



Shandong Linglong Tyre Co., Ltd.
2023 Sustainability Report

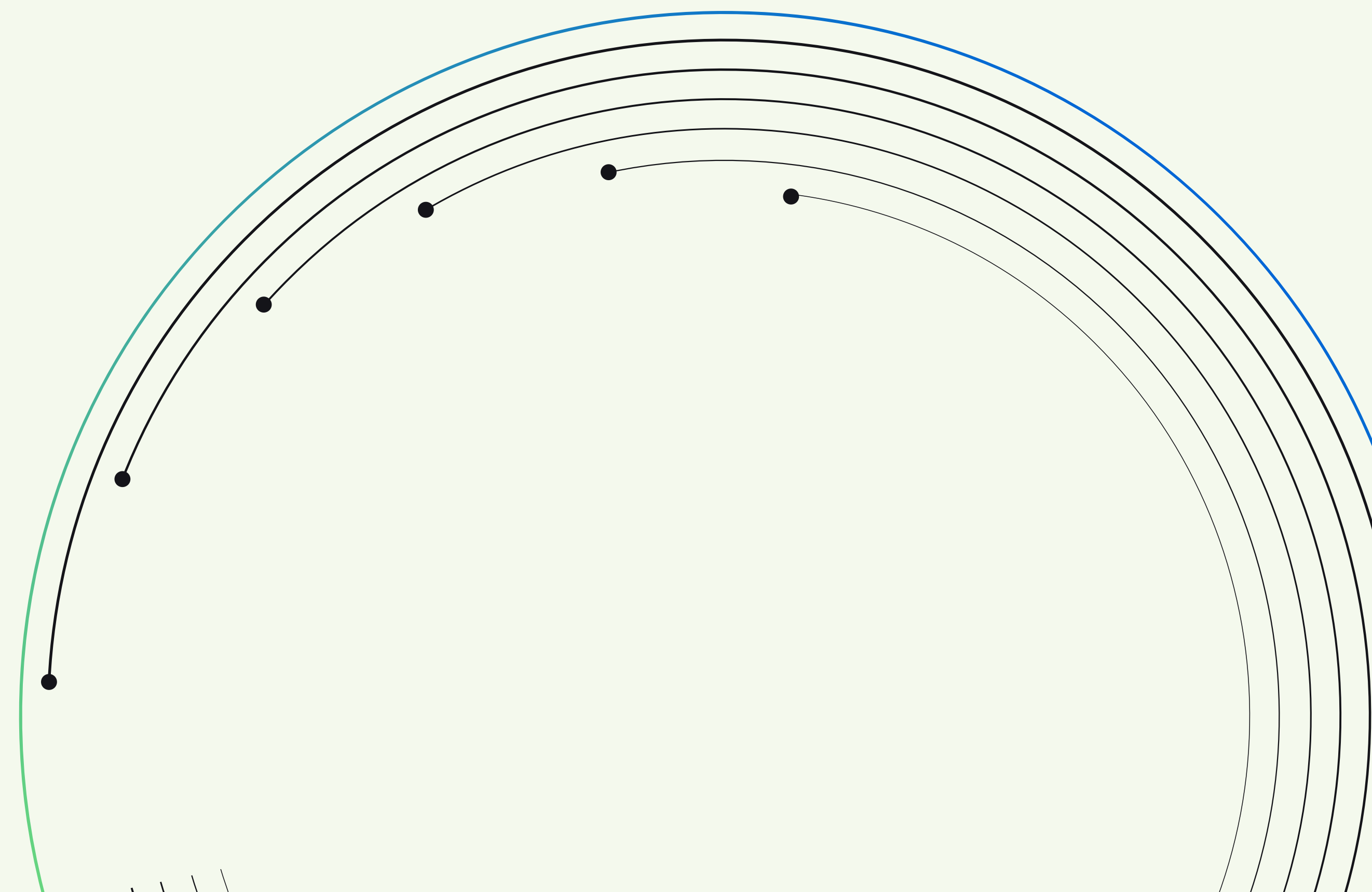


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About This Report

This is the seventh Sustainability Report presented by Shandong Linglong Tyre Co., Ltd. with an aim to disclose to all stakeholders the Company's sustainable development philosophy in operation, management methods, implemented work and achieved results.

Reporting Scope

Scope of organization: This report covers Shandong Linglong Tyre Co., Ltd. and its subsidiaries (hereinafter referred to as "Linglong Tire" or "the Company"). Unless otherwise stated, the scope is consistent with that of the Consolidated Financial Statements of Linglong Tire (stock code: 601966. SH) in the same period.

Reporting Period: The reporting period is from January 1, 2023 to December 31, 2023. Unless otherwise stated, the data in this report are those within this period.

Release Frequency: This is an annual report. The previous report was the 2022 Annual Report.

Date of the first release: April 2018, Corporate Social Responsibility Report

Basis of Preparation

This report is prepared in accordance with *Guidelines No. 1 of Shanghai Stock Exchange for the Self-regulation of Listed Companies – Standard Operation (Revised in December 2023)*, and *GRI Standards 2021* issued by the Global Sustainability Standards Board (GSSB), the Automotive Components Industry Standard of the Sustainability Accounting Standards Board (SASB), and *the International Financial Reporting Standards 2 – Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB).

Report Language

This report is made in simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail.

Notes on Data

The financial data in this report are quoted from the *2023 Annual Report of Shandong Linglong Tyre Co., Ltd.* Other data and cases are from official records of actual operations. In case of any discrepancy with the Company's annual financial report, the annual financial report shall prevail.

The currency amounts involved in this report are denominated in RMB. Unless otherwise stated, the statistical standard of relevant words and data in this report is consistent with that of the Company's annual Consolidated Financial Statements.

Report Preparation Principles

Materiality

The Company identified the material topics related to the operation that all stakeholders are concerned about as the highlights of this report. The reporting of material topics in this report focused on the industry characteristics involved in the Company's operations and the characteristics of the region where it is located. The analysis and results of material topics are detailed in the chapter "*Sustainability Management System*" of this report. This report highlights ESG matters that may have an important impact on investors and other stakeholders.

Accuracy

This report is intended to be as accurate as possible. To be specific, the data standard, calculation basis and assumptions have been explained in the quantitative information to guarantee that the calculation error range will not mislead the users. Quantitative information and notes are detailed in the chapters "*ESG Performance Data Table*" of this report.

The Board of Directors warrants that there are no false records, misleading statements or material omissions in this report.

Balance

The content reflects objective facts and impartially discloses positive and negative information related to the Company. No negative events were found that should have been disclosed but were not disclosed during the reporting period.

Clarity

This report is published in simplified Chinese and English. This report contains information such as tables, model diagrams, and a glossary of proper nouns as a supplement to facilitate a better understanding by stakeholders. To facilitate faster access to information, this report provides a table of contents and a benchmarking index of ESG standards.

Quantitative and consistency

This report discloses key quantitative performance indicators and historical data as well. The statistics and disclosure of the same indicator in this report are consistent from one reporting period to another; any change shall be fully explained in the notes, to enable stakeholders to conduct meaningful analyses and assessment of the development trend of the Company's sustainability performance level.

Integrity

The scope of the disclosure object shall be in line with that of the Company's Consolidated Financial Statements.

Timeliness

This is an annual report covering the period from 1 January 2023 to 31 December 2023. The Company publishes this report and its annual report at the same time to provide stakeholders with timely information for decision-making.

Verifiability

The cases and data in this report were taken from the original records or financial reports of the Company's actual operations. The data and information in the report can be traced and verified.

Confirmation and Approval

This report was approved by the Board of Directors on April 24, 2024.

External Certification

This report has been certified by SGS as an independent third party and the certification statement is attached.

Access to this Report

This report is published in electronic form on the official websites of the Shanghai Stock Exchange, *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, *Securities Daily*, and *Linglong Tire*.

If you have any suggestions for this report, please contact us through the following methods:

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Chairman Message

Looking back to 2023, the world is undergoing significant transformation, from international politics and technological innovation to economy, trade, society and culture. The intertwined contradictory factors, such as conflict and détente, opportunities and challenges, recovery and freezing have constituted a sophisticated world economic situation in 2023.

The recovery of global travel has rejuvenated the automotive industry chain, as well as the consumption in the new energy vehicle market, driving the increasing demands in the tire industry. Simultaneously, the global political and economic landscape stands amidst tremendous changes, bringing more uncertainties to future development.

As an international technology-based tire manufacturer, Linglong Tire puts sustainability capacity building and development resilience on the top agenda, striving to achieve high-quality development. In 2023, the Company built a sustainability management system led by the Sustainable Development Committee of the Board of Directors, covering all topics, branches, subsidiaries and manufacturing bases. It has sought to lay out and optimize the sustainability management of supply chains, manufacturing chains and marketing chains in an all-round way, and foster a series of development strategies such as "7+5" strategy¹, "carbon peaking and carbon neutrality goals", "Intelligent Manufacturing" and "New Retail 3.0", fueling the achievement of the Company's sustainable development goals.

Green Linglong, contributing to the carbon peaking and carbon neutrality goals through low-carbon actions

2023 marks the third year for China to propose the carbon peaking and carbon neutrality goals. Insisting on empowering the green development of the whole industry with low-carbon actions, Linglong Tire has set ambitious goals of "peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2050". In 2023, Linglong Tire took the initiative to identify climate change risks and opportunities in an orderly manner and conduct the carbon inventory for manufacturing bases. It continued to increase the use of green power and explore new ways to save energy and reduce emissions.

Driven by the above-mentioned goals, industrial transformation still has untapped potential. As one of the key industries to achieve carbon peaking and carbon neutrality, the automobile industry chain has ushered in opportunities for green development. As a pioneer in the auto components industry, Linglong Tire actively promotes green innovation. In 2023, it has completed the research and application of several sustainable materials, facilitating green development of the industry.

Harmonious Linglong, striving to repay the community in line with a people-oriented philosophy

Insisting that talents are the core driving force for corporate development, Linglong Tire follows the people-oriented philosophy to manage and motivate talents. The Company makes efforts to guarantee the legitimate rights and interests of employees, treats every member equally and provides a favorable working environment. It also cares about the employees' growth and enables them to harvest better career development through systematic training.

Linglong Tire regards the community as the source of its development resilience and seeks to give back. All branches, subsidiaries and manufacturing bases are actively involved in the construction of local communities and facilitate local community development through public welfare activities and localized staff team building. Linglong Tire focuses on user groups. In 2023, it continued the "Truck Mate Care Plan" to provide work and life support for truck mates.

¹[7+5 represents 7 domestic production bases and 5 overseas production bases]

Smart Linglong, seeking innovation-driven growth for both quality and efficiency improvement

Innovation-driven growth has interpreted the Company's long-term development strategy and the core of its growth history up to now. In line with the national "14th Five-Year Plan", the Company works to facilitate industrial digital transformation and the "New Retail 3.0" strategy, building four-orientation factories ("automatic, unmanned, digital and intelligent"). In 2023, upon the preliminary completion of the automated logistics system of the manufacturing base, the Company endeavored to create a flexible automation technology-based production mode and open up the supply chains, manufacturing chains and marketing chains.

The "New Retail 3.0" based on big data and cloud computing technology ushered in new breakthroughs in 2023. The Company launched "Linglong Vehicle Maintenance Workshop" and "Atlas Truck Mate Home" to realize a new retail operation mode of full-service and full-scene management for auto repair stores. This move has effectively expanded the Company's business channels and provided new energy for its further development.

Forging ahead in 2024

Even difficult things are easier to do for a man of firm will. And a man who keeps walking is bound to reach his destination despite a long distance. The advent of 2024 will not stop the constant changes. Only enterprises with an ambition for sustainable development can seek growth and opportunities in an ever-changing environment.

Based on the medium and long-term development plan, Linglong Tire will work with stakeholders, coordinate the upstream and downstream of the industrial chain, and make continuous efforts in fields such as carbon emission reduction, green innovation and intelligent transformation in 2024. In doing so, the Company expects to promote the sustainable development of the industry and the high-quality development of the society and economy.






Shandong Linglong Tyre Co., Ltd.
Chairman President



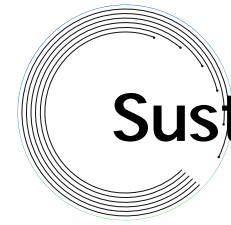
Sustainable Development Progress of Linglong Tire in 2023

Linglong Tire grounds efforts in the new development stage, applies the new development philosophy and formulates the 2030 sustainable development strategy. By optimizing the industrial and energy structures, and advocating green and low-carbon production and life, the Company works hard to realize the 2030 sustainable development goals and the Company's green and high-quality development.

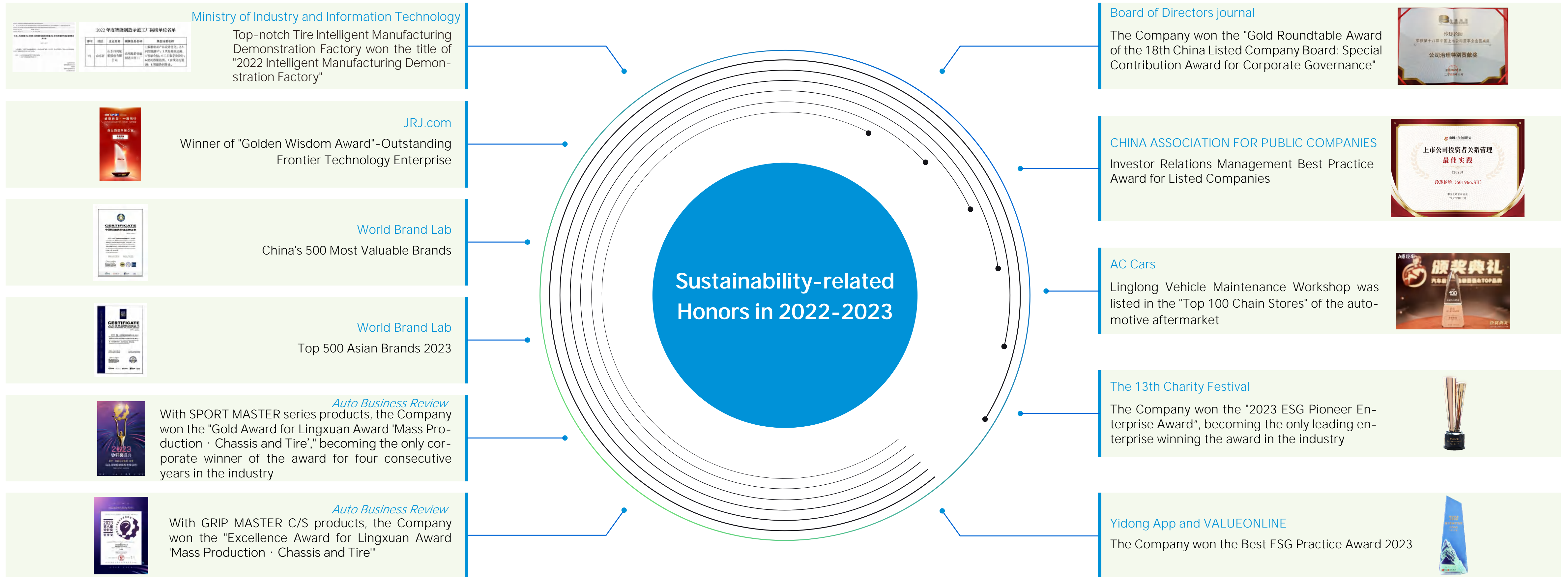
Sustainable Development Progress of Linglong Tire in 2023

Layer	Key monitoring metrics	Targets	Performance in 2023	Progress
 Green Linglong	Carbon intensity per unit product	2% decrease in 2023 vs. 2020	0.96tCO ₂ /t, 11% decrease vs. 2020	Completed
	Coverage rate of quality management system in manufacturing base	100%	100%	Completed
 Harmonious Linglong	Customer satisfaction	Not less than 97.75 points in 2023	99.61 points	Completed
	Coverage rate of occupational health management system certification at workplaces	100%	100%	Completed
	Coverage rate of annual occupational disease physical examination for hazard position. ^①	100%	100%	Completed
	Number of occurrences of occupational diseases	0	0	Completed
	Proportion of newly recruited female employees	>15% in 2023	17.86%	Completed
	Proportion of newly recruited ethnic minority employees	>5% in 2023	6.97%	Completed
	Proportion of employees with collective contracts	100% in 2023	100%	Completed
	Recordable work-related injury rate per million working hours ^②	< 1.0 in 2030	1.52	In progress
 Smart Linglong	Number of four-orientation factories ^③	New factories are built into four-orientation factories	Four four-orientation factories in total in 2023	In progress
	Number of lighthouse factories ^④	One domestic lighthouse factory by 2025 One overseas lighthouse factory by 2030	Complete the construction of automatic logistics system in manufacturing base	In progress In progress

^① "Hazard position" refers to the position of exposure to occupational disease hazards.
 ^② Recordable work-related injury rate per million working hours = Number of work-related injuries accidents / Total working hours * 1,000,000
^③ "Four-orientation Factory" refers to a factory with automated, unmanned, digital, and intelligent operation.
 ^④ "Lighthouse Factory" program is jointly selected by McKinsey & Company and World Economic Forum. "Lighthouse Factories are regarded as world's most advanced factories, the benchmark of "digital manufacturing" and "globalization 4.0", representing the highest level of intelligent manufacturing and digitalization in the global manufacturing sector today.



