employees of all positions, based on the differences and demands of different employees, and in accordance with systems such as the *Internal Trainer Management Process*, the *External Training Resource Management Process*, the *Outside Training Management Process*, and the *Customized Project Management Process*. We consistently build a diversified talent training management system to comprehensively build enterprise talents and promote employee development.

The Company values the educational enhancement of its talents and has established the *Management Measures for On-the-job Qualification/ Degree Education of Employees* applicable to all employees. The measures standardize the management of on-the-job education for various talents, including associate degree to bachelor's degree, high school to bachelor's degree, and on-the-job postgraduate/master/doctoral degree education. In 2023, the Company has cumulatively supported 33 doctoral and 280 master's students in their ongoing studies.

Weichai Power's Four-level Training Framework

Company Level

- Launching the TRIZ innovation training camp, producing 78 creative solutions for 6 real technical problems, and forming 27 patents.
- Organizing the FMEA "Art" Learning training programs, conducting practical empowerment for 18 FMEA topics, and selecting and training 15 project mentors and 3 technical experts to strengthen the enterprise's PFMEA expert team.

Unit Level

- Improving the unit-level distinctive training system, creating guidelines for its development, highlighting key aspects of the system, and defining improvement paths for training across various business categories.
- Developing a series of courses to provide diagnostic tools for precisely guiding training across units.

Department Level and Team Level

- Focusing on various individual issues within departments and teams. Offering specialized and skill-enhancement training to achieve comprehensive development.

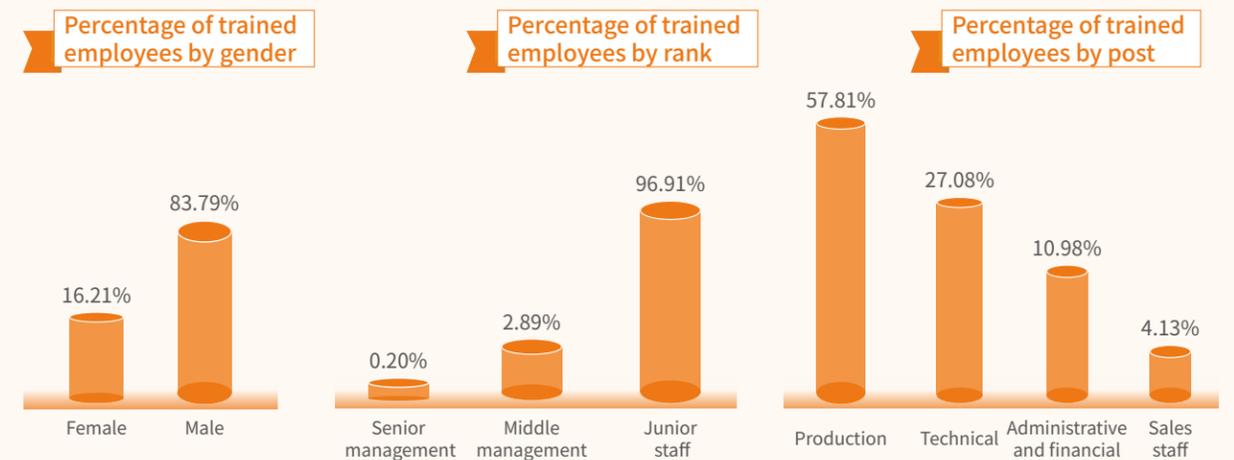
During the reporting period, we used the Wei-learning online learning platform to set personalized employee training courses based on employee profiles and needs, enriching employees' learning experience and enhancing their professional competence. Additionally, we selected outstanding external resources to provide knowledge to learners in the form of external hires.

During the reporting period, 41,768 labor contract employees participated in the training projects of Weichai Power, with a total 4,831,990.3 training hours and an average training hour of 101 hours.²⁸

Employee Training²⁹

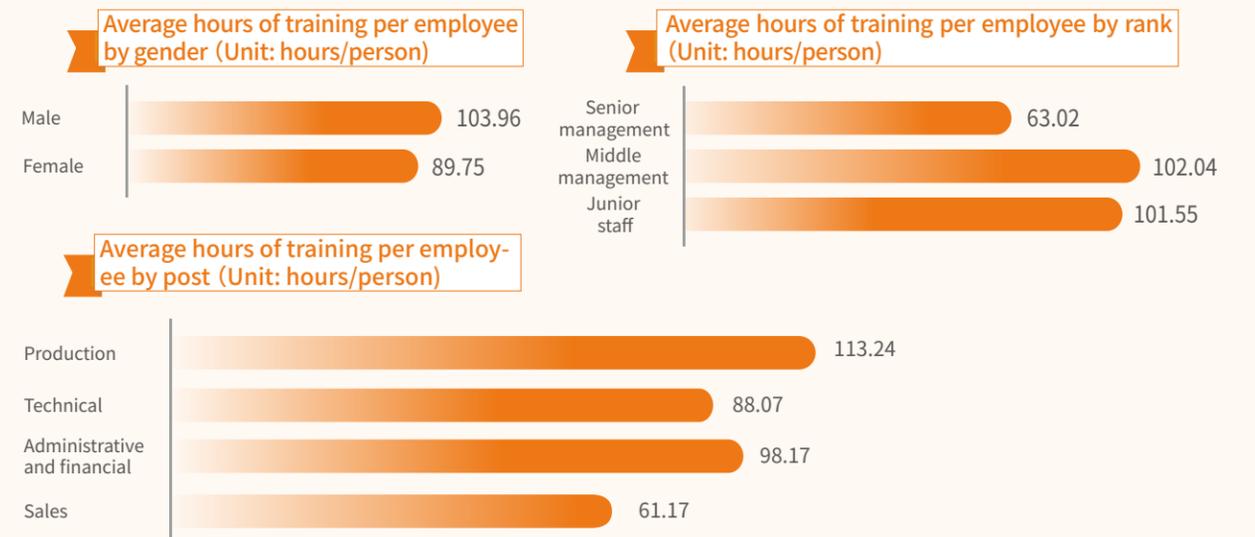
Total number of trained employees **41,768**

Percentage of trained employees by category **87.71%**



Total training hours **4,831,990 hours**

Average hours of training received per employee by category **101 hours**



²⁸ The data excludes KION.
²⁹ The data excludes KION.



Leadership Training

In 2023, we systematized and branded leadership-related training for our management team, empowering all leaders and newly promoted office-level leaders across the Company to accelerate talent development.

Leadership Training Programs of Weichai Power in 2023

- **Training for departmental and office heads**

We have conducted training courses focusing on culture, comprehensive quality, international perspective, and business coordination leadership, providing favorable support for the overall business coordination and aligned culture.

- **Training for newly promoted department-level and office-level leaders**

Through scientific design and agile planning, we have developed a three-stage growth plan and OMO training model, and organized special training courses on the *Business Battlefield Wisdom in Commerce* and *Zhejiang Entrepreneurs' Management Expertise and Business Insight*.