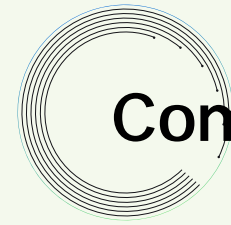
Sustainability-related Honors in 2022-2023





About Linglong Tire





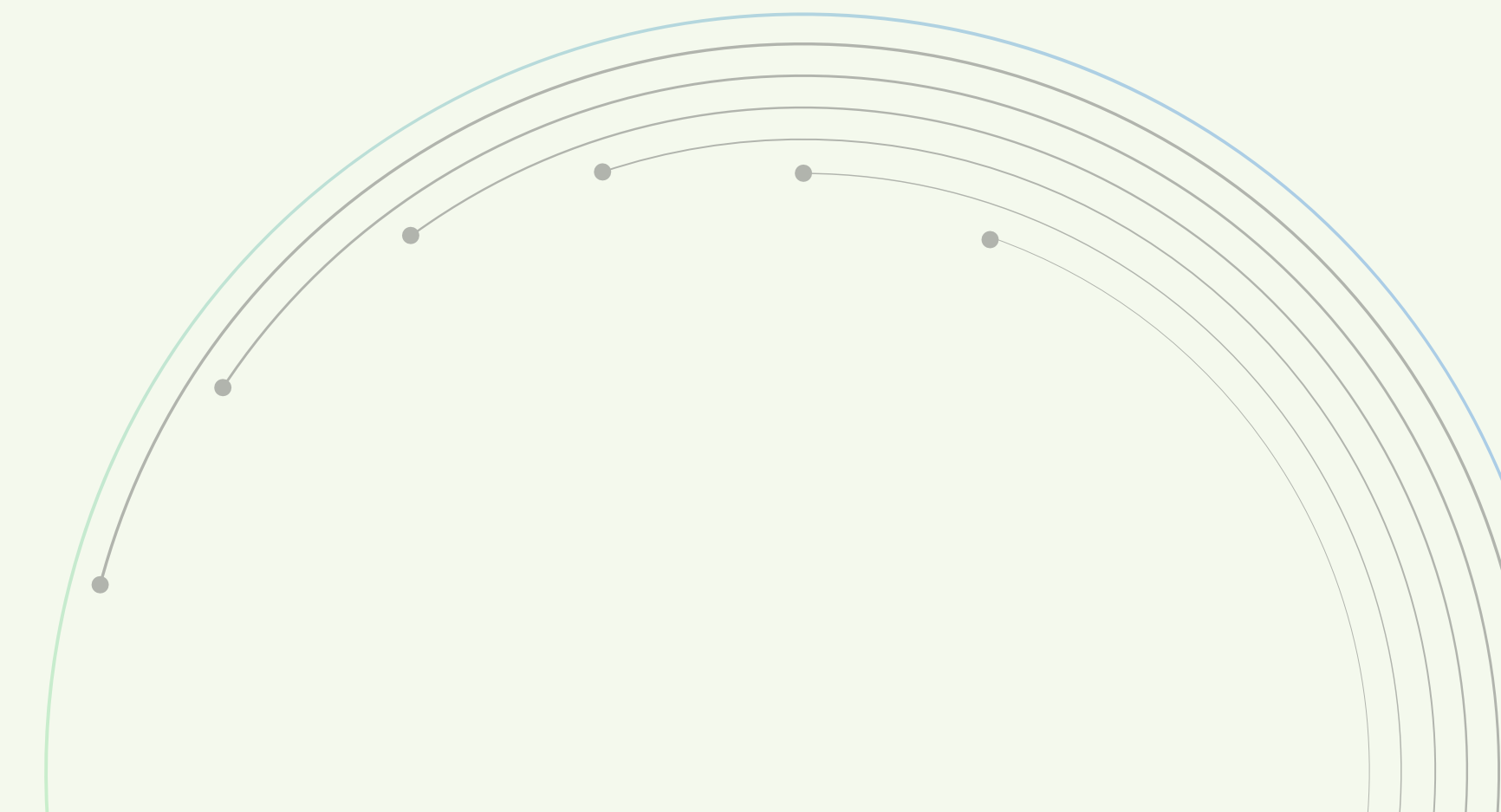
Company Profile

Basic Information about Linglong Tyre

Chinese name	山东玲珑轮胎股份有限公司
English name	Shandong Linglong Tyre Co., Ltd.
Headquarters	Zhaoyuan, Shandong
Main business	The design, development, manufacturing and sales of tires
Product introduction	Product type: passenger vehicle and radial light truck tire, radial truck and bus tire and off-road tire Product application: Widely used in passenger vehicles, commercial and engineering machinery vehicles, sold to 173 countries worldwide
Operation network	It has 31 subsidiaries, 7 R&D institutions and 7 manufacturing bases worldwide; More than 100,000 global marketing outlets, including more than 10,000 brand stores.
Operating revenue	RMB 20.165 billion
Total output	79.117 million units of tires
Total assets	RMB 43.33 billion
Total number of in-service employees	19,347

Founded in 1975, Shandong Linglong Tyre Co., Ltd. is a technology-oriented tire manufacturer integrating the design, development, manufacturing and sale of tires. Listed on the main board of the Shanghai Stock Exchange (stock code: 601966) on July 6, 2016, the Company has been included in three major international indexes ---MSCI Index, FTSE Russell Index and S&P Emerging BMI Index, winning the unanimous favor of the capital market.

The Company has formed differentiated brands for the global market, such as "Linglong", "Leao", "ATLAS" and "EVOLUXX", providing abundant products for road transportation systems. Its markets cover 173 countries in Europe, the Middle East, America, Asia-Pacific and Africa.

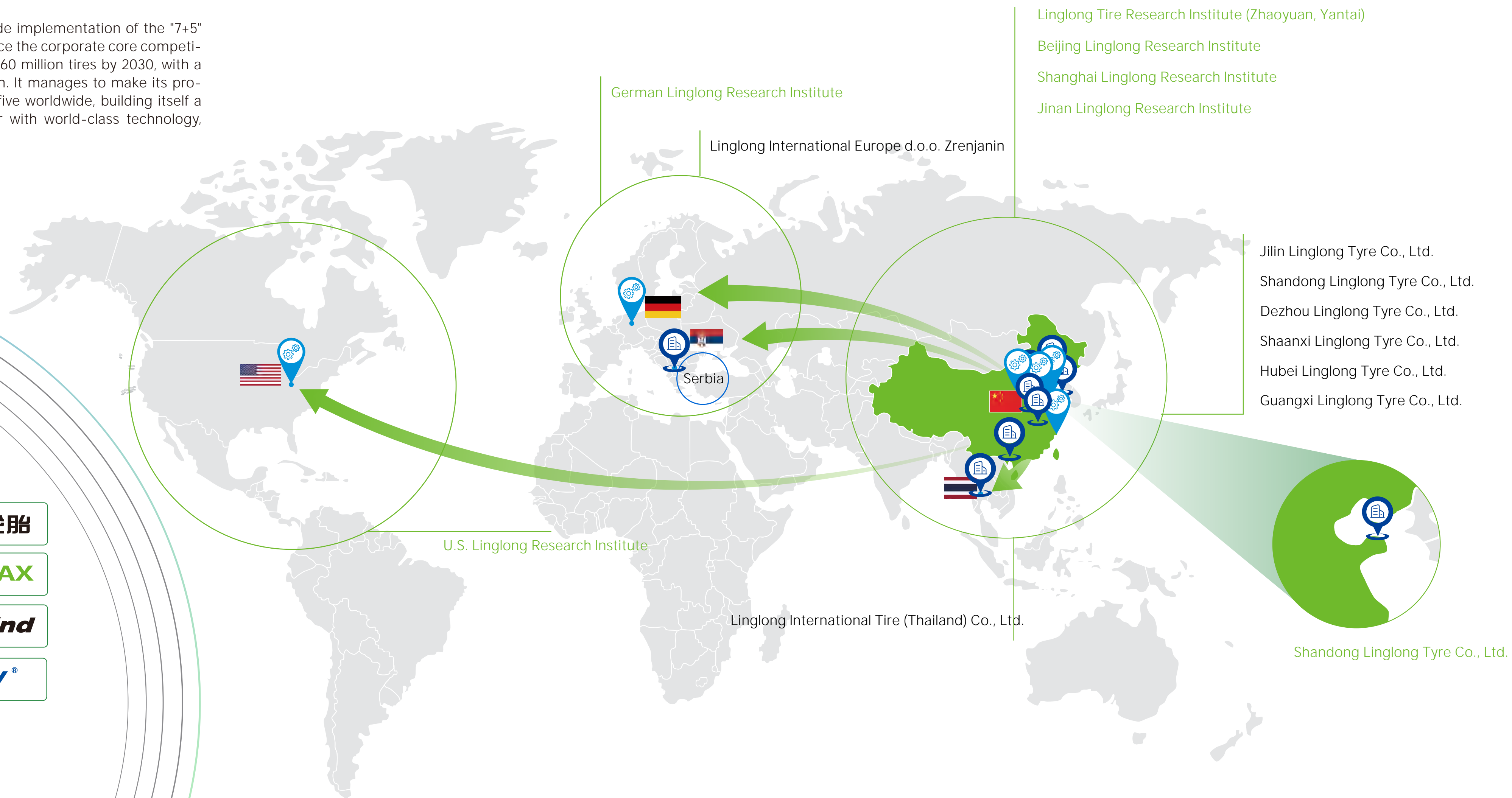


Linglong Tire's Strategic Layout

Through firmly facilitating the worldwide implementation of the "7+5" strategy², the Company seeks to enhance the corporate core competitiveness, produce and sell more than 160 million tires by 2030, with a sales revenue exceeding RMB 80 billion. It manages to make its production capacity rank among the top five worldwide, building itself a technology-oriented tire manufacturer with world-class technology, management and brand influence.

Linglong Tire's Brands

 玲珑轮胎	 利奥轮胎
 EVOLUX	 GREEN MAX
 ATLAS 阿特拉斯轮胎	 CrossWind
 Benchmark 邦驰轮胎	 Infinity®
 山铃轮胎	



²["7+5" refers to the 7 domestic production bases and 5 overseas production bases of Linglong Tire.]

How to manufacture a tire

Mixing process

The mixing process is the first process of tire production, which is the process of mixing and dispersing raw materials such as raw rubber, filling reinforcing agent, antioxidant and vulcanizing agent in the mixing machine. Mainly through PLC system and MES system, from the material complexing, feeding, mixing, testing, storage, release for a full range of accurate control, and the implementation of comprehensive error prevention technology at each key station, so as to prepare the rubber material required by each tire component with different properties, pass the test and release to the next process.

Component preparation process

This process is the preparation process of each half part of the tire, including the tread, sidewall, carcass, belt, bead, liner, cap ply, etc. After the completion of the half part will be transported to the tire building process for assembly.

Tire building process

The tire building process is to assemble all the half parts on the tire building machine to generate the green tire. After the appearance and weight of the green tire are checked, it will be transported to the curing process for vulcanization.



Curing process

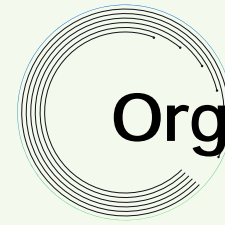
The curing process is to load the green tire into the mold of the specified size, pattern and logo, and turn the green tire into a finished tire with the corresponding pattern and sidewall logo through the appropriate time, pressure and temperature on the vulcanization machine. After vulcanization, the finished tire is transported to the finished product inspection process for testing to ensure that the quality of the tire meets the requirements.

Finished products inspection

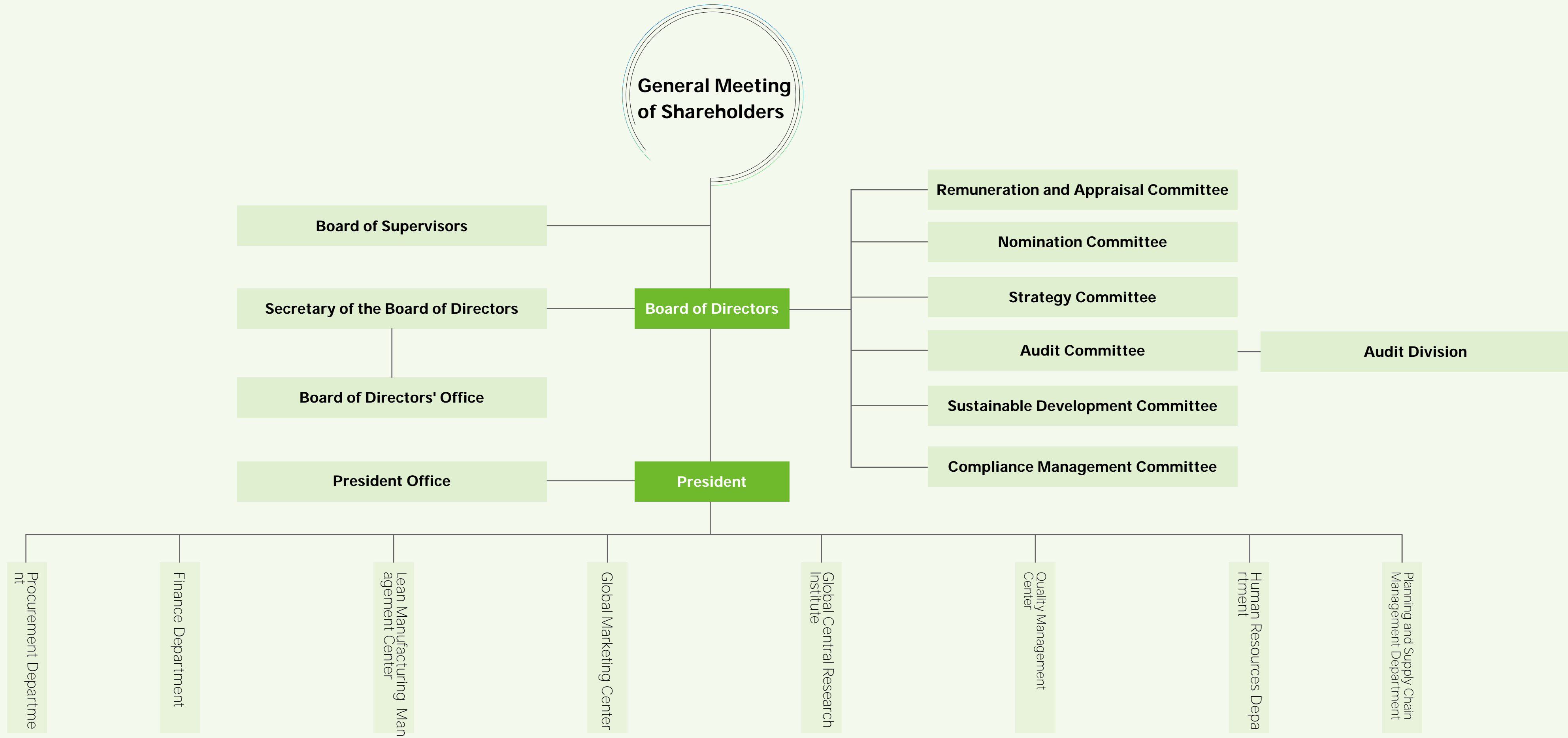
This process is the inspection process of finished tires. After 100% visual inspection of tire appearance quality is qualified, tire dynamic balance & uniformity detection and X-ray detection are carried out. After passing the inspection, the tire is transported to the finished product warehouse for shipment.

Tire testing

In the process of designing new tire specifications, tires must undergo rigorous safety tests such as high-speed durability. According to the performance requirements of different models, roll resistance, noise and other performance tests will be carried out, as well as various subjective and objective evaluation tests such as dry and wet braking and handling stability for real vehicles.



Organization Chart of Linglong Tire





Sustainability Management System



Sustainable Development Philosophy

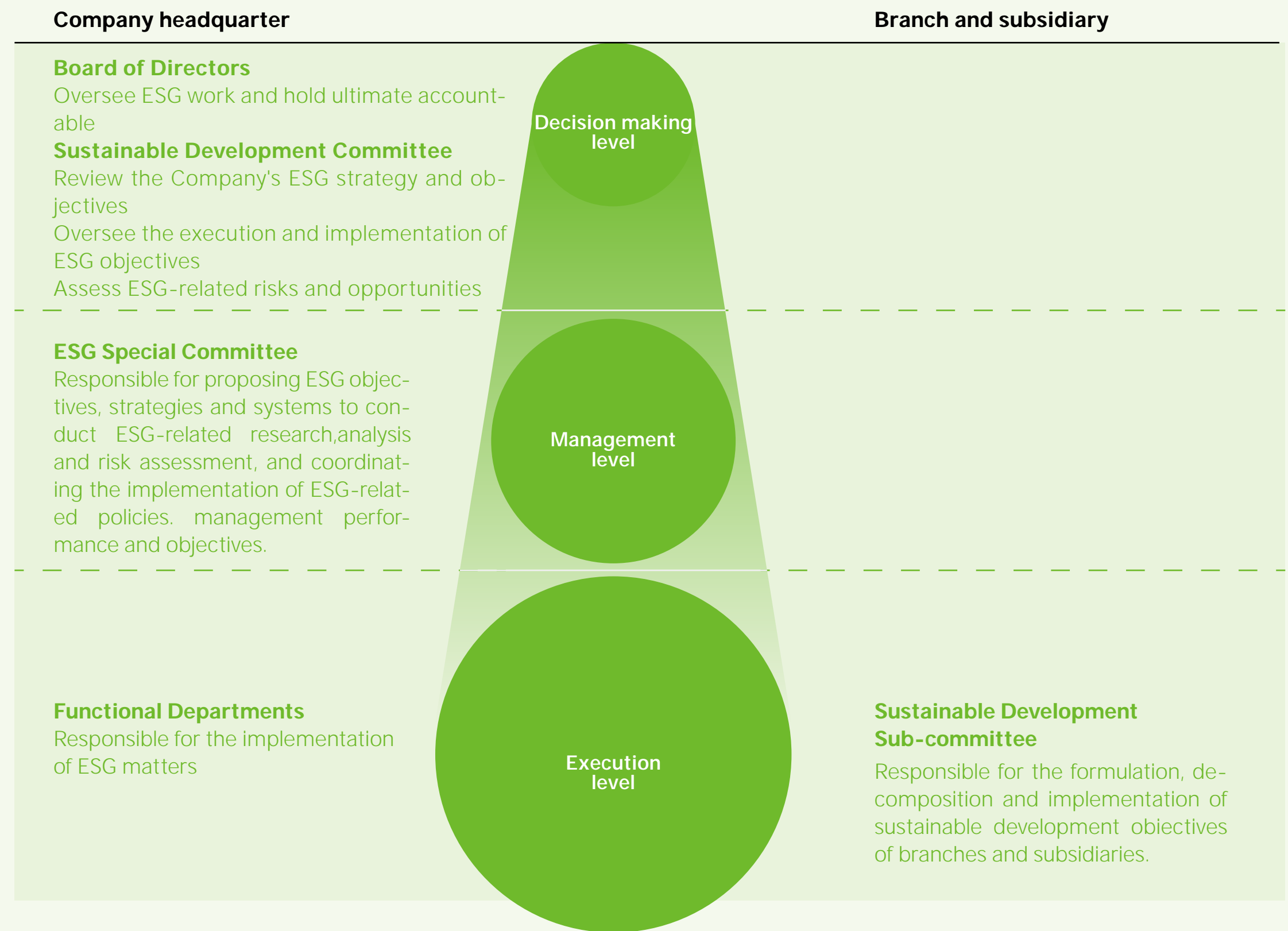
Adhering to the philosophy of "Creating opportunities for employees, value for customers, profits for shareholders and wealth for the community" and "inheriting Linglong's power and building a better community together", Linglong Tire is committed to the green, high-quality and sustainable development by optimizing industrial and energy structures, advocating green production and lifestyle. The Company strives to build itself a green and sustainability pioneer in the domestic tire industry.



Sustainability Governance Framework

ESG management is a cornerstone of corporate sustainable development. Based on ESG management, Linglong Tire integrated sustainable development and ESG philosophies into its operation and management, established a sustainability governance framework in 2023, facilitate the Company's sustainable development strategy through corresponding management mode, promote the sustainable development of the industry through the improvement of its own behaviors and brand influence and move towards a better life together with stakeholders.

The Sustainability Governance Framework of Linglong Tire



The Company's Board of Directors and Sustainable Development Committee are the highest responsible body for the management and disclosure of ESG matters, exercising leadership and regulatory functions over the overall ESG targets, strategies, risks and policies.

The Sustainable Development Committee comprises five special committees as Management. They are responsible for proposing ESG targets, strategies and systems to conduct ESG-related research, analysis and risk assessment, and coordinating the implementation of ESG-related policies, management performance and targets.

Functional departments under the jurisdiction of the special committees and the Sustainable Development Sub-committees of the manufacturing bases are at the executive level, which sets up an ESG team to formulate and implement relevant policies and action plans in line with ESG targets and strategies.

Responsibilities of Management-level Special Committees under the Sustainable Development Committee

Committee	Scope of responsibilities
Governance and Economy Committee	Responsible for the compliance operation, risk management, economic performance, formulation of business ethics policies and codes of conduct, information/cybersecurity management, customer privacy protection, etc.
Supply Chain Committee	Responsible for supplier management, risk control, and ESG oversight to suppliers.
Product, Safety, Environment and Climate Change Committee	Responsible for promoting the work on "carbon peaking and carbon neutrality", developing eco-friendly and low-carbon products; product quality safety and recall; application of recycled materials; environmental management system and certification audit; focusing on energy use and increasing the proportion of renewable energy; conducting carbon footprint and carbon inventory, and building any green factory and zero-carbon factory.
Human Rights and Labor Committee	Responsible for respecting and guaranteeing human rights; prohibiting forced labor or employment of child labor, etc.; freedom of association; respecting for legal working hours; occupational health and safety of employees; working conditions (welfare benefits, working environment); labor relations; career development planning; employee turnover; diversity equality and inclusion; basic human rights of external stakeholders; signing collective agreements; focusing on women's rights and interests.
Social Responsibility Committee	Responsible for social responsibilities (poverty alleviation, charitable donations and volunteer activities); supporting community development (infrastructure, hospitals, schools, etc.).

Sustainability Governance Framework

In 2023, the Board of Directors fully performed its decision-making and supervision duties on matters related to sustainability, deliberated and approved proposals and matters in corporate governance, compliance management, community co-construction and public welfare charity, guaranteeing to integrate ESG philosophy into relevant strategies and decisions.

Key ESG-Related Matters Deliberated by the Board of Directors in 2023

ESG topics of concern	Content
Corporate Governance	Revising the <i>Articles of Association, Rules of Procedures for the General Meeting of Shareholders</i> and <i>Rules of Procedures for the Board of Directors</i> ; Deliberating the <i>Board of Directors' Work Report</i> and the <i>President's Work Report</i> ; Appointing senior executives and replacement of the Chief Financial Officer, adjusting the Company's organizational structure, and implementing daily related transactions, etc.;
Investor relation management	Revising the <i>Management System for Investor Relations</i> ; Reviewing the <i>2022 Sustainability Report</i> , covering a variety of topics such as addressing climate change, health, safety and environmental protection, and social responsibility fulfillment;
Compliant operation	Establishing the Compliance Management Committee of the Board of Directors and formulated working rules, etc.;
Community co-construction and public welfare charity	<i>Management Rules for External Donations, etc.</i>

The Company places significant emphasis on the promotion of the sustainable development strategy and incorporates environmental protection-related indicators into the performance evaluation of relevant senior executives and directors.

Environment-related Indicators for Performance Appraisal of Directors and Senior Management

Indicator type	Indicator
Production	Waste generation
	Energy consumption
	Loss of defective products
R&D	Design cost reduction-weight reduction and application of new materials
	Research and launching of concept tires with sustainable materials accounting for more than 70%
	The application of sustainable development skeleton materials in products.
	R&D of retreading tire

Capacity Building for Sustainability

Sustainable development capacity building is an important way for the Company to achieve its sustainable development goals. In 2023, the Company revised and released multiple ESG management systems on its official website such as the *Business Ethics Management Policy Statement* to make sustainable information transparent, to make public commitments on key topics, to improve the management mechanism, as well as the employees' awareness and implementation of sustainable development goals.

Focusing on strengthening sustainable development and ESG capacity building, the Company endeavors to improve employees' awareness and understanding of ESG work, hire professional third-party trainers to conduct practical training on ESG work and encourage more employees to involve in ESG-related activities.

Sustainable development-related policies	Capacity-building for sustainable development
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Water Resources Policy

Climate and Environmental Policy

Quality Policy and Product Safety Statement

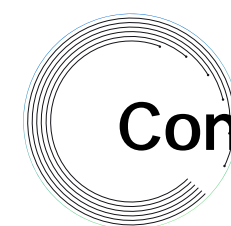
Business Ethics Management Policy Statement

Report Management Policy Statement

In 2023, the Company conducted 3 ESG training sessions for its directors and senior executives with a total duration of 11 hours, and 6 ESG training sessions for all employees with a total duration of 19 hours.



The Company hires third-party lecturers to conduct ESG training for relevant employees



Communication with Stakeholders

The Company attaches importance to communication with stakeholders and their demands and expectations, seeking to establish an effective stakeholder communication mechanism.

In 2023, the Company identified topics that key stakeholders concerned about according to daily management and operation, and responded positively. According to the characteristics of actual business, the key stakeholders identified by the Company include employees, shareholders and investors, customers and users, agents and suppliers, governments and other regulators. The Company sets up corresponding departments to communicate with key stakeholders through different channels, respond to their concerns regularly and actively.

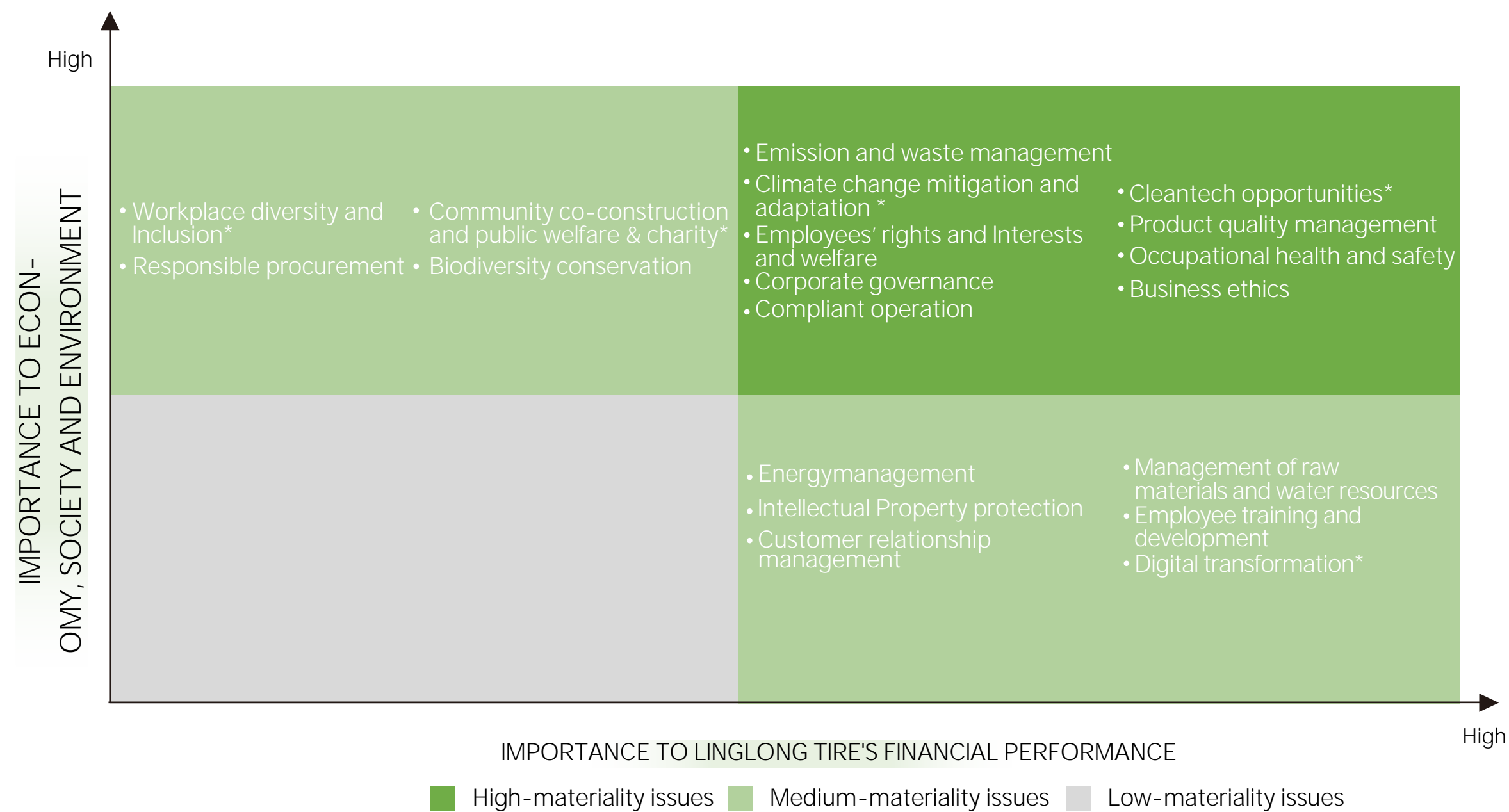
Topics of Concern to Key Stakeholders and Corresponding Responses

Stakeholder(s)	Topics of concern	Communication methods and channels
Employees	<ul style="list-style-type: none"> Employees' Rights, Interests and Welfare Workplace Diversity and Inclusion Employee Training and Development Occupational Health and Safety 	<ul style="list-style-type: none"> Labor Union Staff and Workers' Representative Congress Company email and other network platforms Annual training and regular meetings Irregular meetings Employee satisfaction surveys
Shareholders and investors	<ul style="list-style-type: none"> Compliant Operation Business Ethics Corporate Governance 	<ul style="list-style-type: none"> General Meeting of Shareholders Board of Directors' meeting Business performance communication meetings Annual report, semi-annual report and announcement Roadshows
Customers and users	<ul style="list-style-type: none"> Cleantech Opportunities Product Quality Management Customer Relationship Management 	<ul style="list-style-type: none"> Regular/irregular telephone follow-up or email communication Customer quality review Customer satisfaction survey
Agents and suppliers	<ul style="list-style-type: none"> Responsible Procurement Product Quality Management 	<ul style="list-style-type: none"> Agent and supplier assessment Agent and supplier training Telephone communication and feedback
Government and other regulators	<ul style="list-style-type: none"> Compliant Operation Business Ethics Corporate Governance Emission and Waste Management Climate Change Mitigation and Adaptation 	<ul style="list-style-type: none"> Regular communication and reporting Annual report, semi-annual report and announcement Institution inspection Policy Briefing of Regulators
Local communities and the public	<ul style="list-style-type: none"> Energy Management Management of Raw Materials and Water Resources Emission and Waste Management Community Co-construction and Public Welfare Charity Cleantech Opportunities Community Co-construction and Public Welfare Charity Climate Change Mitigation and Adaptation Biodiversity Conservation 	<ul style="list-style-type: none"> Public welfare activities Energy conservation and emission reduction project Environmental protection project

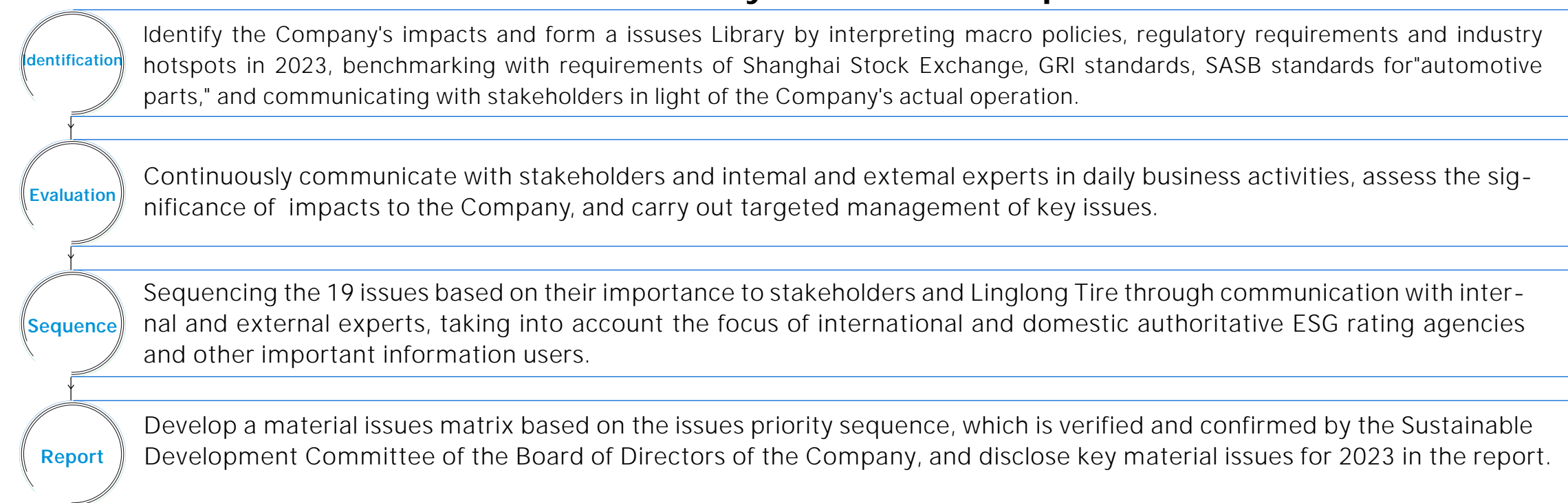
Analysis of Material Topics

Material topics function as an important means for sustainable development management and information disclosure. In 2023, the Company summarized 19 material topics (see Appendix II of this report: List of Material Topics in 2023) based on daily communication with stakeholders, the characteristics of the industry, actual operation, policy trend, the information disclosure requirements of Shanghai Stock Exchange, and the priorities of rating agencies and the SASB "Auto Components" Industry Standards, to conduct key management in 2023. The Company prioritized 19 material topics through internal and external expert consultation, the Management feedback and key topics concerned by ESG rating agencies to obtain a matrix of material topics. This report focuses on the management and performance of ESG topics with high materiality in 2023.

Matrix of Material Topics in 2023



Procedures for Analysis of Material Topics



Major Changes in Material Topics in 2023

2022 Topics	2023 Topics	Changes	Reasons for change
Energy resource management	Energy management	Optimized expression	The Company sought to integrate, split or optimize the relevant topics in combination with the actual industry development and the Company's management practice to disclose relevant information in a more targeted manner
Water resources and effluents	Management of Raw Materials and Water Resources		
Exhaust emissions, waste management and environmental compliance	Emission and waste management		
Mitigate and adapt to climate change	Climate change mitigation and adaptation*		
Training and education	Employee Training and Development*		
Employee benefits	Employees' rights, interests and welfare*		
Occupational health and safety, production safety	Occupational Health and Safety		
Diversity and equal opportunities	Workplace diversity and inclusion*		
Local communities	Community co-construction and public welfare & charity*		
Scientific and technological innovation	Cleantech opportunities*		
Governance structure	Digital transformation*		
Anti-corruption	Corporate governance	Added new topic	New topic added in combination with industry regulatory trends, rating priorities or the Company's management practices
	Business ethics		
	Product quality management	Added new topic	New topic added in combination with industry regulatory trends, and the Company's management practices
	Biodiversity conservation*		
Economic performance		Deleted topic	Relevant contents are presented in the ESG Performance Data table

Note: Topics with an asterisk (*) are contribution-oriented topics, including risk management and sustainable development.

Part I: Linglong Tire's Sustainable Impact

Green
Linglong

Harmonious
Linglong

Smart
Linglong



Green Linglong

As "low carbon" and "green" emerge as the market trend, the R&D innovation capability has become the corporate core competitiveness, thus realizing harmless and resourceful disposal of waste tires is a crucial means to seek key technological breakthroughs in the industry. Adhering to the goals of "peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2050" and the principle of "reduction, reuse and recycling", Linglong Tire actively explores opportunities for clean technology production and strengthens research on the recycling of new materials and waste tires. It works to advance carbon emission reduction and carbon inventory, conserve biodiversity with practical actions and fuel the Company's sustainable development process.

Climate change mitigation and adaptation

Biodiversity conservation

Cleantech opportunities

Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem

Respond to Climate Change

Against the backdrop of "carbon peaking and carbon neutrality" in China, Linglong Tire actively responds to national strategic decision-making and practices the sustainable development philosophy. Under the framework of the sustainable development management system, the Company seeks to set the strategic goals of "peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2050", comprehensively respond to climate change such as climate risk and opportunity identification, and carbon inventory, to improve the Company's climate change management level. The Company also continues to explore energy conservation and emission reduction schemes, and launch initiatives for upstream and downstream enterprises to fulfill their social responsibilities such as ecological environment protection, to facilitate low-carbon development of the whole industry chain with concerted efforts.

With full awareness of the severity and urgency of responding to climate change, Linglong Tire worked to sort out and disclose the management of climate change-related risks and opportunities from four levels: governance, strategy, risk management, metrics and targets, according to the recommended framework of *International Financial Reporting Standards 2 – Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB). It identified and analyzed climate risks and opportunities with high impact. Please see the chapter "Identification of Climate Change Risks and Opportunities" for details.

Linglong Tire Climate Change Management System

Governance	<ul style="list-style-type: none"> The Board of Directors and Sustainable Development Committee are the highest responsible body for the management and public disclosure of ESG matters, exercising leadership and regulatory functions over the climate-related risk management targets, strategies, risks and policies. The management set up the Product, Safety, Environment and Climate Change Committee to manage climate-related risks and opportunities such as the promotion of "carbon peaking and carbon neutrality" goals, the development of eco-friendly green and low-carbon products, and the construction of green factories. The Company incorporated environmental management KPI into the performance assessment of the management.
Strategy	<ul style="list-style-type: none"> The Company worked to formulate the "carbon peaking and carbon neutrality" plan and the <i>Climate and Environmental Policy of Shandong Linglong Tyre Co., Ltd.</i> according to international and domestic policies and the actual situation. It also set up a carbon inventory plan; Identified climate-related risks and opportunities and assessed their impact on the Company's business; Took actions to respond to climate change in terms of green materials, intelligent equipment, clean energy and waste management.
Risk management	<ul style="list-style-type: none"> The Company conducted an identification and impact analysis of substantive climate risks and opportunities, and formulated targeted mitigation and adaptation measures based on the results; and integrated climate risk management into its overall risk management.
Metrics and Targets	<ul style="list-style-type: none"> The Company issued and implemented the Greenhouse Gas Inventory Procedure, and the carbon inventory promotion plan for each manufacturing base. It is expected to complete the carbon inventory of all bases in 2024, form a greenhouse gas inventory and report annually thereafter, and regularly disclose greenhouse gas emission performance; Set carbon emission reduction targets and evaluates progress.



Photovoltaic (PV) Power Generation Diagram of Guangxi Base in 2023

Targets and Progress on Responding to Climate Change in 2023

Target	Progress in 2023
Carbon intensity per unit product 2% drop vs. 2020	0.96 tCO ₂ /t (11% drop vs. 2020)

Biodiversity Conservation

Natural rubber is one of the important raw materials for tire manufacturing. As a special commodity, it may lead to large-scale deforestation, land degradation and biodiversity loss. The impact of natural rubber on global biodiversity and ecosystems may be extensive, and forest destruction is one of the most important factors leading to global climate change. Therefore, forest development and protection are among the most fundamental measures to mitigate global climate change, as well as an effective way to respond to climate change.

Deforestation and forest degradation are important drivers of two major environmental challenges, global climate change and biodiversity loss. In June 2023, the EU formally reached an agreement on the EU Zero Deforestation Regulation (EUDR), which aims to reduce the EU's impact on global forests by promoting the consumption of zero deforestation products, thus reducing the increase in greenhouse gases caused by deforestation and helping cope with global biodiversity loss. The EUDR brings seven commodities, including rubber, into the scope of regulation. Traceability and transparency of commodities or products are strictly controlled.