Training for New Recruits

To help new employees understand the Company's development history and corporate culture, and to master workplace methods and basic skills, Weichai Power launched the "Mentorship" and the "Morning Rainbow Program" in 2023. These initiatives serve as a catalyst for the growth of new talents in the company, further enabling new employees to quickly integrate into the team.

Training Programs for New Recruits of Weichai Power in 2023

- **"Mentorship" Program**

In 2023, Weichai Power welcomed over 700 new graduates and initiated the "Mentorship" program. This program aims to facilitate a rapid transition for new employees, helping them quickly adapt to workplace life, improve work efficiency, and achieve a 100% mentorship agreement signing rate.

- **Morning Rainbow Program Program for New Recruits**

Weichai Power once again launched the "Morning Rainbow Program" for new employees, offering three courses: "Onboarding Training", "Adapting to Corporate Culture", and "Workplace Empowerment".

Professional Training

Weichai Power provides employees with various professional training programs to enhance their skills. We encourage employees to actively apply for external academic certification and provide relevant support for employees to obtain professional certifications, thereby contributing to their career development. During the reporting period, we conducted professional skill enhancement training programs in R&D technology, marketing management, and operational skills. We also collaborated with universities and social resources to offer customized training in interdisciplinary fields such as electronic control, energy, and software engineering, training a total of 82 master and 39 doctoral students.

Professional Skills Enhancement Training	R&D Technology	<ul style="list-style-type: none"> • Seminars on new technology with relevant universities, featuring practical and theoretical stages in electrical workshops. • TRIZ innovation training camps, resulting in 78 creative solutions and 27 patents for 6 real technical challenges.
	Marketing Management	<ul style="list-style-type: none"> • Training for empowering marketing personnel on market analysis, product technology, and marketing tool applications. Consistent empowerment is provided to frontline marketing staff through online and offline training.
	Operational Skills	<ul style="list-style-type: none"> • Courses on electrical control maintenance, mechanical assembly, and comprehensive diagnostics. These included online self-study, offline case analysis, expert lectures, and service practical technology training.

Craftsman Training	<ul style="list-style-type: none"> • In 2023, we have added two new directions, hydraulic and equipment adjustment, based on the existing five directions of new energy, large cylinder diameter, numerical control technology, equipment maintenance and quality inspection. • During the reporting period, a total of 27 training sessions were conducted, including 4 online sessions with 45,860 training hours and 19 offline sessions with 17,241 training hours.
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Internal Trainer Training	<ul style="list-style-type: none"> • We have deepened the development of the Company's internal trainer system, expanded the access channels for internal trainers, and covered 20 professional modules for internal trainers, including party building, corporate culture, WOS, and engine development. This achieved a dual role and dual channel for employees. • During the reporting Period, more than 300 internal trainers were trained.
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Case | Embarking on the "Art" of Learning FMEA Series



In 2023, Weichai Power conducted the "Art" of Learning FMEA Series for enterprise craftsman technicians. The training was divided into two stages: basic training and advanced training, including practical operations for 18 real FMEA topics, effectively empowering employees. The training selected 15 project managers and 3 technical experts, enriching the Company's PFMEA expert team to a certain extent.



Employee Promotion and Development

Weichai Power consistently expands employees' career development space and promotion channels and plans reasonable career development paths for them. We consistently clarify and improve the promotion system and incentive mechanism. We have formulated the *Staff Appraisal Management Process* to specify the criteria for points-based promotion of employees, and conduct evaluations annually, with the promotion of employees linked with their performance, so as to improve their enthusiasm for work while ensuring fair, just, and reasonable employment practices.

We implement classified management according to the work nature of different positions, encourage employees to choose their own development pathway from both horizontal and vertical aspects, and encourage employees to continuously improve themselves and progress together with the Company.

Vertical Development Channels

Weichai Power has built vertical development and promotion channels according to the actual conditions of the Company and the job types of employees. These channels include different levels of promotion paths in R&D, engineering technology, management, marketing, and operations to encourage employees to choose their development path independently, providing a platform for them to learn, progress, and realize their self-worth.

R&D and Technology

We have created a professional development system for R&D and technical employees, with the top levels being expert engineer and chief expert.



Professional Development System for R&D and Technical Employees

Skill and Operation

We have also established a comprehensive recruitment and promotion system for skilled talents, providing them with smooth career development path from senior technician to chief technician, fostering a favorable environment for respecting skilled talents. During the reporting period, two skilled talents broke through the ceiling of the skill promotion channel for the first time, crossing over to the engineering technology sequence, enabling them to continue to advance and develop.



Recruitment and Promotion System for Skilled Talent

Marketing and Management



We have built a five-star employee promotion system for marketing and management posts, based on which dynamic promotion management is implemented according to star rating results to enable the rapid growth of excellent employees.

Five-star Employee Promotion System

Additionally, for outstanding craftsmen and their innovative achievements, we encourage craftsmen to participate in national competitions. We give generous rewards and opportunity to have an exceptional promotion to employees who have won awards in the competitions. During the reporting period, employees of Weichai Power won major awards in several national vocational and technical competitions.

The Vocational and Technical Competition Awards Won by Weichai Power in 2023

- 1 special award, 6 first prizes, 9 second prizes, 81 third prizes and excellence awards in the "Red Flag Cup" Fourth National Machinery Industry Management Skills Competition for Team Leaders. The Company also received the Excellent Organization Award and Special Contribution Award.
- 3 Gold Prizes and 1 Silver Prize in the 48th International Convention on Quality Control Circles (ICQCC).



Horizontal Development Channels

Weichai Power's horizontal development channel relies on its internal talent market. In accordance with the *Management Measures for Internal Talent Market*, Weichai Power has designed three talent management models, namely "posts for candidates", "candidates selecting posts" and "candidates for posts" to promote internal personnel flow, and realize employees' independent development. Additionally, the Company consistently optimizes its comprehensive incentive system, investing a large amount of funds each year in employee rewards to increase employee motivation.

Comprehensive Incentive System





Emphasizing Employee Care

Weichai Power always places the protection of employee' rights and interests at the core, respecting the opinions and feedback of every employee. We enhance employees' sense of belonging by providing attractive compensation and benefits, creating a favorable working environment, and offering a scientifically rigorous employee support program.

Employee Communication

Employees are our most valuable asset. We listen to their voices, understand their demands, and bridge the gap through various employee activities and support programs. We are committed to helping employees in need and creating a truly happy workplace to enhance their sense of belonging and identity.