In early 2024, the Ministry of Ecology and Environment issued China National Biodiversity Conservation Strategy and Action Plan (2023-2030), which clarified China's biodiversity conservation strategy in the new era and deployed four priorities: mainstreaming biodiversity, addressing the threat of biodiversity loss, sustainable use and benefit sharing of biodiversity, and modernization of biodiversity governance capacity to strengthen biodiversity conservation. It aims to contribute to global biodiversity governance and the realization of the Kunming-Montreal Global Biodiversity Framework.

Linglong Tire is aware that biodiversity conservation constitutes an integral part of sustainable development practice. Strictly abiding by the laws, regulations and rules such as the Forest Law of the People's Republic of China and Regulations on Nature Reserves, international conventions such as the Convention on Biological Diversity, China National Biodiversity Conservation Strategy and Action Plan (2011-2030) and national strategic plans, the Company seeks to implement the philosophy of "lucid waters and lush mountains, green development", and take actions to protect the forest, strengthen soil and water conservation and consensus on biodiversity in the supply chain, facilitating biodiversity conservation.

Biodiversity Conservation Measures

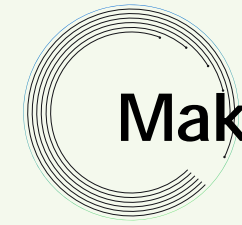
Participate in industry organizations	As the first tire enterprise in the Chinese mainland to join the Global Platform for Sustainable Natural Rubber (GPSNR), the Company has publicly released and implemented the Sustainable Natural Rubber Policy, promising to purchase natural rubber produced in a way that will not lead to deforestation or reduce high conservation value (HCV), promote cooperation with stakeholders and suppliers to build sustainable natural rubber supply chain. In September 2023, the Company submitted the GPSNR Annual Report and passed the review.
Strengthen water and soil conservation	Strictly abiding by national laws and regulations of the ecological protection red line in the place where the new projects are located, the Company investigates their ecological status quo and possible impact on the ecosystem, makes efforts to conserve the soil and water in the whole process, and reduce surface disturbance and vegetation damage.
Organize inspection and investigation	Linglong manufacturing base in Europe conducted a biodiversity impact assessment during the project construction stage. It also conducts a detection survey on the impact on local biology quarterly after the completion of the project. As at the end of 2023, there was no adverse impact on local biodiversity and environmental diversity found through data analysis and comparison.
Organize tree-planting activities	The Company seeks to incorporate afforestation activities in the sustainable development plan, encourage manufacturing bases to be involved in afforestation activities and continuously make positive contributions to local biodiversity and environmental protection. As at the end of 2023, the Company's actual total greening area reached 1,920,100 m ² .

[Case] Tree-planting Activity

In tree planting activities, the Company encourages employees to participate, regularly publishes excellent units with tree planting achievements and shares practical methods. In 2023, more than 2,000 trees have been planted in Zhaoyuan Base. The species are mostly cedar, black pine, magnolia, etc., which are maintained by special personnel.



2023 Tree-planting activity



Make Green Innovations to Empower Low-Carbon Travel

Promoting a circular economy, economic growth and climate goals have emerged as an inevitable trend and consensus worldwide. The Circular Economy Action Plan issued by the EU in 2020 incorporates the circular economy philosophy into the whole life cycle of product design, production, consumption, recycling and disposal to reduce resource consumption and "carbon footprint". The 14th Five-Year Plan for the Development of Circular Economy issued by the National Development and Reform Commission in 2021 is based on the principle of "reduction, reuse and recycling" to improve resource utilization efficiency and leverage the innovation role in this field by means of developing green design of key products.

Focusing on implementing the innovation-driven growth strategy, R&D of new materials, technologies and formulas, Linglong Tire seeks to leverage advantageous technologies to comprehensively improve its independent innovation capability, set clean technology innovation and development goals, facilitate the development of a circular economy in China, and lift its own brand competitiveness. In 2023, the Company continued to promote clean technology innovation and R&D from three aspects: raw material innovation, product innovation and industrial ecosystem cooperation.

Development Goal and Action Path of Linglong Tire Cleantech

Goal	By 2030, the Company will reach the world's first-class tire enterprise level, spearheading the key sci-tech and emerging frontier and interdisciplinary fields.	
Path	Raw material innovation	<p>The Company strengthens innovation in high-performance, environmental protection and carbon reduction, and expands the application of bio-based and other renewable materials;</p> <p>increases the use of eco-friendly materials, develops degradable tire materials and complete engineering applications;</p> <p>increases the recycling of waste tire resources and the application of recyclable materials;</p>
	Product innovation	endeavor to the R&D of energy-saving low rolling resistance tires and new energy vehicle tires, and intelligent technology transformation

Cleantech Development Initiatives and Target Progress in 2023

Raw material innovation	<p>The Company continued to conduct research on the use of eco-friendly materials such as renewable, recyclable and degradable materials, including dandelion rubber, which are the second natural rubber, biomass reinforcing agent, biomass plasticizer, bio-based nylon 56, etc. The Company set relevant targets to realize "whoever produces will be responsible for recycling".</p> <p style="text-align: center; color: #0070c0;">Raw Materials R&D and Application Targets in the Cleantech Development</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">Metrics and targets</th> <th>Progress in 2023</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="background-color: #e6f2ff;">The proportion of recyclable and renewable framework materials</td> <td>The Company is expected to develop and apply all kinds of recyclable and renewable framework materials to the cap ply, belt, carcass and bead steel wire of tires by 2025.</td> <td>In progress</td> </tr> <tr> <td>By 2025, the proportion of recyclable and renewable framework materials applied to tires will reach 15%.</td> <td>The average application ratio of renewable (bio-based) framework materials has been 4.5%; The average proportion of recyclable framework materials in the low-volume production validation stage is 12%.</td> </tr> </tbody> </table>			Metrics and targets		Progress in 2023	The proportion of recyclable and renewable framework materials	The Company is expected to develop and apply all kinds of recyclable and renewable framework materials to the cap ply, belt, carcass and bead steel wire of tires by 2025.	In progress	By 2025, the proportion of recyclable and renewable framework materials applied to tires will reach 15%.	The average application ratio of renewable (bio-based) framework materials has been 4.5%; The average proportion of recyclable framework materials in the low-volume production validation stage is 12%.
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Product innovation	<ul style="list-style-type: none"> It is committed to the low rolling resistance tires R&D to reduce the carbon emissions of products and the rolling resistance of tires. The Company set the R&D goal of low-rolling resistance tires taking 2019 as the base year. In the research, the Company proposes the "1+N tire use cycle" method, wherein the existing carcass is utilized for retreading purposes without requiring steel consumption. The resource consumption involved in processing a retreaded tire is approximately 70%¹ lower compared to that of manufacturing a new tire. According to the trials and users' feedback, the carcass life is extended by 3 times. <p style="text-align: center; color: #0070c0;">Product Innovative Development Progress</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Metric</th> <th>Base year</th> <th>Target</th> <th>Progress in 2023</th> </tr> </thead> <tbody> <tr> <td>Number of product retreading</td> <td>2021</td> <td>The product can be retreaded 3 times in 2024</td> <td>Twice</td> </tr> </tbody> </table>			Metric	Base year	Target	Progress in 2023	Number of product retreading	2021	The product can be retreaded 3 times in 2024	Twice
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Number of product retreading	2021	The product can be retreaded 3 times in 2024	Twice								
Industry research	<p>The Company cooperates with industry associations, enterprises and universities to establish laboratories, launch cutting-edge research in the field of green high-performance tire new materials, and promote clean transformation of technologies and products.</p>										

Note 1: Source: Ernst & Young Report: Socio-Economic Impact of Truck Tyre Retreading in Europe



[Tips] The second natural rubber

Natural rubber is a kind of green and low-carbon strategic resource. The main source, three-leaf rubber tree is demanding for the growth environment, likes high temperature, high humidity, fertile acidic sandy loam, and is intolerant of wind and cold, mainly distributed in tropical areas. The self-sufficiency rate of natural rubber in China is less than 20%, and it is urgent to alleviate the shortage of raw materials by opening up new rubber resources.

The Company actively carries out the development and application of the second natural rubber resource - dandelion rubber grass. Dandelion rubber grass is less dependent on the climate, the planting conditions are reduced, and the molecular structure of the extracted rubber is exactly the same as that of natural rubber. At present, it has a mature mechanized planting system and supporting equipment, and has the first domestic dandelion rubber tonnage test line and 100-ton extraction demonstration line, preparing the first domestic dandelion rubber concept tire; During the "14th Five-Year Plan" period, the Company will actively promote the industrialization project research of rubber grass and realize the industrial preparation of dandelion rubber tires.

[Case] Application of Liquid Recycled Rubber in Tire Formula

The manufacturing process of liquid reclaimed rubber has no wastewater discharge, low overall heating temperature and less waste production. The Company processes waste tires into liquid recycled rubber by special methods, and applies them to the production of its tires, thus realizing the recycling of waste tires.

Through the liquid recycled rubber project, the Company disposes of about 10,000 tons of waste tires and produces about 6,000 tons of liquid recycled rubber annually, reducing the use of resources and improving the utilization rate of raw materials.





Make Green Innovations to Empower Low-Carbon Travel

[Case] Research on PCR Ultra-low Rolling Resistance Technology

For conventional fuel vehicles, about 80% of their life cycle carbon emissions come from the use phase. For new energy vehicles, despite the problem solving of carbon emission in the use phase, the Company still cannot provide enough mileage due to the limitation of battery technology at present.

Upon long-term technical research, the Company has made breakthroughs in PCR contour and structural design. The Company's Research Institute has integrated dynamic design into product mold design to form a unique PCR contour and structure ultra-low rolling resistance technology design system, realizing iterative innovation of the technology. By the end of 2023, the rolling resistance performance of the product has exceeded 5.0, significantly lower than the figure of EU Class A and leading the industry in terms of rolling resistance test.

[Case] Launching Eco-friendly Concept Tires with Exceeding 79% Sustainable Materials

In 2023, Linglong Tire launched eco-friendly concept tires with exceeding 79% sustainable materials, becoming the first Chinese enterprise to launch such a product. The tire uses more than 79% sustainable raw materials, including renewable resources such as silicide from rice husk ash, vegetable oils and resins. This move effectively reduces the demand for petrochemicals in the production process; recyclable materials include reclaimed steel, recycled carbon black, etc.

With the application of sustainable materials and the new lightweight technology of Linglong Tire, the overall performance of the tire has been improved, and the noise performance and roll resistance performance have reached the highest level A of the EU. This environmentally friendly tire is of great significance for environmental benefits and economic benefits.

[Case] Establishing "Guangxi Laboratory of New Energy Automobile, New Energy Automobile Tire Application Laboratory"

In September 2023, the "Guangxi Laboratory of New Energy Automobile, New Energy Automobile Tire Application Laboratory" established by Linglong Tire, SGMW and Liuzhou Zhongdong Zhilun Technology Co., Ltd. was unveiled. The Company plans to make forward-looking, professional and due support in the research of high-precision design simulation, virtual evaluation technology, ultra-low rolling resistance technology and performance standard systems of new energy tires, accelerate the commercialization of new technologies to actual products, and create new smart tire products that meet SGMW's scenario-based and personalized needs.



Unveiling ceremony



► Eco-friendly Concept Tire

1 ► Cap ply material
Derived from bio-based material such as maize straw

2 ► Carcass material
100% extracted from wood

3 ► Bead material
Utilization of recycled and renewable steel

4 ► Compound material
Derived from bio-based rubber and nascent carbon black material



Harmonious Linglong

People-oriented and harmonious development is the core of modern corporate development. Talents are the core driving force for corporate development. Linglong Tire always adheres to the principles of fairness, impartiality and openness, and treats every employee equally. The Company respects the legitimate rights and interests of employees, seeking to provide more opportunities and platforms for their career development. Externally, the Company actively gives back to the community by employment support, material donation and educational assistance, seeking harmonious co-existence with the public and common growth.

- Workplace diversity and inclusion
- Employees' rights and interests and welfare
- Employee training and development
- Community co-construction and public welfare charity

Create a Harmonious and Pleasant Workplace

Diversity and Inclusion

Linglong Tire adheres to the principles of fairness, impartiality and openness, striving to create an equal and inclusive workplace. The Company formulates the Anti-discrimination Management Procedure to guarantee the employees' equal development opportunities.

The Company adopts open recruitment internally or externally, and eliminates the inclusion of non-working factors such as nationality, race, gender, religion and skin color into the recruitment decisions. In 2023, the total number of new employees reached 7,176 (including 4,744 Chinese employees), including 1,282 female employees and 331 minority employees, achieving the annual quantitative diversification target.

Metric	Target	Completion	
Proportion of newly recruited female employees	>15%	17.86%	Completed
Proportion of newly recruited ethnic minority employees	>5%	6.97%	Completed

The Company stresses the localization of enterprises and helps communities to create more jobs. It has created **14,000** jobs in five major manufacturing bases in **Zhaoyuan, Dezhou, Jilin, Hubei** and **Guangxi**, involving more than **10,000** local people. In the two manufacturing bases in Europe and Thailand, the Company formulated localized recruitment policies to foster localization operations.



The Company priorities guaranteeing the rights and interests of female employees. According to the Special Provisions on Labor Protection of Female Employees and the laws and regulations of the place where it is located, the Company actively improves the labor safety and health conditions for female employees, provides special protection during special periods such as pregnancy and lactation, through arranges working period properly and position adjustment.



Care activities for female employees

[Case] 94 Points High Evaluation in the Social Compliance Audit of Third-party Institutions

In 2023, the Company's customer hired a third-party organization ELEVATE, to conduct a social responsibility audit on Linglong Europe under a sustainable development topic. Linglong Europe received **a green evaluation of 94 points**.

The audit evaluated the Company's social compliance performance from 9 dimensions: comprehensive management, child labor and underage workers, forced labor, labor rights and interests, employee participation in management, working hours and remuneration, occupational health and safety, environment and supply chain management. No indicators or events of Major level or above were found.

Linglong International Europe Ltd. Zrenjanin

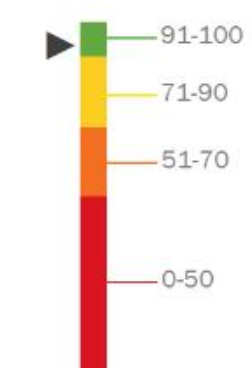
Country / Region	Product Type	No. of Employees
Serbia	Hard Goods (Other)	1304

Audit Summary

Audit Score

94

Green (A)



Total Findings

4

Zero Tolerance	0
Critical	0
Major	0
Moderate	2
Minor	2

Partial content of ELEVATE Audit Report

Create a Harmonious and Pleasant Workplace

Employee Retention and Development

Focus on Employee Retention

Linglong Tire puts employee satisfaction and retention rate on the top agenda and formulates the *Employee Retention and Elimination Procedure*, to create a quite pleasant workplace through pre-management, process management and post-management and improve employee satisfaction and retention rate.

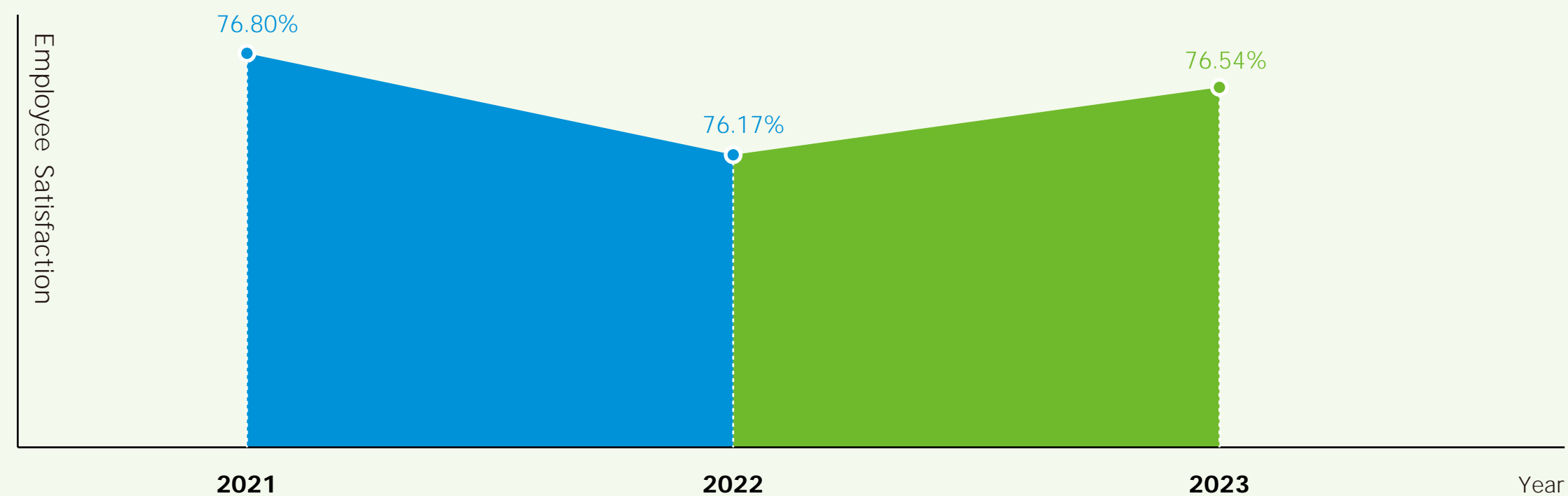
Working Procedure for Employee Retention and Elimination

Item	Content
Pre-management	Optimizing employee satisfaction by establishing an early warning system for employee turnover and implementing stability and satisfaction surveys
Process management	Improving employees' stability and reducing turnover rate is through employee retention working process of planning, implementation, monitoring and improvement
Post-management	Formulating the priority of employee retention for the next month according to the turnover situation in the current month, and the employee management measures are optimized to improve employee satisfaction

In 2023, the Company carried out an employee stability and satisfaction survey, covering 27 dimensions such as development prospects, corporate culture, team atmosphere, work interests, family factors, etc., to investigate employees' job satisfaction and predict potential staff turnover.

The Company collected a total of 8,036 valid questionnaires in the survey, with a coverage rate of 57% (excluding Thai and Serbian employees). The employee satisfaction reached 76.54%, and the Company identified multiple staffing issues of concern. The Company formulates targeted improvement plans and strengthens their implementation.

Trend Change of Employee Satisfaction Survey



Promote Employee Growth

Emphasizing the cultivation of talents, the Company regards the employees' growth as a key driving force for corporate development, and continuously devotes itself to this field. The Company has established a systematic training framework for different positions, in combination with online and offline, internal and external resources around lecturers, courses, corresponding incentive policies and personnel training processes.

The Company actively introduces external resources to optimize training courses. In 2023, the Company cooperated with institutions to conduct targeted training for employees. The total duration of external training was 348 hours, and 910 people involved. Supporting all employees' academic advancement, the Company conducted school-enterprise cooperation with colleges and universities such as Shandong University of Science and Technology and Qingdao University of Science and Technology, to launch the top-up program. The program is accessible to all employees, and the tuition fee will be reimbursed by the Company after graduation. In 2023, a total of 251 employees graduated from the program with a total tuition reimbursement of RMB 677,750.

[Case] Eyas Program Phase II Project

In 2023, the "Eyas Program" Phase II facilitated the application of knowledge, tools and methods learned through experiential training, practical exercises of tools and methods, and training competitions, to improve the comprehensive management ability of trainees. The Company selected a total of 41 outstanding trainees for the program, and 102 trainees joined the reserve talent pool.



The Eyas Program Phase II in 2023

[Case] Elite Program Phase II

In 2023, the Company launched the six-month "Elite Program" Phase II and selected a total of more than 60 excellent managers to join the second training camp, completed 7 company-level programs, and selected more than 50 outstanding talents.



2023 Linglong Tire Elite Program (Phase II)

[Case] Skills Competition for Front-line Maintenance Worker

In 2023, the Company conducted 176 skill competitions for front-line maintenance workers, comprehensive training, improvement and skill appraisal for theoretical knowledge and operation skills of posts. More than 2,000 front-line maintenance workers involved, and the Company selected more than 200 model employees and issued a total reward of more than RMB 60,000.



2023 Skills Competition for Front-line Maintenance Worker

[Case] Skill Level Appraisal of Rubber Mixing Worker

With the independent evaluation qualification of rubber mixing workers, molding workers and vulcanization workers issued by the Yantai Occupational Skill Testing Authority, the Company organizes relevant employees to conduct skill level evaluation annually. In 2023, the Company organized a total of 78 rubber mixing workers to conduct skill level evaluation, and all have obtained Level 3 (Senior worker) certificate.

Create a Harmonious and Pleasant Workplace

Democratic Communication among Employees

Linglong Tire fully respects employees' rights of freedom of association, expression and supervision according to law, continuously promotes democratic management, the Staff and Workers' Representative Congress (SWRC), builds communication channels between employees and the Company, to maintain harmonious and stable labor-capital relations. In 2023, the Company organized 3 SWRC, with 525 employees participating, processed a total of 4 proposals.

The Company listens to employees' suggestions, builds channels for communication, and conducts daily feedback and employee satisfaction surveys. The Company's Labor Union has 23 branches, which exercise supervision and management functions around five dimensions: the implementation of policies and systems, the work style of managers, the fairness of performance appraisal and the vital interests of employees. They continue to promote the work of "connecting front-line and serving employees", improve the service quality and employee satisfaction.

Main Democratic Oversight Work in 2023

Item	Content
Optimize democratic and open management of factory affairs	<p>The Company standardized the assessment of democratic and open management of factory affairs.</p> <ul style="list-style-type: none"> Through symposiums, pre-shift meetings, post-shift meetings, special exchange meetings, and individual discussions, the Company organized all front-line labor unions to supervise the implementation of the Company's system and policy, work style of the managers, fairness of performance appraisal, vital interests of employees and other aspects monthly, to identify and collect problems or rationalize suggestions in time.
Collect employee questions and suggestions	<ul style="list-style-type: none"> The Company focused on the employees' fresh ideas in factory management and collects suggestions and proposals through labor union branches monthly for deliberation. In 2023, the Company obtained a total of 4,331 employee management improvement proposals and implemented 4,331 results. The improved financial amounts reached RMB 41.439 million.

In 2023, the Labor Union negotiated with the Company on an equal footing, and implemented the items upon contract signing after the approval of the Staff and Workers' Representative Congress. As of December 31, 2023, the proportion of employees with signed collective contracts in the Company has reached 100%. The Company has conducted collective negotiation for the year 2024 in March 2024.



December 5, 2023: Guangxi Linglong organized a visit to an employee

Enhanced Employee Care

Upholding the people-oriented principle, the Company cares for employees' health and their work-life balance. The Company strives to help employees solve practical difficulties by means of exchanges, free legal support, and targeted assistance, guaranteeing that care services are in place.

Employee Care Measures and Effectiveness in 2023

Aspects	Measures and Results
Exchange	<ul style="list-style-type: none"> The Company solved the employees' practical difficulties in work through exchanges; In 2023, the Labor Union organized 12,000 individual discussions among employees and helped more than 80 employees with a turnover intention stay in their posts.
Free legal support	<ul style="list-style-type: none"> The Company set up the "Lulutong" Mediation Committee to provide free legal services. In 2023, the Committee provided employees with 18 times of legal services including employee pensions, labor protection, labor contract disputes, and labor remuneration, effectively solving their legal difficulties and guaranteeing the smooth proceeding of work.
Targeted assistance	<ul style="list-style-type: none"> The Company provided targeted assistance for employees with difficulties. The Labor Union established files, conducted classification and registration, forming an accurate and complete feedback mechanism for bringing warmth; The Company solved the employees' difficulties in a timely manner, particularly their occasions of weddings and funerals, seeking to pay visits and assistance in time.

Calling for work-life balance and a harmonious workplace, the Company seeks to enrich employees' leisure time by organizing recreational activities with sports themes and internal associations, thus fostering a healthy atmosphere. In 2023, the Company held a series of activities including "2023 World Earth Day Cycling Activity", "16th Staff Sports Event" and "Painting and Calligraphy Competition" to tie bonds among employees.

[Case] Conducting Cultural and Sports Activities



2023 World Earth Day Cycling Activity



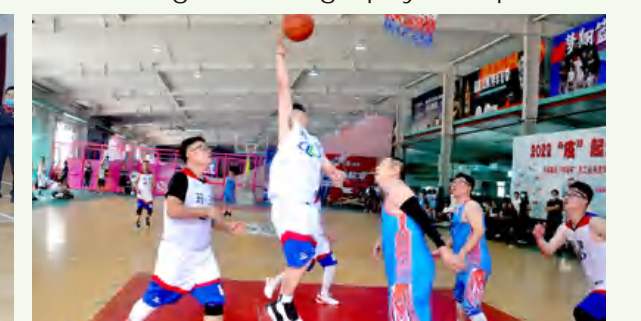
Fishing Competition held by Fishing Association



Painting and Calligraphy Competition



Table Tennis Competition



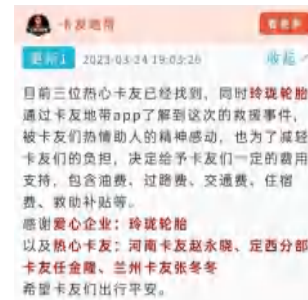
Basketball Competition

Co-construct a Harmonious and Pleasant Community

Linglong Tire always prioritizes communication with local communities, actively fulfills its social responsibilities and gives back to the community by creating jobs, public welfare donations, infrastructure support and voluntary services. The Company has formulated the Management Measures for External Donations and set up a social responsibility working group to manage the communication, public welfare donations and voluntary services. In 2023, the Company initiated numerous voluntary public welfare activities, benefiting communities where the manufacturing base is located, product users and other groups. The cumulative public welfare investment reached RMB 3.4762 million.

[Case] "Truck Mate Care Plan" - Support Truck Mate to Overcome Adversity on Qinghai-Xizang Highway

In March 2023, a truck mate driving along the Qinghai-Xizang Highway went into coma owing to altitude sickness and couldn't be got hold of. Linglong Tire, hand in hand with FAW Jiefang, instantly responded by summoning three brave members of the Truck Mate Zone, who, driving at full throttle, arrived on the scene, saved and transported the lorry back to the hometown of the unconscious in Shandong, safe and sound. Initiated by Linglong Tire, "Truck Mate Care Plan" is a manifestation of the humanity. With the return of the first responders at its own expense, including refueling cost, toll and accommodation, the Company also subsidized their transport. Taking concrete actions, it ensured safety of truck mates and passed on love and care of society.



Feedback on the rescue of truck mates along the Qinghai-Xizang Highway

[Case] Setup of Offline Truck Mate Care Stations

In 2023, Linglong Tire took the initiative to fulfill social responsibility, by setting up offline truck mate care stations ingeniously. In tight collaboration with various departments, the Company established a public service chain to expand the outreach of public services in its outlets. Partnering with like-minded outlets, it set up offline truck mate care stations, each featuring a cozy environment, plenty of amenities, such as washing machines and microwave ovens, foods and other supplies. By providing free laundry and dining services to truck mates en route, the stations were intended to make truck mates feel at home and safeguard them on the way.



Equipment of Linglong Tire Atlas Truck Mate Home

[Case] "Teens on Wolf's Back" Football Training Camp

In 2023, the 5th Linglong Tire & Wolfsburg "Teens on Wolf's Back" Football Training Camp was a great success. Football-loving teenagers from all over the country gathered to receive football training from top coaches of VfL Wolfsburg, expanding horizons and experiencing Germany's profound culture in football field. Youth growth is a consistent concern of Linglong Tire. With football as the bond, the Company did everything within power to extend love and hope and help kids realize their dream.



Group photo of players at the 2023 "Teens on the Wolf's Back" Football Training Camp

[Case] Host Zhaoyuan Basketball League

In 2023, the 11th Zhaoyuan Amateur Basketball League jointly held by Linglong Tire and Zhaoyuan Basketball Association, it involved basketball amateurs in around 60 matches, including regular tournaments, youth challenge matches, basketball parent-child games and star games. The challenge matches and parent-child games in particular gave teenagers a glimpse of basketball, a captivating sport, and nurtured their teamwork spirit and athletic skills. Always advancing shoulder to shoulder with teenagers, Linglong, brimming with love and hope, aspires for writing a remarkable chapter with them in their growth.



Group photo of players in Linglong Vehicle Maintenance Workshop Amateur Basketball League

[Case] Devote to Public Services via Production Bases Worldwide

Attaching great importance to its cultural blending and sustainability in Thailand and Europe, Linglong Tire donated school supplies and sports facilities to local pupils, in support of their growth. In addition, the Company, mindful of local elders, also brought warmth and care to them through regular donation. In doing so, the Company was effusive in its affection for local community and championed its philosophy of sustainability.

Furthermore, Linglong Tire organized corporate family fun day at regular intervals. Paying a visit to Linglong factory, staff families experienced the corporate culture and got a picture of the workplace. Such an event not only deepened the emotional association between staff and their families, but also made Linglong Tire better known by local community and cemented the Company's clout in society.



Linglong in Thailand donated materials to Pluak Daeng Primary School



Linglong Thailand donated daily necessities and awarded scholarships to Khaokhansong Primary School



Linglong Europe sponsored Serbian college students for joining digital conference



Linglong Thailand participated in the caring activities for the elderly organized by Tasit Subdistrict Administrative Organization



Linglong Thailand sponsored the Sports Event of CHUMCHONBORISAT-NAMTANTAWANAOK SCHOOL



Linglong Europe donated to construction of children's playground in Zrenjanin

The Company set up a youth service team to conduct cleaning activities for the off-site environment, volunteer service for sports meetings, and employee welfare activity of mooncakes packaging. In 2023, the Company's youth service team has accumulated 6,474 hours of service time and 6 star-rated service providers.



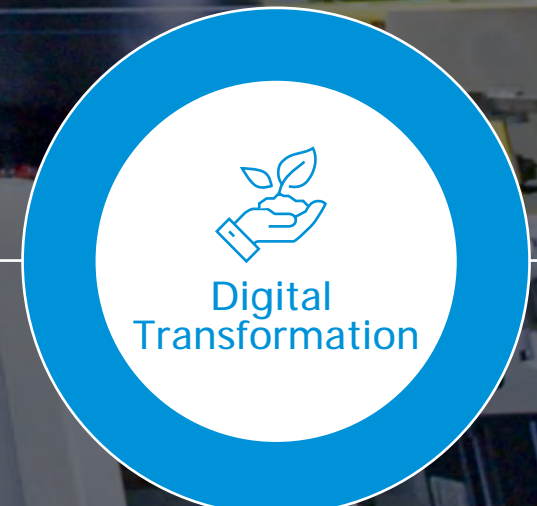
The Company's youth service team conducted special cleaning activities for the off-site environment

Smart Linglong

Over recent years, the development of technologies such as artificial intelligence, big data and cloud computing has greatly expanded the corporate development space and made the utilization of human wisdom and strength more efficient. Intelligence has become an irreversible trend of corporate development.

As a technology-oriented tire manufacturer, Linglong Tire always upholds innovation-driven growth, driving the reform of the business model and corporate development. The Company makes steady efforts in intelligent manufacturing and retail, connecting the supply, manufacturing and marketing chains to provide more efficient and higher-quality services.

Intelligent
Retail



Intelligent
Manufacturing

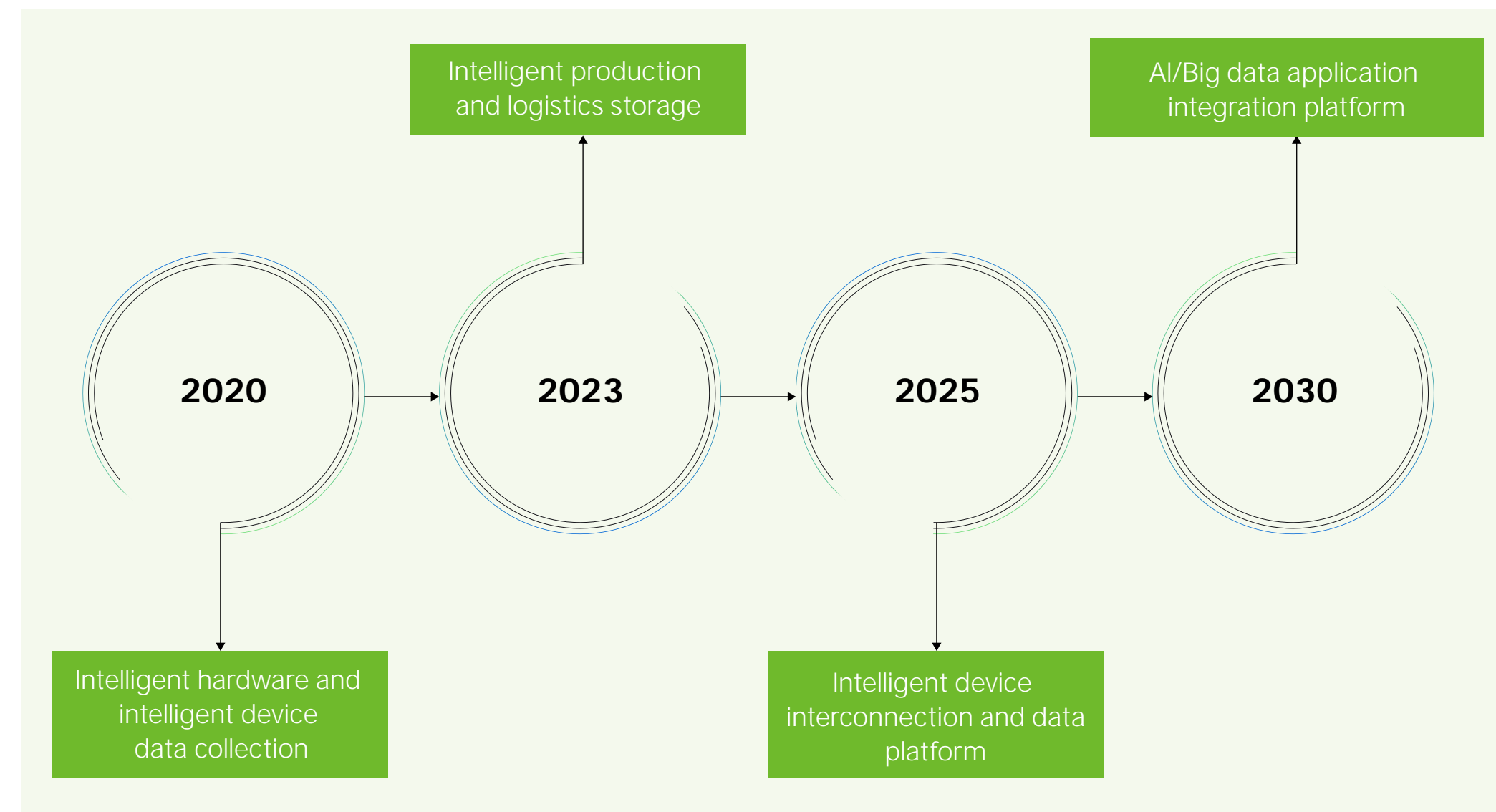
Develop Intelligent Manufacturing to Advance Digital Transformation

Linglong Tire actively responds to the guiding spirit of the Made in China 2025 Action Plan and 14th Five-Year Plan for Intelligent Manufacturing Development, and adheres to an innovation-driven growth strategy, fueling intelligent manufacturing transformation.

Upon the formulation of the Outline of Medium and Long-term Strategic Development Plan (2020-2030) and the intelligent transformation plan for 2020-2030, the Company seeks to chart out intelligent production modes, production processes and business models by means of AI and big data, facilitating changes in industry ecosystem.

In 2023, the Company's manufacturing bases continued to promote the construction of four-orientation factories ("automatic, unmanned, digital and intelligent"), introduce new technologies to optimize production efficiency and build lean management models and intelligent manufacturing factories. They implemented EPF flexible manufacturing models, adjusted production lines according to market demand, catered to customer needs timely, and connected the supply, manufacturing and marketing chains to achieve the fastest delivery with the lowest cost, highest efficiency and best inventory. By 2023, the Company has preliminarily realized intelligent production, logistics and warehousing.

Intelligent Transformation Planning of Linglong Tire



Actions and Achievements of the Intelligent Construction in 2023

Field	Action	Achievements
Intelligent manufacturing	The Company strengthened the establishment of the MES system (manufacturing execution system).	The Company completed the development and implementation of a MES system for Liuzhou engineering tires, Changchun PCR tires, European TBR tires and PCR tires.
	The Company implemented the QMS system (quality management system) and EAMS system (equipment asset management system).	The Company achieved the electronic management of standard documents and the paperless management of 5,258 standard documents.
	The Company added functions to the QMS system, such as FMEA (Failure mode and effects analysis) full life cycle online management, review management and product certification management.	The Company standardized 32 business processes and 67 business forms into the system. The system generated 77 statistical reports in total, saving about 1.5 million pieces of paper and improving the statistical efficiency of quality data by about 90%. The maintenance module of the equipment management system realized stable operation.
Intelligent transportation	The Company widely used intelligent equipment such as industrial robots, laser AGV (automated guided vehicle), and EMS (electric monorail system) to build an intelligent logistics system and stereoscopic warehouse.	The Company realized the fully automatic transportation and warehousing of raw materials, semi-finished products and finished products. The Company significantly improved the operation efficiency of the factory's internal logistics system, guaranteeing production continuity and product quality stability.
Intelligent management	The Company focused on building a financial analysis module covering core financial businesses such as income, cost and payment collection. It also completed the data integration of 26 businesses system and MES systems.	The Company realized the integration of business data such as production, quality, warehousing, logistics, energy, procurement, after-sales and finance, sorted out the data from SAP and MES systems according to the rules setting, and automatic generation of the branch index data in the material report. The Company deeply analyzed business data, assisted in decision-making, and completed all-business modeling and thematic analysis of business. The Company provided the capability of pre-warning, in-process problem handling decisions and post-problem analysis and reflection.