We regularly hold employees' congresses to discuss and address issues of employee concern, deeply understand and listen to their work opinions and demands, and achieve democratic participation and decision-making. We have also established a variety of communication and feedback channels, including online and offline channels such as the employee mailbox, and the "Employee Voices" on the mobile App of Hi-Work, to promptly listen to employees' needs and provide feedback to help them solve problems. During the reporting period, we conducted employee satisfaction surveys focusing on the Company's vision, organizational identity, work environment, work report, and organizational atmosphere, achieving an overall satisfaction rate of 96.83%.³⁰

Compensation and Benefits

Weichai Power strictly adheres to salary standards and national and local salary management regulations, consistently improving the salary and performance system. Following the principles of precise incentives and performance orientation, we have increased the flexibility of wages and established a salary and performance system covering all staff. Focused on the aspects of "more, faster, better, and more cost-effective", we have established a precise assessment mechanism for production workers' "shift production daily wage", a "virtual output value" mechanism for R&D personnel, a performance-oriented mechanism for marketing personnel, and an innovative performance-based salary setting for management personnel. We have updated such management systems as the *Measures of Employee Housing Incentive Management* and the *Measures of Family Visit for Overseas Employees* to guarantee employees' basic statutory welfare items. We provide all employees with pension, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund, as well as rich corporate welfare benefits. During the reporting period, Weichai Power has completed the registration of the A-share restricted stock incentive plan, granting a total of 78.27 million restricted stocks to 693 incentive recipients. The social insurance coverage rate has reached 100%.

Weichai Power's welfare benefits



³⁰ The data excludes KION

Employee Care

Weichai Power encourages employees to work actively and also promotes their love for life. We organized sports activities, hosted Mid-Autumn Festival parties, held debates, e-sports competitions, and hosting competitions, providing employees with opportunities to relax, express themselves, and achieve work-life balance, thus enhancing their happiness and sense of belonging.

Employees' Activities



Mid-Autumn Festival Gala



Dream Cup Basketball Match



Tongxin Cup E-sport Match

During the Reporting Period

Weichai Power's total number of employees in need of assistance is

244

We also pay attention to female employees, disadvantaged groups, and employees in difficulty. By organizing cultural activities related to female employees, we provided care and support. We also cater to the needs of special groups, actively help any employees in need, mobilize collective support, strive to be the strongest backing for employees, and overcome every difficulty together.

During the reporting period, Weichai Power helped 244 employees in difficulties, with RMB 782,000 granted.

Case | Celebrating International Women's Day: Honoring the Women of Weichai Power



On March 8th, Weichai Power held an event to celebrate International Women's Day. The event featured a showcase of photos highlighting the elegance of female employees, a cake decoration competition, learning sessions on flower arranging, and various fun activities. These activities showcased the creativity and talents of the female employees at Weichai Power, further enhancing their sense of happiness and pride.



Activities on the International Women's Day



Case | Gives out "Young Talent Scholarship" for Employees' Children



Every year, Lovol holds the "Golden Autumn Education Assistance" program. In 2021, the "Young Talent Scholarship" was established. In 2023, we awarded scholarships to 7 children of employees who were admitted to universities with world-class reputation and disciplines. This initiative aims to encourage the children of employees to strive for excellence and give back to society.



Distribution of "Young Talent Scholarship"

Case | "Micro-Wishes" Campaign for the Care of Difficult Employees at Shaanxi Heavy Duty Automobile



Just before the Spring Festival, Shaanxi Heavy Duty Automobile launched the "Micro-Wishes" campaign to fulfill the dreams of difficult employees. We provided bedding, rice, noodles, oil, tablets, food processors, and other items to 17 households, effectively helping them meet their practical needs and desires. This initiative aims to continuously enhance the employees' sense of achievement and happiness.



Safeguarding Health and Safety

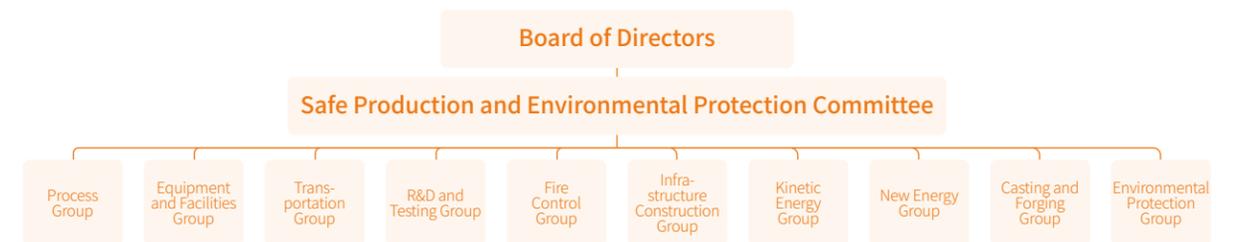
Weichai Power firmly establishes the bottom line thinking of safety production, formulates management requirements for safe operation and occupational health, focuses on safety production management, accelerates the progress of hidden danger governance, and enhances risk control capabilities. We take it as our responsibility to ensure the safety and health of all stakeholders, continuously refine and improve the safety management framework and system construction, fortify the defense line of safety production, create a good safety culture atmosphere, and ensure the health and safety of employees, customers, and local communities.

Safety Management System

Weichai Power strictly abides by laws and regulations such as the *Production Safety Law of the People's Republic of China*, the *Fire Prevention Law of the People's Republic of China*, and the *Shandong Province Production Safety Regulations*, continuously updates and revises internal system documents such as the *Management and Control Procedures on Production Safety Accident*, and requires the Company to further standardize safety management guidelines in production, operation, and management activities or areas under its jurisdiction, and improve safety protection capabilities.

Meanwhile, based on a sound safety management framework and effective safety management goals, the Company clarifies and implements the safety management responsibilities of various departments and subsidiaries, builds a comprehensive safety responsibility network, and creates a high-quality and sustainable enterprise development model. The Board of Directors, as the highest regulatory body for Weichai Power's ESG management, supervises the Company's health and safety management work, and appoints the Company executives as safety directors. We set up a Safety Production Committee as the leading body for the Company's safety production work, with 10 safety production professional groups including technology, equipment and facilities, transportation, R&D and testing, fire protection, infrastructure, dynamic energy, new energy, casting and forging, and environmental protection, composed of relevant functional departments and production unit leaders of the Company, responsible for the supervision and management of various professional work. We have also implemented the *Safety Risk Grading and Control Management System*, where the safety and environmental protection department is responsible for the centralized management of safety risk grading and control and oversees the implementation of risk grading and control by relevant units and includes their performance in the evaluation scope to further implement safety production related work.

The Company has formulated the *Safety Production Reward and Punishment Management System* which incorporates safety responsibility accident indicators into the performance evaluation system for related senior executives. The achievement of these indicators will affect their personal annual evaluations and individual compensation. We recognize and reward units and individuals who have made outstanding contributions to safety production work. Units and responsible persons who fail to implement safety production management regulations and systems will be imposed with penalties. Moreover, those units and responsible persons who cause safety production accidents due to serious dereliction of duty, negligence, illegal command, or illegal operations will be severely punished.



Safety Management Structure

In 2023, we invited government departments and third-party certification centers to conduct GB/T 45001 certification audits for all operating areas every three years, specifically auditing the compliance, suitability, and effectiveness of the operation of the environmental occupational health and safety management system, covering all management departments, subsidiaries, and operational production processes of the Company. During the reporting period, Weichai Power achieved a 100% coverage rate for GB/T 45001 or ISO 45001 occupational health and safety management system certification.