Develop Intelligent Manufacturing to Advance Digital Transformation

[Case] Electronic Work Order to Optimize Work Efficiency

Through the establishment of complete enterprise equipment asset files, the Company seeks to conduct full life cycle management of equipment assets, including procurement, deployment, operation, maintenance, repair and scrapping.

In terms of equipment maintenance, the system automatically generates maintenance tasks according to the operation and maintenance plan and reminds relevant personnel to complete maintenance operations on time. The Company seeks to avoid maintenance omission or delay caused by human factors, thus indirectly reducing the failure rate of equipment.

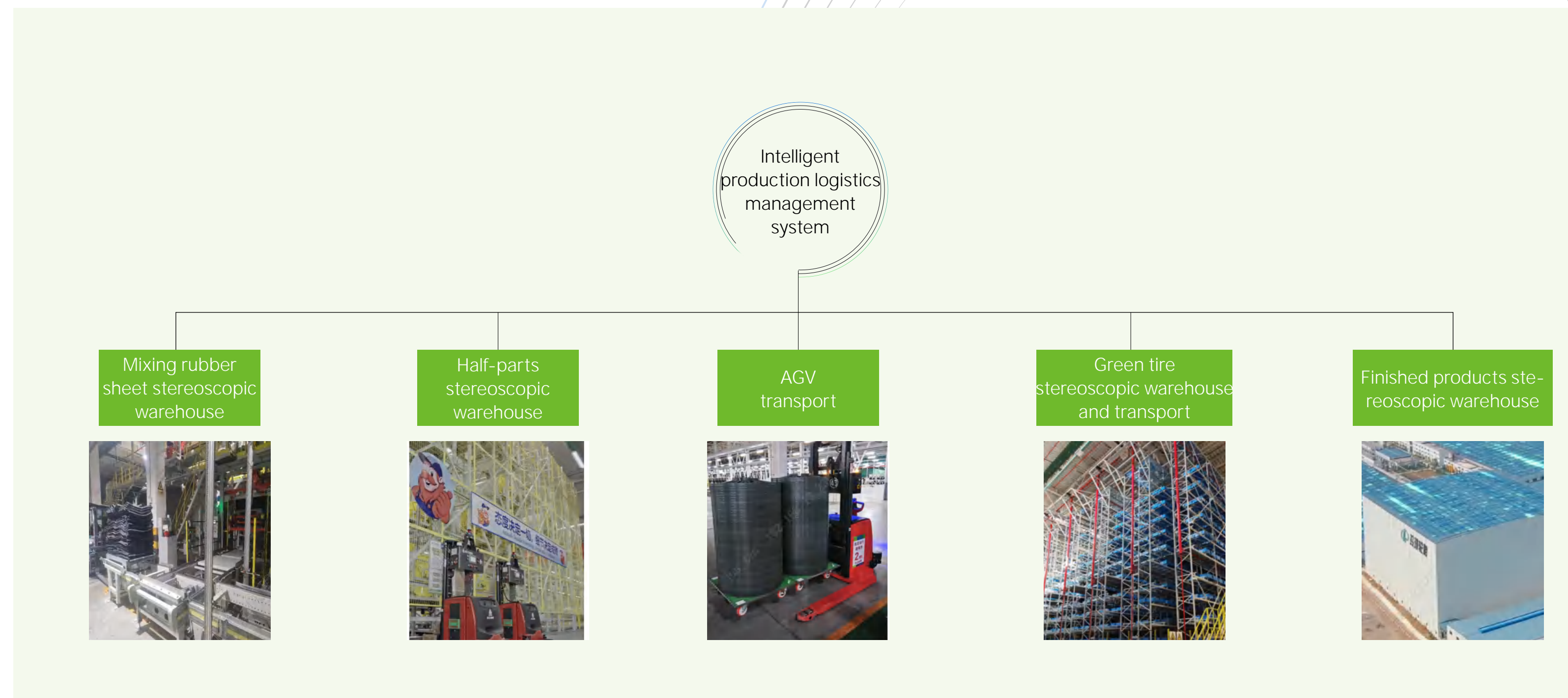
In terms of equipment repair, the Company standardizes the repair process by systematically executing steps such as equipment failure reporting, repair planning, issuance of repair work orders, and tracking of the repair process. This can improve equipment repair efficiency and quality.

In terms of cost reduction, the equipment management system centrally manages and analyzes the maintenance records of equipment, including maintenance times, duration, costs, etc. The Company provides a database for optimizing maintenance plans and reducing unnecessary costs. The Company also monitors the procurement, use and inventory of spare parts in real-time, seeking to reduce the inventory cost and the occupation of funds through reasonable spare part inventory management, and to guarantee normal operation.

[Case] Automated Logistics and Warehousing Construction of Serbian Factory

In 2023, the Serbian production base completed the construction of a fully automated logistics and warehousing system, upgrading from a traditional factory reliant on manual labor for the transfer of rubber materials, semi-components, and green tire to a fully automated process for equipment transfer and storage. The implementation included an automated vertical storage system for rubber sheets, a three-dimensional warehouse for semi-components, an AGV (Automated Guided Vehicle) transport system, a vertical storage for green tires, and an automated vertical storage system for finished tires.

The project reduced the land area used by about 20%. Taking a project with an annual production of 12 million sets of PCR tires as an example, labor use decreased by about 50%, labor costs were reduced by 40% compared to traditional factories, and production efficiency increased by more than 30%. The system provides real-time management and control support for the first-in-first-out process, inventory management, and quality traceability of all production components.



In 2023, the Company:

Participated in the preparation of three national standards, including Intelligent Tire Manufacturing __ Data Dictionary, Intelligent Tire Manufacturing __ Manufacturing Execution System (MES) Deployment General Specification and Unified Internet Architecture Standard for Intelligent Tire Factory;

The high-end tire intelligent manufacturing demonstration project listed in the "2022 Intelligent Manufacturing Demonstration Factory" sponsored by the Ministry of Industry and Information Technology. This List was published in 2023.

List of units for the unveiling of intelligent manufacturing demonstration factories in 2022

2022 年度智能制造示范工厂揭榜单位名单

序号	地区	企业名称	揭榜任务名称	典型场景名称
49	山东省	山东玲珑轮胎股份有限公司	高端轮胎智能制造示范工厂	1.数据驱动产品设计优化; 2.车间智能排产; 3.质量精准追溯; 4.智能仓储; 5.工艺数字化设计; 6.能耗数据监测; 7.在线运行监测; 8.智能协同作业。

Develop Intelligent Retail to Improve Customer Satisfaction

Upholding the product quality and service policy of “excellent quality, superior service, reputation-based and customer satisfaction” and the marketing concept of “all for the market and all for users”, Linglong Tire continuously optimizes customer service and provides a convenient and secure purchasing experience. The Company formulated a “new retail” strategy, and developed a smart marketing cloud platform with Tencent and HUAZHI Intelligent, connecting the information chain of “factory-dealer-store-consumer” and building an efficient upstream/downstream collaborative system.

The Company’s “New Retail 3.0” strategy focuses on the “product + service + value” concept, empowering offline terminal stores from multiple dimensions such as technology, team, operation and system. It also helps stores to provide professional and standardized services for consumers, effectively improving sales channel.

Intelligent Retail 2023 Project Achievements

Item	Achievements
Development projects under New Retail 3.0 strategy	<ul style="list-style-type: none"> The launch of “Linglong Vehicle Maintenance Workshop” and “Atlas Truck Mate Home” realized the new retail operation mode of full-channel management of upstream and downstream of PCR and TBR businesses, full-link management of upstream/downstream transactions, and full-business and full-scene management of auto repair stores. The Company developed the functions in the initial planning of “Linglong Vehicle Maintenance Workshop” in multiple provinces and cities.
Transformation projects under New Retail 2.0 strategy	<ul style="list-style-type: none"> The Company completed the transformation of the core business systems in “New Retail 2.0”, optimizing numerous cloud resources and saving the annual cost of consumption exceeding RMB 600,000.

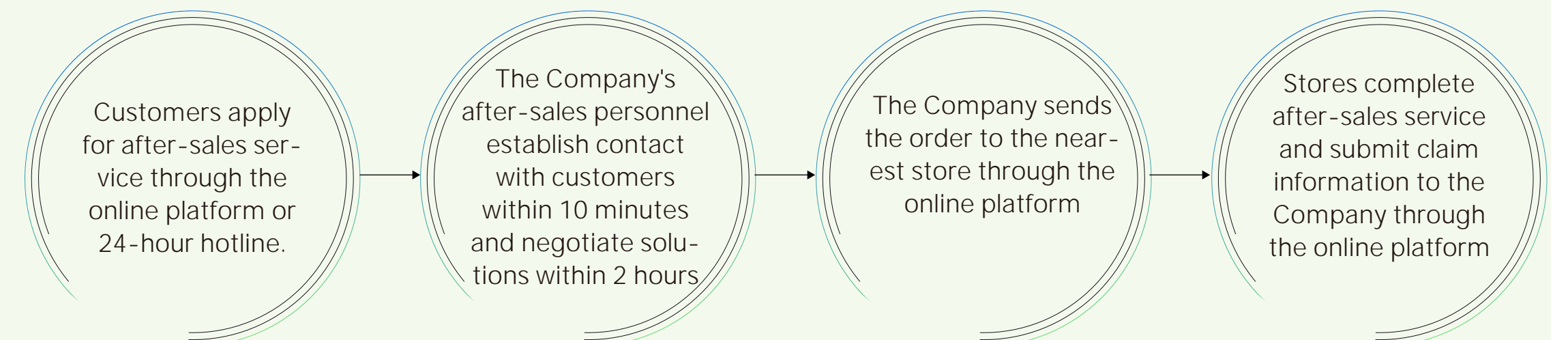
Construction Achievement of “Linglong Vehicle Maintenance Workshop” Platform in 2023

Platform development	The Company built five application terminals, including headquarters, operator, supplier, store and vehicle owner. In general, it involves 34 major business processes, with its functions mainly covering management in fields like order, inventory, supply chain, member, and customer relationship.
Channel	Developed 26 operators in 26 cities and 415 auto repair stores as partners.
User-terminal operation	Reached out to 99,087 vehicle owners and assisted auto repair stores in activities such as package cards, value cards and discount coupons.
Software copyright application	It applied for 2 software copyrights, both of which are passed and issued with certificates.

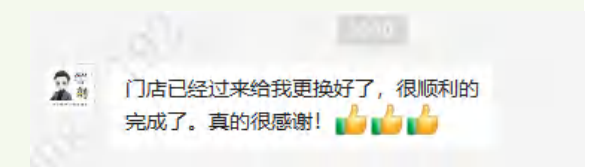


[Case] ATLAS Products Passed the Quick After-sales Review through the Company’s New Retail Platform

Review Procedure of Online After-sales Service Platform



At 8:00 a.m. on April 15, 2023, when passing by Chengdu City, Sichuan Province, a customer applied for national joint warranty due to auto faults. Combined with the tire information provided by the user, the Company quickly dispatched the nearest store staff through network inquiry for handling joint warranty service. It took about 1 hour to complete the procedure and the customer was highly satisfied with the service.



The user evaluated the store service



Support the UN Sustainable Development Goals








Support the UN Sustainable Development Goals

Linglong Tire has a global reach, with 7 manufacturing bases and 7 research institutions worldwide. The Company has recognized the link between corporate growth and global sustainable development, and actively responded to the United Nations' Sustainable Development Goals (SDGs). Based on corporate attributes and business priorities, the Company identified five SDGs that are highly relevant to its business, seeking to incorporate them into its operational strategy, disclose its progress in action, and contribute to global sustainable development.

SDGs Management Procedure of Linglong Tire

Learn about the definition of SDGs and identify priorities	<ul style="list-style-type: none"> The Company investigates and identifies SDGs that are highly relevant to the company, conducts in-depth communication with departments, and learns about how the Company's business model is involved in the SDGs plan.
Objective integration and strategy development	<ul style="list-style-type: none"> The Company combines SDGs with their own highly material topics, and identifies the contribution of topic-related management actions to SDGs; Starting from the integration with the value chain, the Company seeks to work with stakeholders such as employees, customers and supply chain partners, to set strategic goals and align SDGs with practical actions.
Regular disclosure and communication	<ul style="list-style-type: none"> The Company conducts self-review to identify the contribution of business and operational actions to SDGs, and to reprioritize SDGs timely; The Company discloses management performance, target achievement and subsequent promotion of improvement annually, and maintains transparent communication with stakeholders.

Major SDGs Contribution Actions of Linglong Tire in 2023

SDGs	Linglong Tire's Actions	Section of disclosure
 Goal 3: Good Health and Well-being	The Company strives to maintain employees' interests, conduct regular detection of occupational hazard factors on operation site, danger notification, prevention and pre-control and regular health examination for posts exposed to occupational hazards, implement the file management of health surveillance for posts at all levels. This move guarantees occupational health and safety management is controllable and under control.	Occupational Health and Safety
 Goal 7: Affordable and Clean Energy	The Company actively responds to the national call for a "carbon peaking and carbon neutrality" policy and adopts PV power generation to reduce non-renewable energy consumption. In 2023, the PV power generation of all manufacturing bases accounted for 5.74% of the total.	Implement Green and Low Carb on Practice to Fuel Sustainable Ecosystem Energy Management
 Goal 8: Decent Work and Economic Growth	The Company has adopted the "7+5" global strategic layout and the "three countries and seven places" global open R&D layout to provide multiple jobs for local communities. The Company formulated the Working Procedures for Rescuing Child Labor and Protecting Minors, Management Procedures for Employee Opinions, Suggestions, Grievance Feedback Handling and Feedback, etc. to prohibit child labor and forced labor and guarantee employees' rights and interests. According to local laws and regulations, market level and operating conditions, the Company designed an incentive salary system and fair incentive systems such as performance bonuses and equity incentives.	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
 Goal 9: Industry, Innovation, and Infrastructure	By establishing cutting-edge scientific research and innovation platforms such as national industrial design centers, state-certified enterprise technology centers and state-accredited laboratories, the Company established a global open R&D and innovation system of "three countries and seven regions", seeking to promote innovation in fields like products, materials, production technology and business models The Company promotes the construction of automated, unmanned, digital and intelligent factories to improve efficiency.	Make Green Innovations to Empower Low-Carbon Travel Develop Intelligent Manufacturing to Advance Digital Transformation
 Goal 13: Climate Action	To conduct comprehensive carbon management, the Company issued and implemented the Greenhouse Gas Inventory Procedure, formulated a carbon inventory promotion plan for each manufacturing base, and It is expected to complete the carbon inventory work of all production bases by 2024 The Company comprehensively promotes energy conservation and carbon reduction, and focuses on improving energy efficiency to improve equipment use and management procedures.	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem Make Green Innovations to Empower Low-Carbon Travel Energy Management

Note1: "three countries and seven places": the Company has set up R&D institutions in China (Zhaoyuan, Yantai, Beijing, Shanghai, Jinan), Germany, and the United States, forming a global and open R&D layout in the three countries and seven places



Part II: Linglong Tire's ESG Management

Energy Management
Water Resources Management
Emission and Waste Management

Product Quality Management
Customer Relationship Management
Responsible Procurement



Corporate Governance
Business Ethics
Compliant Operation

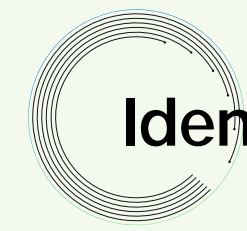
This Chapter includes all defensive ESG topics. Contributory topics such as cleantech opportunities, digital transformation, community co-construction and public charity are fully described in PART I and will not be repeated in the next step.



Environmental Responsibility

Metrics and Targets:

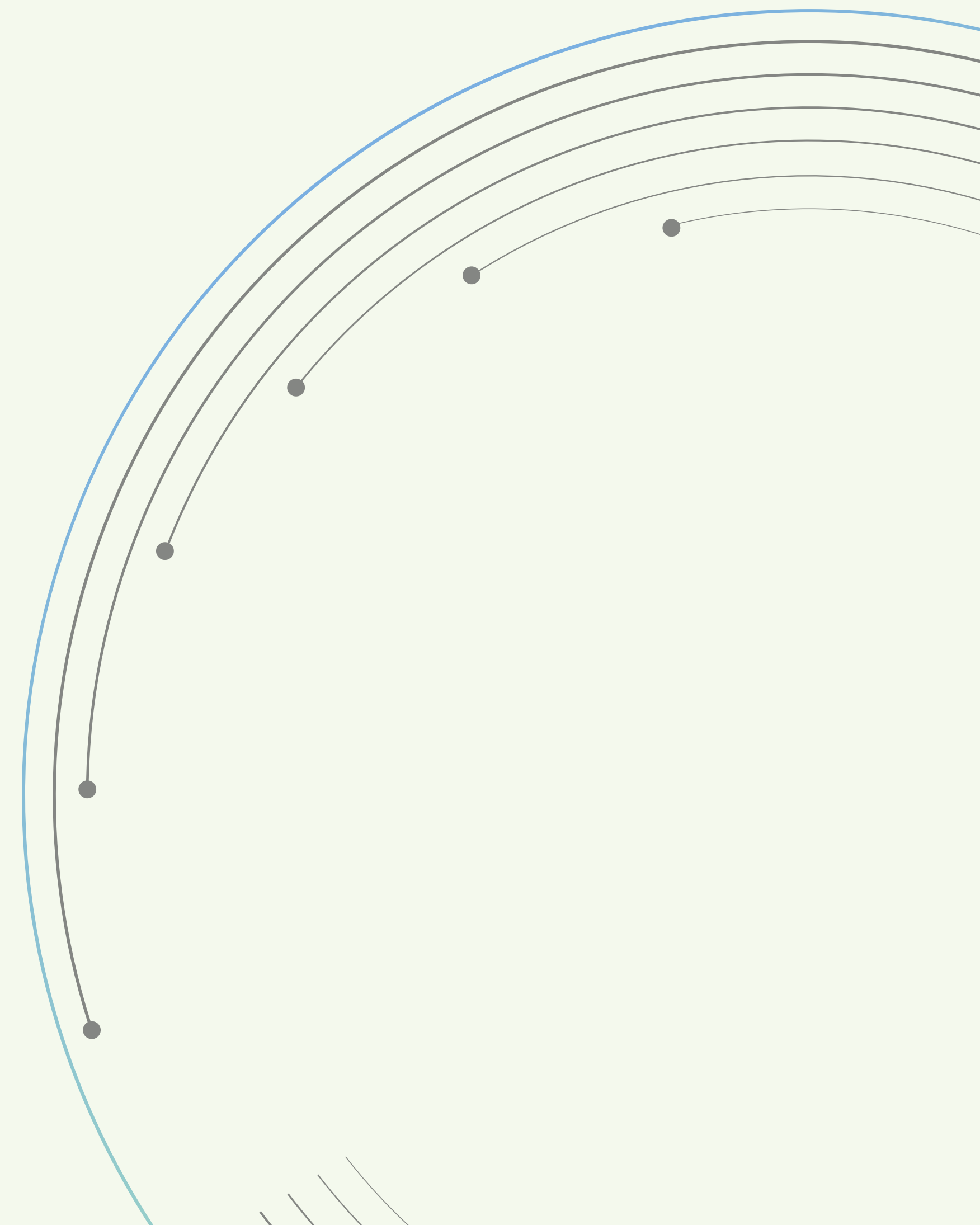
Metric	Target	Progress in 2023	
		Performance	Completion
 Carbon intensity per unit product	2% drop in 2023 vs. 2020	0.96tCO ₂ /t	Completed
 Proportion of renewable energy	More than 5% in 2023	PV power generation: 62,552,500 kWh, accounting for 5.74%	Completed



Identification of Climate Change Risks and Opportunities



Under the guidance of IFRS S2 recommendations, the Company identifies and analyzes climate risks and opportunities with a high degree of impact on the Company according to its business characteristics, internal and external development environment and expert opinions. It also assesses the impact on the operations and takes corresponding measures.

Identification Matrix of Climate Change Risks and Opportunities



Identification of Climate Change Risks and Opportunities

Identification of and Response to Climate Change Risks

Risk category	Risk description	Potential financial impacts	Response measures	
 Physical risks	Acute physical risks Climate change is increasing the frequency of extreme weather events such as typhoons, floods, snowstorms, and hurricanes, which may cause asset damage, human toll or service interruption to the Company.	Increase of operating cost Decrease of operating revenue	<ul style="list-style-type: none"> Develop contingency plans and reinforce emergency measures and flood control drills Keep tabs on urban climate information platforms and improve the access-to-information timeliness 	
	Chronic physical risks Rising average temperatures are impacting the climate or ecosystems, thereby affecting the Company's regular operations and causing economic losses to the Company.	Devaluation of fixed assets	<ul style="list-style-type: none"> Increase facility overhaul frequency and enhance the water-proofing capabilities of factory facilities and equipment Take an active role in activities carried out by GPSNR¹ 	
 Transition risks	Policy and legal risks Climate-related laws, regulations, and policies in the places where the Company and its subsidiaries operate are becoming more stringent, such as the European Union's Carbon Border Adjustment Mechanism ("CBAM") Regulation, which may bring legal liabilities such as lawsuits or economic losses to the Company for in-compliance of them.	Increase of operating cost	<ul style="list-style-type: none"> Keep tabs on the updates and implementation time of climate-related laws, regulations, and policies, and improve the Company's carbon-related management mechanism Make high-quality disclosures of environmental data on energy consumption, water consumption, greenhouse gas emissions, etc., regularly in accordance with the regulatory requirements 	
	Technical risks The Company may burden more spending on developing resource cycle technology to use low-carbon technology or low carbon raw material. The leading companies in the industry, as market pioneers, may acquire core technologies before the Company so that the Company may fail to be cost and price-competitive.	Increase of operating cost Decrease of operating revenue	<ul style="list-style-type: none"> Make full and active use of nascent technologies Promote the R&D and application of low carbon raw material Make great efforts in collaboration with intra-industry companies or associations on R&D 	
	Market risks	Customers are increasingly demanding low-carbon and eco-friendly products, which may increase the Company's purchase cost of renewable materials and need for product carbon inventory.	Increase of operating cost Decrease of operating revenue	<ul style="list-style-type: none"> Use more sustainable materials in tires Make active efforts to advance the R&D and application of NEV tires Conduct product carbon inventory regularly Enhance the application of PV power generation and explore other alternative renewable energy sources
		Fossil fuel prices are significantly increasing, leading to higher energy burdens on the Company.		
Reputational risks NEV buyers are increasing, resulting in greater demand and higher R&D costs for NEV tires.	There has been a growing concern from the Company's customers, consumers, and other stakeholders on the Company's response to climate change. In case of a lack of active efforts for climate change, the Company may fail to meet the expectations of stakeholders, resulting in damage to its image and reputation.	Decrease of operating revenue Decreases in company value and investment	<ul style="list-style-type: none"> The Company's Board of Directors and senior management attach great importance to climate change-related management and supervision and keep a close eye on climate-related policy trends. Incorporate "Respond to Climate Change" into the Company's development strategy and carry out relevant response measures based on the Company's status quo Disclose climate-related information as per IFRS-S2 Increase communication with stakeholders 	

Opportunities and Response Measures in Climate Change

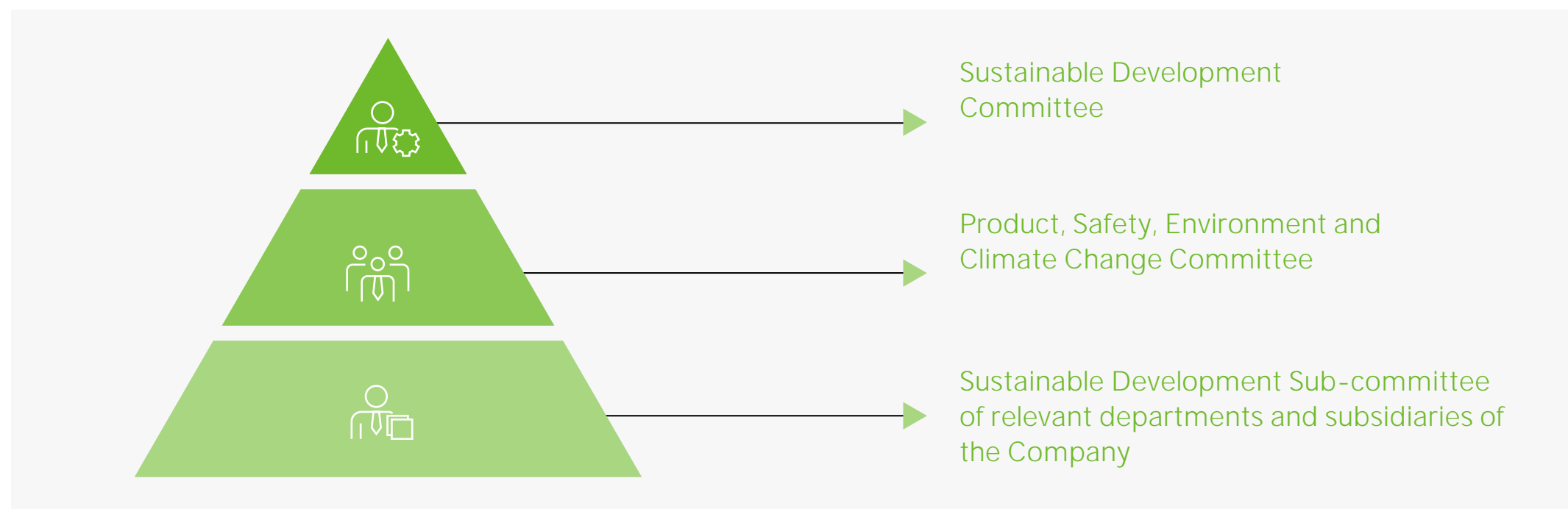
Opportunity category	Opportunity description	Potential financial impacts	Response measures
Sources of energy	The introduction of green energy policies in China has led to progressively enlarged RE availability and decreased prices. As a result, increasing use of RE in production and operation can lower direct energy costs.	Decrease of operating cost	<ul style="list-style-type: none"> Make continuous efforts to improve the resource management system. Increase the use of RE and the proportion of PV for power generation. Increase the use of green materials and step up efforts to develop sustainable materials. Promote green smart manufacturing. Gain insight into market demand and promote diversified business. Increase cooperation with peers and promote in a coordinated way the R&D of green and low-carbon products. Promote suppliers to develop green raw materials and new technologies and jointly boost green development.
Resource efficiency	Higher resource efficiency and lower operating cost are achievable by utilizing RE, reusing water resources, recycling raw materials, promoting green smart manufacturing, etc., which help increase production efficiency and curb greenhouse gas emissions to a certain extent.	Decrease of operating cost	
Products and services	Social demand for green and low-carbon products and services is increasing. Continuous innovation and development of new low-carbon products are necessary for the Company to be more competitive in the industry, decrease its carbon emissions, develop potential carbon reduction partners, and raise industry barriers.	Increase in operating revenue	
Adaptability	Continuous efforts are made to develop environmentally friendly raw materials and technologies and ensure product diversification.	Increase in operating revenue	

Note¹: The Global Platform for Sustainable Natural Rubber ("GPSNR") is an independent, non-profit, non-governmental organization founded by the World Business Council for Sustainable Development ("WBCSD"). It is committed to leading improvements in the socio-economic and environmental performance of the natural rubber value chain and bringing together various stakeholders to a common ground to build a fair, equitable, and environmentally sound natural rubber value chain.

Building of an Environmental Management System

Linglong Tire improves its environmental management system and builds an environmental management organization structure composed of "decision makers - the management - executors" with on-going efforts. The Sustainable Development Committee of the Board of Directors comprehensively oversees emission and waste-related topics. The Product, Safety, Environment and Climate Change Committee develops environmental management systems, plans, and goals and supervises relevant departments' implementation of them. The Sustainable Development Sub-committee of relevant departments and subsidiaries of the Company scrupulously implements national and local environmental laws and regulations, as well as environmental management-related plans and measures in project design, construction, and production. In 2023, Linglong Tire had no major accidents in environmental protection or pollution.

Organizational Structure for Environmental Management

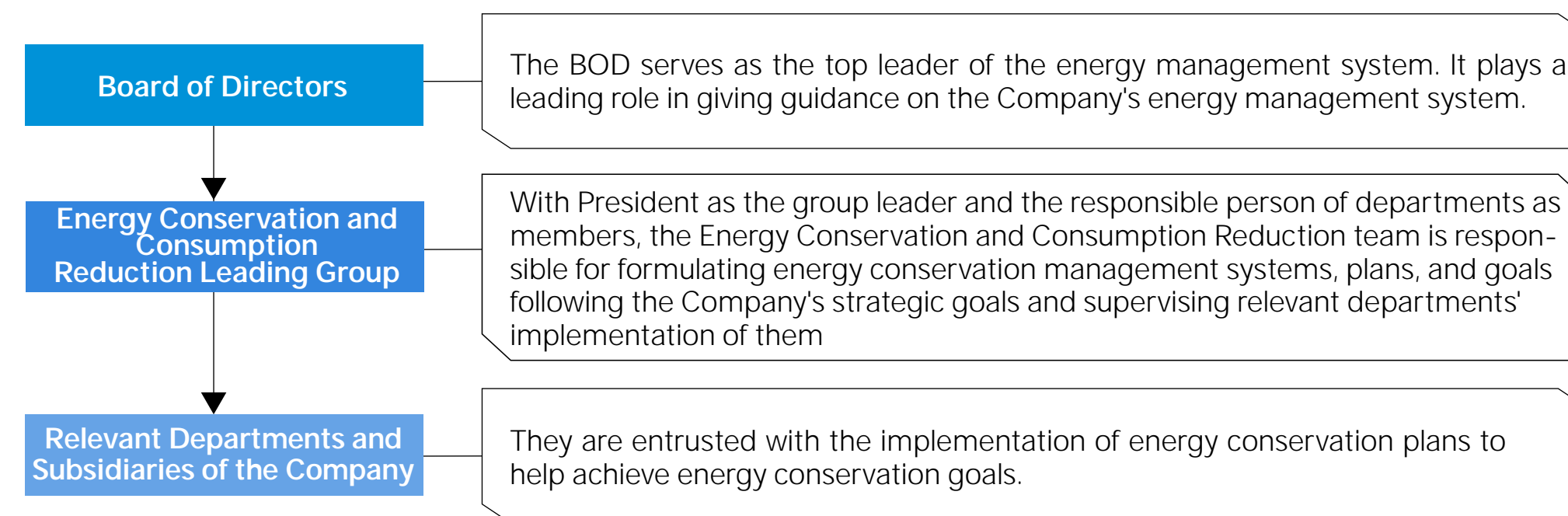


In 2023, the Company's manufacturing bases currently in operation all passed ISO 14001 environmental management system certification. Among them, European Linglong was first certified. The Company proceeded with the improvement of relevant Environmental Management Systems, implemented environmental protection measures, and improved environmental management performance by virtue of the use of environmental management system standards.

Energy Management

Electricity and steam for production and natural gas for boilers are the main energies of Linglong Tire. As a strict follower of the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on Renewable Energy, etc., the Company conserves energy and reduces emissions under the policy of "obeying laws, energy saving, full participation and continuous improvement". The documents prepared by the Company for energy management include the Energy Management System, the Energy Conservation Management System, and the Energy Measurement Management System. The Company has made great efforts to better its energy management system and played an active role in promoting cleaner production, low-carbon manufacturing, the use of photovoltaics and other renewables to reduce energy consumption at source and promote the development of circular economy.

Organizational Structure for Energy Management



Linglong Tire's Energy Consumption Target and Progress in 2023

Target	Completion
The energy consumption per unit product ("ECPUP") of PCR radial tires, TBR radial tires, and OTR tires reaches the advanced energy consumption values stipulated in relevant national standards (GB 29449 2012).	The ECPUPs of PCR and TBR radial tires reached the advanced energy consumption values; that of OTR tires reached the admittance value.

[Tips] Advanced energy consumption values stipulated in GB29449 2012

Tire type	TBR radial tire	PCR radial tire	OTR tire
ECPUP (unit: kg ce / t)	≤285	≤380	≤415



Energy Management

In 2023, the Company made efforts in energy conservation technology transformation, manufacturing process management and control, information system construction, and green factory construction to enhance energy consumption management and improve energy utilization efficiency.

Measures for Energy Management in 2023

Aspects	Concrete measures
Continuous promotion of transformation of technologies for energy conservation	<ul style="list-style-type: none"> The Company used the primary steam to pressurize the secondary stream recycled by power and supplied the mixed stream to calendaring dryers or other low-pressure steam devices to save the cost of the primary steam. The energy conservation rate was up to $\geq 40\%$. The Company updated, coated, and retrofit the equipment within the water pump of power stations; changed the original air compressor to the two-stage variable frequency screw air compressor; renovated water pumps in a customized manner; and sprayed coatings in the water pump for damage repair. These measures helped the Company reach an energy conservation rate of $\geq 15\%$. In 2023, Linglong Tire spray-coated and renovated 44 water pumps whose energy conservation rate reached about 20%. After the renovation, the Company could save 3.33 million kWh of electricity every year. The Company obsoleted and replaced lithium bromide refrigerators with centrifugal refrigerators with control systems adopting variable frequency control. It is estimated that, with them, the annual energy consumption can be saved by about 7.14 million kWh and the energy saving rate can be up to $\geq 30\%$. The Company purchased high-efficiency and energy-saving air compressors with energy efficiency levels that meet the national first-class energy efficiency standards, some of which adopted variable frequency control, to replace and renovate the original high-efficiency air compressors. These compressors could help the Company save the electric consumption by 5.56 million kWh annually.
Improvement of manufacturing process management and control	<ul style="list-style-type: none"> The Company tracked unit consumption data of air compressors, nitrogen, cooling water, etc., and refined the indicators of power stations; The Company built a smart energy management platform at Hubei Base to collect the data of electricity, flow and water meters in parallel for online data collection and remote transmission, to monitor indicators, horizontally compare and automatically identify abnormalities for early warning through intelligent analysis, and to enable better energy management.
Enhancement of staff training on energy consumption	<ul style="list-style-type: none"> The Company carried out training on the interpretation of Energy Management System standards, transformation of technologies for energy conservation, retrofit of lithium bromide refrigerators, ECPUP limits of tires, etc. Such training raised employees' awareness of the Company's energy-related policies, energy management systems, and transformation of technologies for energy conservation. improved energy use efficiency, and promoted the achievement of energy management goals.
Enhancement of support for information system	<ul style="list-style-type: none"> The energy management system supported the collection and analysis of energy data from all branches of the Company to manage the information of all equipment and meters online. It was an important information-supportive system that helped the Company reduce energy costs.
Construction of green factories	<ul style="list-style-type: none"> Construction of new factories: New processes and new technologies was introduced, designs such as waterproof roof structures, high-performance exterior windows, light pipes on warehouse roofs for lighting, thermal pressure natural ventilation, external sunshade systems, and thermal insulation exterior walls were employed, intelligent system operation and maintenance management was adopted, and PV design and installation on the steel roof was added to reduce building energy consumption during operation. Renovation and upgrading of old factories: The Company replaced the roof panels of warehouses in industrial parks with panels with higher performance, strength grades, and corrosion resistance to improve the energy consumption efficiency of old factories. In 2023, the Company's PV installations covered Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, and Jilin Base, with a covering area of 900,000 m² and a total power generation of 62.5525 million kWh, which accounted for 5.74% of the total power consumption, increased by 88.27% YoY, and achieved a total carbon emission reduction of 35,673.69 tCO₂. In December 2023, the Company's Dezhou Base and Guangxi Base were selected for the list of "Green Factories" by the Ministry of Industry and Information Technology.

PV Generation by Linglong Tire's Manufacturing Bases

Category	2021	2022	2023
PV generation (kWh) ¹	17,154,773	30,745,782	62,552,500
Total electricity consumption (kWh) ²	1,037,234,665	879,699,606	1,089,061,765
Proportion of PV generation (%)	1.65%	3.50%	5.74%

Note 1: The PV power generation covered Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, and Jilin Base in 2023 and Zhaoyuan Base, Dezhou Base, and Guangxi Base in 2021-2022.

Note 2: The total electricity consumption covered Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, Thai Base, and Jilin Base in 2023 and Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, and Thai Base in 2021-2022.

Management of Raw Materials and Water Resources

Raw materials management

Linglong Tire mainly uses raw rubber (including natural, synthetic, and reclaimed rubber), carbon black for filling, steel cords, cord fabrics, and auxiliary chemical materials for plasticizing and vulcanizing as raw materials for production.

The Company has developed systems such as the Instructions for Raw Material Inspection and the Requirements for Raw Material Quality Control, and in 2023, formulated and issued the Packaging, Transportation, and Storage Requirements for Raw Materials for Tires. These systems and requirements standardize the packaging materials and items posted on the packaging of various raw materials for tires and clarify requirements on raw material shipping vehicles, internal transfers and storage in manufacturing bases. They work well in preventing the leakage of liquid raw materials and the impact of dust generated during the storage and transportation of solid raw materials on the environment.

In 2023, the Company's experiment center conducted scientific and reasonable sampling of raw materials in accordance with specified requirements. A total of 402 batches of raw materials of around 400 types including SVHC, Hbay, PAHs and asbestos were tested to ensure product quality and reduce the impact of tire production on the environment.

Water resources management

Linglong Tire mainly uses municipal water for production and operation, while its Thai Base uses collected rainwater.

The Company strictly abides by laws, regulations, and policies such as the Water Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China. It makes concrete efforts to build Linglong Tire into a water-saving enterprise, and gives full play to its leading role in building a resource-saving society. It formulated institutional documents such as the Water Resources Conservation Management System and the Recirculating Cooling Water Quality Management System and adopted a number of water-saving measures to protect water resources and improve water-use efficiency. It has a long-term management mechanism for water conservation to achieve sustainable utilization of water resources.