KION follows the requirements of the International Labour Organization, compliance guidelines, and HSE policies regarding health and safety, adopts comprehensive preventive measures, creates a safe working environment, and ensures that employees learn how to avoid dangers and accidents. Expanding HSE certification is a key goal of KION's sustainable development strategy. We conduct safety production related work in accordance with ISO standards, and it is expected that by 2024, all production sites, sales, and service locations will be certified by ISO 14001 and ISO 45001 or equivalent systems. In addition, we will regularly summarize the status of safety management, issue monthly reports on the progress of occupational health and safety, as a basis for safety management goals and HSE risk assessment, continuously improve the construction of safety management system.



Safety in Production Process

Hidden Hazards Inspection

Weichai Power believes that safety production is the lifeblood of the Company's steady development, the bottom line on which the Company depends for survival, and the foundation for the Company to achieve long-term development. We have actively carried out investigations and handling of risk control and hidden hazards, handled safety accidents, managed special equipment and new businesses to enhance the Company's risk control capabilities and ensure the safety of company operations.

Weichai Power adheres to starting from the source, based on the country's dual prevention system, and deeply conducts safety risk identification and hidden danger investigation work to achieve the integration of the dual prevention system and the safety management system, ensuring the sustainable development of the enterprise. We do this by formulating documents such as the *Implementation Guidelines for the Construction of a Hierarchical Safety Risk Management and Control System*, the *Implementation Guidelines for the Construction of a Hidden Hazards Inspection and Governance System*, clarifying the frequency and content of hidden hazards inspection for each department, to effectively strengthening the identification, evaluation, grading, control, and continuous improvement of safety risks, and preventing and reducing the occurrence of production safety accidents.

In 2023, the Company has established the *Procedures for Hazard Source Identification, Assessment and Control* to carry out hazard source identification and prevention in all operational areas. By categorizing risk points, identifying hazard source, evaluating risks, and implementing hierarchical risk management and control measures, we promptly identify major hazard sources and strengthen rectification and prevention efforts for the issues and hidden dangers found. We organize a re-identification and evaluation of hazard sources once a year, update the *List of Major Hazard Sources* in real time, and ensure the steady progress of achieving safety management objectives.

In 2023

We organised a total of inspections, including daily, holiday, special, comprehensive and unannounced inspections

more than **50**

Discovered

more than **760** key safety hazards

Cumulative assessment of

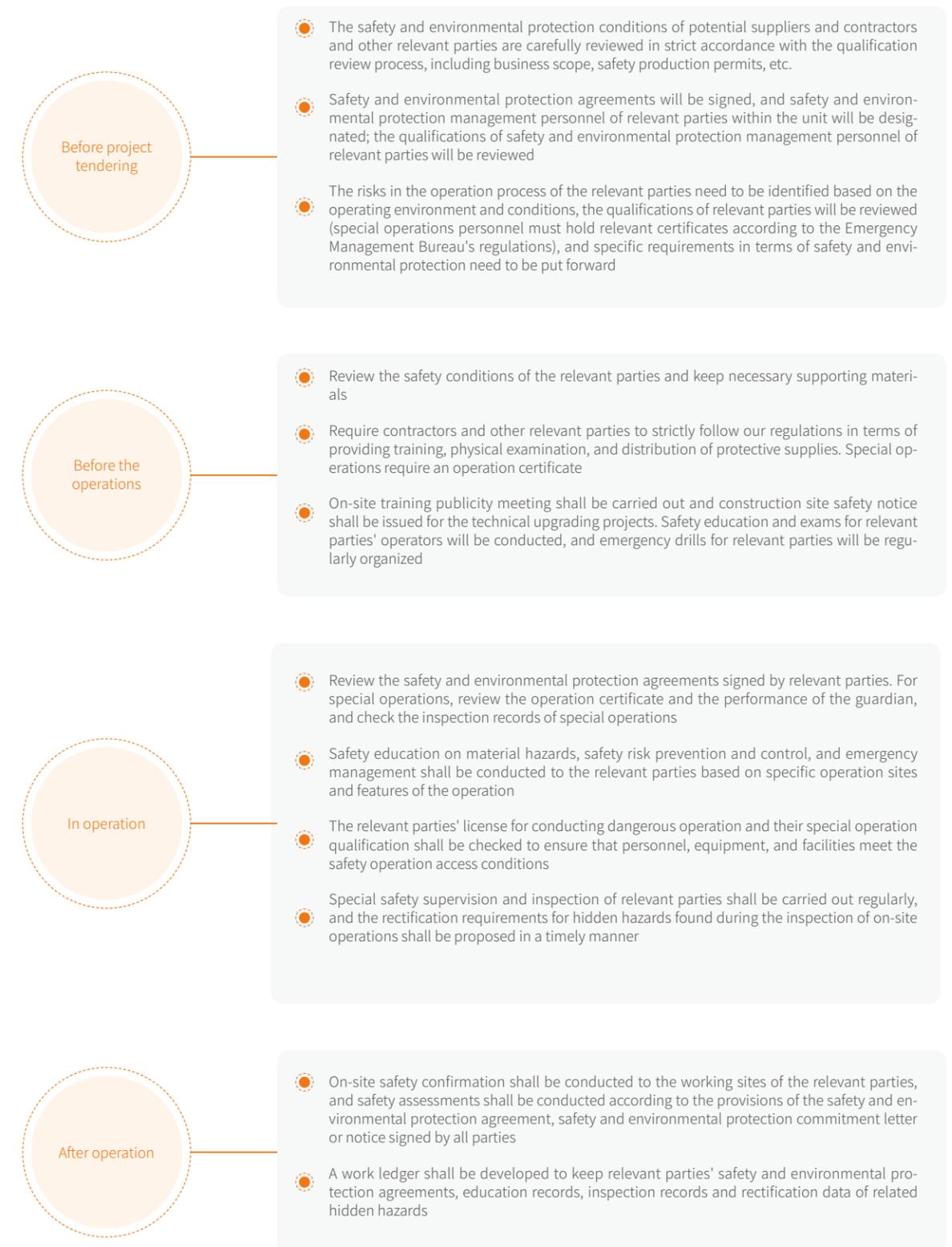
more than RMB **280,000**

Special Equipment Management

Due to the significant characteristics of complex structure, wide operating space, and high danger, Weichai Power regards special equipment as a key focus of safety production management. We regularly organize safety inspections of special equipment such as hoisting machines, pressure vessels, boilers, elevators, and forklifts, and promptly take measures such as suspension, cancellation, and scrapping for special equipment that does not meet safety management requirements.

Safety Management of Relevant Parties

Weichai Power has developed the *Procedures on Managing and Controlling Safety and Environmental Protection of Relevant Parties* to strengthen the review and supervision of the health and work safety of contractors, suppliers, and other related parties, auditing the safety operating conditions that the related parties should possess and entrusting on-site supervision units to conduct regular inspections. We comprehensively evaluate the safety management of all related parties in each link before tendering, and before, during, and after operation, to ensure a healthy and safe workspace for everyone.





Occupational Health and Safety

Weichai Power focuses on safeguarding the occupational health of employees, consistently improving the occupational health and safety management system, and considers employee health as an important aspect of corporate management. Meanwhile, we pay consistent attention to the physical and mental health of employees, making every effort to prevent occupational disease hazards and reduce the risk of occupational disease exposure, and continuously strive to create a safer and healthier working environment for employees.

Safeguarding the physical and mental health of employees is an indispensable responsibility of the enterprise and a prerequisite for our steady operation. Weichai Power strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws and regulations, strengthening the implementation and operation of the occupational health and safety management system. We strictly implement national regulations on occupational health and safety, establish and improve the occupational health management system, and manage the entire process from occupational hazard identification, prevention and control, monitoring, facilities and supplies, to health check-ups, taking employee health as an important aspect of corporate management. At the same time, we guide employees to pay attention to health issues and ensure and pay attention to employees' occupational health by organizing occupational health checkups, establishing personal health records for employees, distributing and equipping protective equipment, and carrying out activities such as occupational disease prevention and control propaganda weeks which is an important factor in improving employee happiness.



Case | Weichai Power Carries out Regular Physical Examinations

Weichai Power has organized and conducted orderly health checkups and reexaminations throughout this year. A total of approximately 700 employees exposed to occupational hazards underwent occupational health checkups, including approximately 150 pre-employment checkups (including tests for hypertension, hyperglycemia, and hyperlipidemia), approximately 500 on-the-job checkups, and approximately 50 off-the-job checkups.

In 2023

The number of working days lost due to work-related injuries was

1,699 days

We attach importance to the physical and mental health of all workers and are committed to providing a safe and healthy working environment for employees and contractors, preventing work-related injuries and health damage. We have built an online medical consultation platform on Hi-Work, where employees can consult online through pictures and texts; we have published 36 issues of popular science knowledge on traditional Chinese medicine health care, health literacy, and organized 4 health lectures to help employees develop healthy lifestyle concepts and habits, making every effort to create a more comfortable working environment for employees. In addition, the Company regularly monitors employee health and safety indicators, such as the number of work-related deaths each year. The number of working days lost due to work-related injuries in 2023 was 1,699 days.³¹

Work-related Injuries of Weichai Power in the Past Three Years³²

	2021	2022	2023
Work-related fatalities (person)	0	1	1
Death rate from work-related injuries (%)	0	0.002	0.002

³¹ The data excludes KION.

³² The data excludes KION.

Safety Production Awareness Promotion

Weichai Power continues to promote the development of safety culture, conducting scientifically comprehensive safety training tailored to the Company's business characteristics and needs. The Company organizes safety culture training and promotional activities for groups such as business leaders and employees. In 2023, Weichai Power organized multiple training activities, including safety education and training, "Publicity and Consultation Day of Production Safety", and emergency response drills. Through systematic training, Weichai Power has further strengthened the safety foundation in daily production work, consolidated individual risk awareness, and provided strong support for the effective implementation of production activities.

Weichai Power HQ's Safety Training Activities

- Conducted 9 sessions of external expert training, over 80 specialized safety training sessions, and 4 on-site safety diagnostic training sessions.
- Conducted comprehensive on-site diagnosis, training, and guidance in safety production, identifying 717 issues and hidden dangers.
- Completed 11 safety culture development activities, including publicity, warning education, training examinations, and emergency science popularization experiences.
- Organized 189 emergency response drills in 13 centralized office areas such as the Company's information building, quality center building, and central research institute, as well as production units such as Plant 1, Plant 2, and the Material Forming Center, with more than 9,000 participants.



Case | Weichai Power Organizes Fire Emergency Evacuation Drill

On 15th November, the Company organized a fire emergency evacuation drill at the Central Research Institute. The drill simulated a fire in the Virtual Development Center on the first floor of the south building of the Central Research Institute. Personnel in the area immediately organized initial firefighting and simultaneously reported the alarm. The Company's full-time fire brigade rushed to the scene for rescue, while various units of the Central Research Institute organized employees for orderly evacuation. All 1,503 employees in the south building were successfully evacuated to a safe area in 2 minutes and 50 seconds, with no one left behind. Through this drill, employees' emergency response and evacuation capabilities were further enhanced.



The emergency drill



Case | Shaanxi Heavy Duty Automobile Conducts Publicity Month of Safety Production

Shaanxi Heavy Duty Automobile promoted the 22nd "Safety Production Month" with the theme "Everyone Talks Safety, Everyone Knows Emergency" through WeChat, reports, banners, LED screens, and TV scrolling broadcasts of safety production month promotional videos. Additionally, they organized 171 activities including the KYT Hazard Prediction Training Competition, safety comic collection, safety knowledge exams, employee drawing of job evacuation maps, and emergency rescue skills competitions, with a total of 5,499 participants. These efforts created a positive atmosphere of everyone participating in safety work.



Give Back to Society

Weichai Power values fulfilling social responsibilities, seeks harmonious development between the Company and society, and actively leverages the Company's influence in social welfare. We actively participate in community building, support disaster relief and rural revitalization efforts, and care for special groups, contributing to the construction of a harmonious society. In 2023, Weichai Power's total investment in public welfare and charity reached RMB 1.06 million.



Case | Weichai Power's Aid to Turkey

On 6 February 2023, two strong earthquakes of magnitude 7.8 struck the border region between Turkey and Syria. Weichai Turkey, located 800 kilometers from the epicenter, felt the tremors, and the local employees were affected. Weichai Power HQ immediately confirmed the safety of local employees. Meanwhile, Weichai Turkey spontaneously raised donations of rice, flour, water, oil, clothing, and other emergency supplies. They also collaborated with local customers to donate generators. In the future, Weichai will continue to allocate resources to support the disaster area in rescue and reconstruction efforts to help restore the homes of those affected.



Aid supplies

During the Reporting Period

Cumulative participation of volunteers reached

27,000 person-times

Weichai Power, on the journey to jointly building a better society, practices corporate social responsibility and supports community development through various activities and channels. This includes participating in rural revitalization and contributing to the construction of civilized cities. Through practical actions, Weichai Power aims to contribute to the future of blue skies, clear clouds, and lucid waters and lush mountains. With kindness and love, we are heading towards a warm society. During the reporting period, a total of 27,000 volunteers in Weichai Power HQ have participated, with a total of 30,000 hours.



Case | Weichai Power's Youth Volunteers Actively Participate in Building a Civilized City

On 5 March 2023, the 60th "Learn from Lei Feng Day" in China, the youth volunteers of Weichai Power practiced the spirit of Lei Feng in the new era with practical actions, integrating Lei Feng's learning activities into their daily lives. Weichai Power's young volunteers actively participate in the development of civilized cities, walking on urban roads and entering communities to carry out activities such as civilized courtesy, cleanliness, and protection of green spaces, contributing their strength to the development of civilized cities.



Volunteer service site



Case | Fast Gear Supports Rural Revitalization

In 2023, Fast Gear fulfilled social responsibility as a state-owned enterprise and contributed to the promotion of rural revitalization. Fast Gear continued to strengthen support for two investment promotion projects in Long County, ensuring the operation of these projects and making positive contributions to the economic development of Long County. At the same time, we also carried out reinforcement and maintenance of the main village roads in Banbian Street Village, and actively carried out consumption support, with a total amount of consumption assistance reaching RMB 4.2141 million.

Active consumer support totaling

RMB 4.2141 million





Future Outlook

2024 marks the 75th anniversary of the founding of the People's Republic of China and is a crucial year for implementing the 14th Five-Year Plan. Weichai will firmly rely on independent innovation in science and technology, seize domestic and international market opportunities, consistently enhance core competitiveness and market advantages, and ensure that we remain at the forefront of high-quality development.

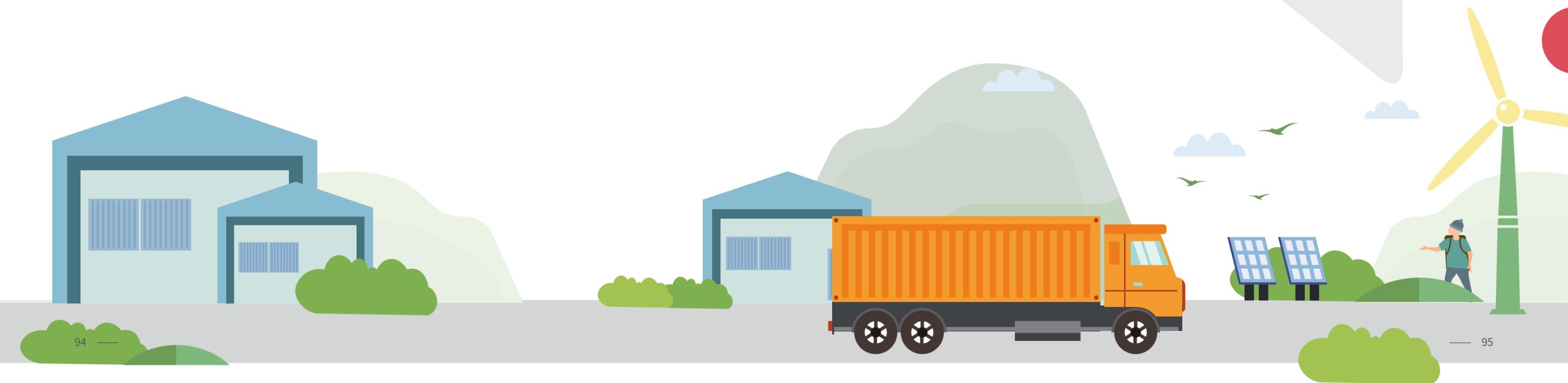
The underlying principle of our work for 2023 is enhancing resilience, deepening global presence, winning with technology, upgrading the structure, efficient collaboration, and breakthroughs in reform.

We will continue to deepen our presence in specific areas and win market battles. We will leverage the differentiated competitive advantages of powertrains, implement precise marketing, and explore breakthroughs. We will seize the explosive growth opportunities in emerging markets, strengthen resource input into strategic businesses such as large-bore, high-power-density engines and generator sets, accelerate the development and promotion of products in new markets, leverage the advantages of the large group, and fully promote the development of "three new" businesses. We will accelerate the transformation from homogeneous price competition to high-end technology competition, ensuring continuous improvement in market share, the proportion of high-end products, profitability, and industry ranking in each business.

We will firmly promote technological innovation and enhance the core technological competitive advantage of our products. We will continue to increase R&D investment, accelerate breakthroughs in key technologies that are bottlenecks, strengthen the key component front-end technology research, continuously improve product reliability, reduce product failure rates, further expand the leading advantages in key indicators such as product economy, reliability, and power. We will comprehensively enhance the core competitiveness of batteries, motors, electronic controls, and powertrain products, accelerate the breakthroughs in core fuel cell technologies, and seize the high ground in the industry's transformation and development.

We will continuously improve management levels and activate internal enterprise dynamics. We will promote the deep transformation of enterprise digitalization, break through the barriers of core systems, and achieve full data interoperability across all business domains. We will accelerate the integrated digital transformation of HR, comprehensively inventory and accurately identify various talents, leverage the advantages of business scenarios and massive data, and continuously promote the application of artificial intelligence in traditional businesses. We will refine and enhance the Weichai WOS management philosophy, providing operational solutions for China's equipment manufacturing industry.

In the future, the Company will actively fulfill social responsibilities, continuously improve ESG management system, cooperate with upstream and downstream industry chain partners, and promote the high-end, green, and intelligent development of the industry.





Appendix

Key Performance Indicators

Environmental			
Indicator	Unit	2022	2023
Coverage of ISO 14001 Environmental Management System	%	100	100
Certification	RMB million	more than 34,367	more than 28,3862
Environmental investment	/	0	0
Atmospheric Pollutants			
Volatile organic compounds (VOCs)	Tonne (s)	287.58	203.82
Particulate matters	Tonne (s)	26.96	22.19
Sulfur oxides	Tonne (s)	54.33	46.56
Nitrogen oxides	Tonne (s)	51.99	192.29
Water Pollutants			
Total wastewater discharge	Tonne (s)	1,269,574.60	2,117,270.27
COD ³³	Tonne (s)	26.78	77.08
Ammonia nitrogen ³⁴	Tonne (s)	3.74	7.68
Total phosphorus ³³	Tonne (s)	0.21	0.68
Waste			
Total amount of hazardous waste	Tonne (s)	20,267.53	22,053.78
Hazardous waste discharge density	Tonne (s)/RMB billion in revenue	115.71	103.08
Total amount of non-hazardous waste	Tonne (s)	143,572.08	156,916.77
Non-hazardous waste discharge density	Tonne (s)/RMB billion in revenue	819.67	733.40
Energy/Resource Consumption			
Purchased electricity	1,000 kWh	558,753.69 ³⁴	750,745.14
Purchased steam	1,000 kWh	72,230.54	60,430.87
Purchased natural gas	1,000 kWh	344,816.01	449,281.18
Purchased heat	1,000 kWh	99,762.96	101,819.14

³³ The data excludes KION

³⁴ The data for 2022 has been retrospectively updated after adjustments

Environmental			
Indicator	Unit	2022	2023
Gasoline	1,000 kWh	2,975.07	2,869.30
Diesel	1,000 kWh	121,956.96	144,924.99
Total comprehensive energy consumption	1,000 kWh	1,161,952.93 ³⁵	1,363,994.25
Comprehensive energy intensity	1,000 kWh/RMB billion in revenue	6,633.74 ³⁵	6,375.06
Total water consumption	Tonne (s)	2,745,903.20	2,883,853.78
Water consumption intensity	Tonnes/RMB billion in revenue	15,676.76	13,478.60
Recycled amount of water	Tonne (s)	584,937.00	557,323.00
PV consumption ³⁶	1,000 kWh	11,565.80	26,573.34
Power generated from PV ³⁶	1,000 kWh	30,688.34	46,919.92
GHG Emissions			
Scope 1: Direct emissions from GHG	Tonnes of carbon dioxide equivalent	178,925.97	188,094.37
Scope 2: Indirect emissions from GHG	Tonnes of carbon dioxide equivalent	465,665.89 ³⁵	568,669.83
Total GHG emission	Tonnes of carbon dioxide equivalent	644,591.86 ³⁵	756,764.20
Total GHG emission density	Tonnes of carbon dioxide equivalent/RMB billion in revenue	3,680.06 ³⁵	3,536.98
Packaging materials consumed	Tonne (s)	70,230.00	104,382.25
Amount of packaging materials recycled	Tonne (s)	59,860.00	86,272.00
Packaging materials consumption intensity	Tonnes/RMB billion in revenue	400.95	487.86

³⁵ The data for 2022 has been retrospectively updated after adjustments

³⁶ The data excludes KION



Social			
Indicator	Unit	2022	2023
Workforce overview (excluding KION)			
Total number of employees	Person	50,092	52,751
Number of employees by type of employment			
Labor contract-based employees ³⁷	Person	46,442	47,623
Interns	Person	549	1,432
Outsourced personnel	Person	3,101	3,696
New recruits	Person	4,282	4,768
Employee with disabilities	Person	89	72
Number of employees by gender			
Male	Person	38,158	39,260
Female	Person	8,284	8,363
Number of employees by age			
35 and below	Person	26,021	26,672
36-55	Person	19,568	19,925
56 and above	Person	853	1,026
Number of employees by rank			
Senior management	Person	124	130
Middle management	Person	1,510	1,403
Junior staff	Person	44,808	46,090
Number of employees by post			
Production staff	Person	24,543	25,749
Technical staff	Person	11,883	12,891
Administrative and finance staff	Person	6,234	6,254
Sales staff	Person	3,782	2,729
Number of employees by degree			
Bachelor and above	Person	18,422	19,984
Junior college and below	Person	28,020	27,639

³⁷ The employees involved are categorized with the total number of labor contract-based employees as the baseline

Social			
Indicator	Unit	2022	2023
Number of employees by region			
Shandong	Person	19,302	20,905
Shaanxi	Person	20,811	20,290
Chinese Mainland (excluding Shandong and Shaanxi)	Person	6,329	6,404
Hong Kong, Macao, Taiwan and overseas	Person	23	24
Number of employees by ethnic group			
Han nationality	Person	45,074	45,941
Minorities	Person	458	494
Overseas employees	Person	910	1,188
New Recruits and Separated Employees (excluding KION)			
Employee turnover rate	%	9.77	7.53
Employee turnover rate by gender			
Male	%	9.91	7.79
Female	%	9.10	6.31
Employee turnover rate by age			
35 and below	%	14.35	10.19
36-55	%	3.66	3.73
56 and above	%	10.08	12.28
Employee turnover rate by rank			
Senior management	%	0.81	3.08
Middle management	%	2.05	1.14
Junior staff	%	10.05	7.74
Employee turnover rate by post			
Production staff	%	9.82	7.17
Technical staff	%	14.05	9.94
Administrative and finance staff	%	5.57	5.52
Sales staff	%	2.88	4.18
Employee turnover rate by region			
Shandong	%	5.49	6.01
Shaanxi	%	10.17	8.36
Chinese Mainland (excluding Shandong and Shaanxi)	%	21.47	9.88



Social			
Indicator	Unit	2022	2023
Development and Training (excluding KION)			
Total number of employees trained	Person	40,917	41,768
Percentage of employees trained	%	88.10	87.71
Percentage of employees trained by gender			
Male	%	81.79	83.79
Female	%	18.21	16.21
Percentage of employees trained by rank			
Senior management	%	0.26	0.20
Middle management	%	3.12	2.89
Junior staff	%	96.63	96.91
Percentage of employees trained by post			
Production staff	%	46.12	57.81
Technical staff	%	24.87	27.08
Administrative and finance staff	%	22.77	10.98
Sales staff	%	6.24	4.13
Total training hours	Hour	3,965,637	4,831,990
Average training hours of training per employee	Hour	85.39	101
Average training hours per employee by gender			
Male	Hour	85.42	103.96
Female	Hour	85.26	89.75
Average training hours per employee by rank			
Senior management	Hour	88.94	63.02
Middle management	Hour	99.99	102.04
Junior staff	Hour	84.89	101.55
Average training hours per employee by post			
Production staff	Hour	80.46	113.24
Technical staff	Hour	92.93	88.07
Administrative and finance staff	Hour	95.33	98.17
Sales staff	Hour	77.27	61.17

Social			
Indicator	Unit	2022	2023
Health and Safety (excluding KION)			
Work-related fatalities	Person	1	1
Work-related death rate	%	0.002	0.002
Lost days due to work injury	Day(s)	1,179 ³⁸	1,699
Democracy and Satisfaction			
Social insurance coverage	%	100	100
Percentage of employees who sign collective bargaining agreements ³⁹	%	100	100
Employee satisfaction rate ³⁹	%	93.76	96.83
Supplier Management			
Total number of suppliers by region (excluding KION)			
Shandong	/	918	837
Chinese Mainland	/	1,616	1,555
Chinese-foreign joint	/	187	172
China's Hong Kong, Macau, Taiwan as well as overseas	/	128	118
Proportion of suppliers passing the ISO 14001 System Certification	%	59.29	72.65
Proportion of suppliers passed the IATF 16949 System Certification	%	67.08	80.14
Proportion of the suppliers signing a transparent procurement/integrity and honesty agreement	%	96.49	93.61
Proportion of the suppliers using green materials and recycling packaging	%	78.20	86.70
Supplier training	Sessions	143	38
Supplier communication	Sessions	108	76
Investment in R&D and innovation	RMB 10,000	885,090.02	898,268
Cumulative patent grants	/	17,695 ³⁸	20,432
Patent applications	/	3,309 ³⁸	3,590
Patent grants ³⁹	/	2,926 ³⁸	2,580
Customer satisfaction (Weichai Power HQ)	%	78.60 ³⁸	92.76
Customer satisfaction (Shaanxi Heavy Duty Automobile)	%	81.90	89.20
Customer satisfaction (Fast Gear)	%	92.00	95.34
Customer satisfaction (Lovol)	%	89.40	91.30
Number of customer complaint ³⁹	/	1,284	1,189

³⁸ Adjusted after retroactively updated the data in 2022

³⁹ The data excludes KION



Social			
Indicator	Unit	2022	2023
Community contribution			
Investment	RMB 10,000	1,233.10	106
Number of employee volunteers (Weichai Power HQ)	Person-times	21,000	27,000
Volunteer time contributed (Weichai Power HQ)	Hour	31,000	30,000

Governance			
Indicator	Unit	2022	2023
Anti-corruption related cases concluded	/	0	0
Anti-corruption training	Hour	63,839 ⁴⁰	73,296
Anti-corruption education training per person by rank ⁴¹			
Management employees	Hour/Person	3.3	3.5
Non-Management employees	Hour/Person	3.0 ⁴⁰	3.0
Revenue	RMB billion	1,751.58 ⁴⁰	2,139.58
Net income attributable to shareholder	RMB billion	49.05 ⁴⁰	90.14
Number of shareholder meetings	/	4	3
Number of board meetings	/	17	12
Number of supervisory board meetings	/	10	7

⁴⁰ Adjusted after retroactively updated the data in 2022

⁴¹ The data excludes KION

HKEX ESG Reporting Guide

Disclosure Indicator	Location
Subject area: Environmental	
A1 Emissions	
General Disclosure	
A1.1	The types of emissions and respective emissions data. P62-P67
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). P52
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). P67
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). P67
A1.5	Description of emission target(s) set and steps taken to achieve them. P51-P52, P56-P58
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. P66-P67
A2 Use of Resources	
General Disclosure	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). P58
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). P59
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them. P51-P52, P56-P58
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. P51-P52, P59
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. P60
A3 The Environment and Natural Resources	
General Disclosure	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. P53-P68
A4 Climate Change	
General Disclosure	
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. P49-P50



Disclosure Indicator		Location
Subject area: Social		
B1 Employment		
General Disclosure		
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P74-P75
B1.2	Employee turnover rate by gender, age group and geographical region.	P76
B2 Health and Safety		
General Disclosure		
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P90
B2.2	Lost days due to work injury.	P90
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P87-P91
B3 Development and Training		
General Disclosure		
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	P79
B3.2	The average training hours completed per employee by gender and employee category.	P79
B4 Labour Standards		
General Disclosure		
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P74
B4.2	Description of steps taken to eliminate such practices when discovered.	P74
Operation Practice		
B5 Supply Chain Management		
General Disclosure		
B5.1	Number of suppliers by geographical region.	P23
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P24
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P25
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P25
B6 Product Responsibility		
General Disclosure		
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P33
B6.2	Number of products and service-related complaints received and how they are dealt with.	P38
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P44-P45

Disclosure Indicator		Location
B6.4	Description of quality assurance process and recall procedures.	P32-P33
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P39-P40
B7 Anti-corruption		
General Disclosure		
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P22
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P20-P22
B7.3	Description of anti-corruption training provided to directors and staff.	P21
Community		
General Disclosure		
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P92-P93
B8.2	Resources contributed (e.g. money or time) to the focus area.	P92-P93



GRI Content Index

Statement of use	Weichai Power has reported in accordance with the GRI Standards for the period of January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2 : General Disclosures 2021	2-1 Organizational details	P06-P09
	2-2 Entities included in the organization's sustainability reporting	P02-P03
	2-3 Reporting period, frequency and contact point	P02-P03
	2-4 Restatements of information	P02-P03
	2-6 Activities, value chain and other business relationships	P06、 P23-27
	2-7 Employees	P74-P75
	2-8 Workers who are not employees	P100
	2-9 Governance structure and composition	P12
	2-10 Nomination and selection of the highest governance body	P12
	2-11 Chair of the highest governance body	P12
	2-12 Role of the highest governance body in overseeing the management of impacts	P06-P07、 P16-P17
	2-13 Delegation of responsibility for managing impacts	P06-P07、 P16-P17
	2-14 Role of the highest governance body in sustainability reporting	P06-P07、 P16-P17
	2-15 Conflicts of interest	P12
	2-16 Communication of critical concerns	P06-P07
	2-17 Collective knowledge of the highest governance body	P06-P07
	2-23 Policy commitments	P06-P07
	2-24 Embedding policy commitments	P06-P07
	2-26 Mechanisms for seeking advice and raising concerns	P18
	2-27 Compliance with laws and regulations	P12-P15
	2-28 Membership associations	P43
	2-29 Approach to stakeholder engagement	P18
	2-30 Collective bargaining agreements	P101

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P19
	3-2 List of material topics	P19
	3-3 Management of material topics	P19
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P06-P07
	201-2 Financial implications and other risks and opportunities due to climate change	P49-P50
	201-3 Defined benefit plan obligations and other retirement plans	P84
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	P20-P21
	205-3 Confirmed incidents of corruption and actions taken	P22
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P22
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P60
	301-2 Recycled input materials used	P60
	301-3 Reclaimed products and their packaging materials	P60
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P58
	302-3 Energy intensity	P58
	302-4 Reduction of energy consumption	P56-P58
	302-5 Reductions in energy requirements of products and services	P69-P71
	302-2 Management of water discharge-related impacts	P64-P65
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	P59
	303-4 Water discharge	P64-P65
	303-5 Water consumption	P59
	303-2 Management of water discharge-related impacts	P64-P65
	303-3 Water withdrawal	P59
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P52
	305-2 Energy indirect (Scope 2) GHG emissions	P52
	305-3 Other indirect (Scope 3) GHG emissions	P52
	305-4 GHG emissions intensity	P52
	305-5 Reduction of GHG emissions	P52
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P64
	305-3 Other indirect (Scope 3) GHG emissions	P52



GRI Standard	Disclosure	Location
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P65-P67
	306-2 Management of significant waste-related impacts	P65-P67
	306-3 Waste generated	P65-P67
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P23-P25
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P84
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P90
	403-2 Hazard identification, risk assessment, and incident investigation	P88-P90
	403-3 Occupational health services	P90
	403-4 Worker participation, consultation, and communication on occupational health and safety	P90
	403-5 Worker training on occupational health and safety	P91
	403-6 Promotion of worker health	P90
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P90
	403-8 Workers covered by an occupational health and safety management system	P90
	403-9 Work-related injuries	P90
	403-10 Work-related ill health	P90
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P79
	404-2 Programs for upgrading employee skills and transition assistance programs	P78-P83
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P12、 P74-P76
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P74-P77
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the	P84
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	P23-P25、 P74
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P23-P25、 P74

GRI Standard	Disclosure	Location
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P92-P93
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P23-P25
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P33
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P39-P40

Readers Feedback Form

Dear readers,

Thank you for reading Weichai Power's Environmental, Social and Governance (ESG) Report 2023. 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 Communities Academic institutions
 Others (please specify)

2.Have you ever read Weichai Power's ESG Report (If no, please skip questions 3,4 and 5):

- 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 form

5.Your general comment on the ESG Report 2023 (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?

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