The Company's Energy Conservation and Consumption Reduction Leading Group assumes full responsibility for the Company's water-saving

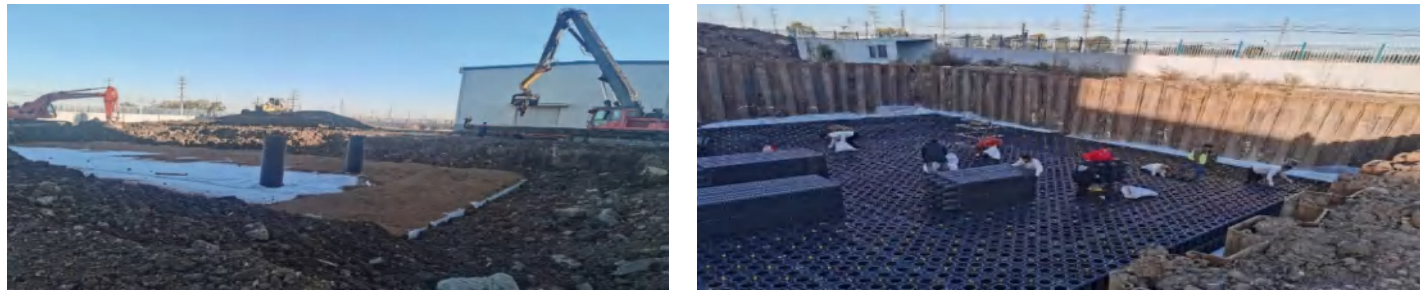
In terms of the use of raw materials for office, such as paper, the Company implements the principle of resolutely not to print those that are not printable, try not to print those that are not necessary, and print as little as possible for those that must be printed". It formulated the Office Paper Management System of Shandong Linglong Tyre Co., Ltd. and promoted the institutionalization and standardization of office management. The Company advocates the promotion of paperless offices, adoption of duplex printing, rational use of paper, and higher utilization rate of office paper.

The Company uses technologies to stay as economical with resources as possible and adopts innovative measures for green raw materials such as renewable, recyclable, and degradable materials. For details, please see *Cleantech Development Initiatives and Target Progress in 2023* in the chapter "Make Green Innovations to Empower Low-Carbon Travel".

management in all aspects. Its duties include studying how to formulate water-saving management systems for the Company, formulating water conservation development programs and annual work plans, and supervising and guiding the water conservation-related work of all departments. It is under the leadership of the Company's Administrative Department and in collaboration with the Production Department to comprehensively manage the water conservation work carried out by all departments.

The Company recycles wastewater, recycled rainwater, and boiler condensate for manufacturing base greening, road spraying, toilet flushing, fire protection, cooling tower, and power station after up-to-standard wastewater treatment. In 2023, the Company recycled water of about 563,000 m³, accounting for 32.3% of its total water consumption, which resulted in a higher water-use efficiency.

Measures for and Results of Water Conservation in 2023

Smart device application	<ul style="list-style-type: none"> The Company installed an automatic water replenishment device, which was connected to the cooling water return pipeline, on the pipeline of the power water tank to regularly replenish cooling water to the power water tank, helping save water up to 20 m³/day.
Recycling and reuse	<ul style="list-style-type: none"> The Company installed the water tray, water pipe, stainless steel water tank, and water pump on the composite roller to pump water in the water tank to the second-layer spray tank at the set liquid level for water reuse, which helped save water up to 15 m³/day. The Company pumped the condensed water of the secondary steam refrigerator to the cooling tower for use through the new condensed water tank, which helped save water up to 20 m³/day. The Company used the refrigerator from June to September to provide low-temperature cooling water for Power Workshop (Area A) and mixing process, which formed a closed-loop supply. In the remaining months, the Company provided normal-temperature cooling water from the open cooling tower. This method helped reduce water usage.
Rainwater collection and use	<ul style="list-style-type: none"> The Company installed outdoor reservoirs to collect rainwater in Thai Base, which was filtered through a sand filter tank and an activated carbon tank, pumped to the power workshop where it was softened and then supplied to each process. In 2023, 170,000 m³ of water was collected in Thai Base, accounting for 44.73% of the total water consumption there. The Jilin Base Plant was designed and constructed in accordance with the Requirements for Sponge City Construction. After its completion, the rainwater collected there was used for car washing, in-plant greening, and toilet flushing. <div style="text-align: center;">  <p>Sponge City construction site in Jilin Base</p> </div>
Office water management	<ul style="list-style-type: none"> Adhering to the management philosophy of "prioritizing resource conservation and giving first place to environmental protection", the Company continuously bettered the office water management system, and used methods, such as using water-saving appliances, regularly inspecting faucets and pipes, and strengthening water conservation promotion among employees, to reduce the waste of water resources.

[Tips] Sponge city

Sponge City means that a city could function like a sponge that has great "resilience" to environmental changes and natural disasters caused by rain. The stormwater could be absorbed, stored, infiltrated and cleaned during rainy days, and could be released and utilized as needed to realize the free migration of rainwater in the city. The core of building a "sponge city" is building a water ecological infrastructure across scales with a variety of specific technologies.

Emission and Waste Management

Linglong Tire's manufacturing bases follow close to the laws, regulations, and emission standards of the places where they operate. They strengthen pollution prevention and control throughout the manufacturing process, develop reduction programs, and supervise and evaluate the reduction process. Their methods for reduction targets cover process substitution and management improvement.

Emission and Waste Management System

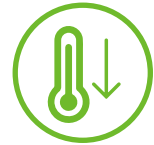






Laws and regulations observed	<ul style="list-style-type: none"> Manufacturing bases in China: <i>Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China, Integrated Wastewater Discharge Standard, Emission Standard of Pollutants for Rubber Products Industry, and Standard for Pollution Control on Hazardous Waste Storage</i> Thai Base: Industrial sewage discharge standards in the <i>Statement of the Federation of Thailand</i>, exhaust emission standards in the <i>Management Measures of the Federation of Thailand</i>, and waste-related management regulations European Base: Serbian laws, regulations, and standards on wastewater, exhaust gas, and waste 																						
Management system	<ul style="list-style-type: none"> <i>Pollutant Reduction Plan</i> <i>Hazardous Waste Management Plan</i> 																						
Management measures	<ul style="list-style-type: none"> Management improvement, process substitution 																						
Metrics and Targets	<ul style="list-style-type: none"> The Company attaches great importance to pollutant management. In 2023, the Zhaoyuan Base was the first to implement the Company's Pollutant Reduction Plan. Emission and Waste Management Targets and Achievement Status for 2023 of Zhaoyuan Base <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Key Metric</th> <th rowspan="2">2023 reduction reference value (2021)</th> <th rowspan="2">2023 Target</th> <th colspan="2">Progress by 2023</th> </tr> <tr> <th>Performance</th> <th>Completeness</th> </tr> </thead> <tbody> <tr> <td>Waste water</td> <td>286,719 m³</td> <td>5% Reduction</td> <td>252,350 m³</td> <td>Completed</td> </tr> <tr> <td>Exhaust Gas</td> <td>295 t</td> <td>5% Reduction</td> <td>270 t</td> <td>Completed</td> </tr> <tr> <td>Hazardous wastes</td> <td>62t</td> <td>5% Reduction</td> <td>50t</td> <td>Completed</td> </tr> </tbody> </table>	Key Metric	2023 reduction reference value (2021)	2023 Target	Progress by 2023		Performance	Completeness	Waste water	286,719 m ³	5% Reduction	252,350 m ³	Completed	Exhaust Gas	295 t	5% Reduction	270 t	Completed	Hazardous wastes	62t	5% Reduction	50t	Completed
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Wastewater Management

The Company's wastewater generated from production and operation mainly includes the water from circulating cooling towers, washing wastewater from the exhaust gas treatment system, floor cleaning wastewater, wastewater for pure water preparation, boiler blow-down water, and sanitary wastewater.

The Company formulated the Wastewater Control and Management Procedure and achieved its annual goals by establishing wastewater treatment stations, improving its sewage treatment system, and arranging dedicated personnel to perform regular equipment maintenance. Each production base of the Company has rain and pollution diversion, and has a perfect sewage treatment system. In accordance with the regulatory regulations of relevant authorities, online monitoring systems are installed at the wastewater discharge outlets or sewage treatment stations of the Company's manufacturing bases in China (excluding Guangxi Base). For their monitoring, third-party testing agencies are regularly entrusted to ensure up-to-standard wastewater discharge.

Types of and Treatment Measures for the Company's Wastewater

Types	Treatment measures
 Water drained from circulating cooling tower	<ul style="list-style-type: none"> Reuse such water with boiler blow-down water for plant greening, road spraying, and toilet flushing after being centrally treated at the factory wastewater treatment station till reaching the standard. 
 Washing wastewater from exhaust gas treatment system	
 Floor cleaning wastewater	
 Wastewater for pure water preparation	<ul style="list-style-type: none"> Discharge such water into the municipal sewage pipelines. 
 Sanitary wastewater after pretreatment by the Company	

Emission and Waste Management

Exhaust Gas Management

Linglong Tire's exhaust gas generated from production and operation is mainly from tire preparation and from boilers at Dezhou Base, Guangxi Base, and Jilin Base. Particulates, sulfides, odor factors, volatile organic compounds (VOCs), etc. are the main types of pollutants.

The Company formulated systems and procedures such as the Exhaust Gas Control and Management Procedure and adopted a series of measures for VOCs and NOx treatment to reduce the emission of exhaust gas pollutants and promote the achievement of annual emission targets.

The Company makes efforts to promote exhaust gas treatment work on an on-going basis. It uses exhaust gas treatment devices for processes such as mixing, vulcanization, and semi-component processing that emit VOCs, replaces existing coal-fired boilers with gas-fired boilers, and installs desulfurization and denitrification devices to reduce emissions of atmospheric pollutants such as nitrogen oxides and sulfur dioxides.

Emission of Exhaust Gases of the Company^①

Base	Emissions	Standard	Concentration (average, mg/m ³)		
			2021	2022	2023
Zhaoyuan Base	PMs	10mg/m ³	6.51	5.16	5.61
	VOCs	10mg/m ³	0.72	1.85	1.23
Dezhou Base	PMs	10mg/m ³	1.89	3.19	3.94
	VOCs	10mg/m ³	2.37	1.98	4.29
Hubei Base	PMs	12mg/m ³	2.07	1.51	4.7
	VOCs	10mg/m ³	1.5	0.42	0.15
Jilin Base	PMs	12mg/m ³	-	-	4.93
	VOCs	10mg/m ³	-	-	2.21
Guangxi Base	PMs	12mg/m ³	3.185	3.64	4.04
	VOCs	10mg/m ³	5.18	3.87	3.08
European Base	PMs	5mg/m ³	-	-	0.01
	SO _x	10mg/m ³	-	-	4.5
Thai Base	Total dust	400mg/m ³	1.26	1.28	1.24
	SO ₂	500ppm	1.25	1.32	1.23

^①Note 1: The above statistics only cover the Company's tire manufacturing bases and are weighted mean values of the third-party detection data.

Waste Management

The Company's non-hazardous wastes generated from production and operation mainly include waste steel cords, fiber cord fabrics, waste steel wires, waste rubber edges, and domestic waste; and hazardous wastes mainly include used engine oil, laboratory waste liquid, chemical wrappers, etc.

Linglong Tire formulated the *Solid Waste Control and Management Procedure* and adopted measures such as recycling and reusing harmless waste to reduce waste emissions and build a circular economy.

The Company's domestic waste is collected and disposed of by the environmental service department in places where the Company operates. Waste steel cords, fiber cord fabrics, waste steel wires, waste rubber edges, etc. are shortly stored in general solid waste warehouses and then all recycled and disposed of by qualified third-party entities. Hazardous wastes are classified and shortly stored in the hazardous waste warehouse of each manufacturing base and then transported outward and disposed of by qualified units on a regular basis.

The Company upholds the tenet and concept of protecting the environment and reusing resources and maintains ongoing research on methods for reducing waste, such as process improvement, material recycling, and waste reuse to promote corporate sustainable development.

Measures for and Results of Waste Management in 2023

Improvement of processes	<ul style="list-style-type: none"> Zhaoyuan Base improved its mold cleaning process from using mold cleaning agents to sandblasting and laser cleaning. In 2023, there was no use of any additional mold cleaning agent, and the remaining agent was completely disposed of, down by 96% compared with 2022.
Recycle	<ul style="list-style-type: none"> The Company used its self-manufactured PE film in the preparation process of semi-finished products, achieving 100% recycling and reuse of materials, which has been implemented in all subsidiaries. The Company developed the "10,000-ton Waste Tire Resources Recycling Project". In this project, Linglong Tire dismantled waste tires as raw materials to recycle their wire skeletons, rubber, and tires through the continuous desulfurization process under atmospheric pressure - dismantling, crushing, dressing by magnetic separation, stirring, desulfurization, extrusion, and cooling.

Emissions Compliance Management

In 2023, Shandong Linglong Tyre Co., Ltd. and its subsidiaries Dezhou Linglong Tyre Co., Ltd., Hubei Linglong Tyre Co., Ltd., and Jilin Linglong Tyre Co., Ltd., were identified as national or regional major polluters for atmospheric or water environment. They all performed their legal duties in environmental protection including self-monitoring and information disclosure in accordance with the law, formulated contingency plans for emergent environmental incidents, and adopted measures to prevent and control environmental pollution and risks. In 2023, the Company's major pollutant-discharging units followed close to laws, regulations and management provisions. These units monitored exhaust gas and wastewater discharge and outsourced the disposal of wastes on a regular basis. They took anti-seepage measures for the factory, regularly organized emergency drills for environmental emergencies, and reduced possible impacts on the environment.



Social Responsibility

Metrics and Targets:

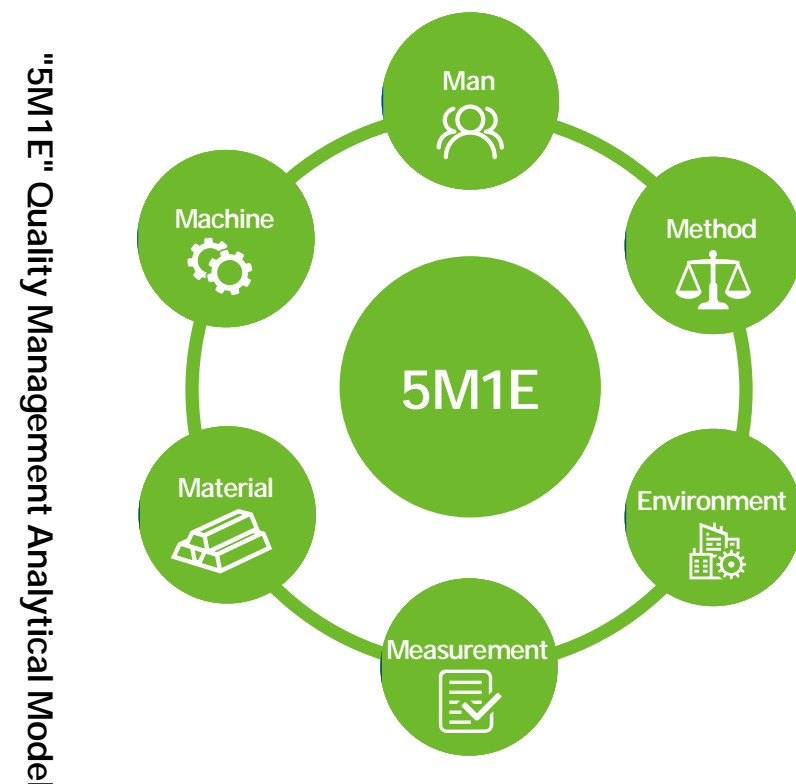
Metric	Target	Progress in 2023	
		Performance	Completion
 Coverage rate of quality management system in manufacturing base	100%	100%	Completed
 Customer satisfaction	Not less than 97.75 points	99.61 points	Completed
 Coverage rate of occupational health management system certification at workplaces	100%	100%	Completed
 Coverage rate of occupational disease physical examination for hazard positions ¹	100%	100%	Completed
 Number of occurrences of occupational diseases	0	0	Completed

Note 1: "Hazard position" refers to the position of exposure to occupational hazardous factors.

Product Quality Management

Linglong Tire strictly complies with laws, regulations, and provisions such as the *Product Quality Law of the People's Republic of China* and the *Management Regulations on Compulsory Product Certification*, adhering to the quality policy of "Focus on customers, staff oriented; Environmental protection, energy saving, safe and lean; High brand competitiveness, harmonious and win-win", and revised the *Quality Exception Handling Management Regulations and Finished Product Inspection Management Regulations* in 2023, improved the QMS quality management system, achieved full process quality data sharing for R&D quality, supplier quality, manufacturing quality, after-sales quality, real time monitoring and early warning throughout the entire process, and achieved a quality management mode of full staff, full process, and pre prevention.

The Company continuously strengthens the construction of quality management system, establishing a quality management organizational structure, and adopts the "5M1E" (Man, Machine, Material, Method, Measure, and Environment) quality management analytical model to control the product quality. It uses high accurate process equipment and conducts regular equipment maintenance to improve control over raw material quality. It provides skills training for employees at key positions, controls the temperature and humidity of the production environment, tests the quality of products and calibrates the equipment and instruments on a regular basis. It has made vigorous efforts to improve production and refine management to keep improving product quality and manufacturing high-quality products.



As of the end of 2023, 100% of the Company's manufacturing bases had obtained ISO 9001:2015 certification for quality management systems.

Quality Management System Certification of Linglong Tire

ISO 9001:2015	IATF 16949:2016
Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, Jilin Base, Thai Base, European Base	Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, Thai Base, Jilin Base, European Base (Declaration of Conformity)

In order to ensure product quality and effectively monitor the content of banned and restricted substances in tires, the Company regularly cooperates with third-party testing agencies to conduct quality testing of various products. The Company formulated the *Control Procedures for Substandard Products*, providing regulatory handling of substandard semi-finished and finished products in the production process within the manufacturing base. In 2023, the Company achieved a finished product quality compliance rate of 99.30%¹ and had no products recalled for poor product quality.

In 2023, the Company selected 371, 479 and 43 batches of rubber materials, semi-components, and tires, respectively, in its factory for Hbay testing, and the test results were all qualified. The Company conducted routine tests on 937 specifications of PCR tires and 212 specifications of TBR tires, and all tested items met the Company's standard requirements. The third party sampled 85 tires for SVHC, Hbay, Asbestos, and Flame Resistance testing, and the test results were all qualified.

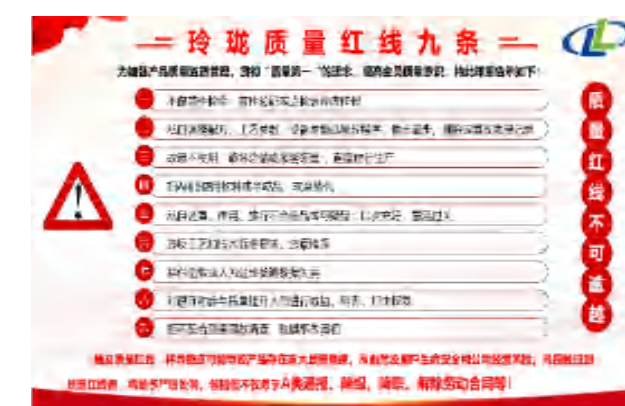
Note1:By the end of 2023, the European factory has been put into operation for less than one year, so the finished product quality of its products is not included in the statistics.

Disposal Measures for Substandard Products

Substandard semi-finished products	<ul style="list-style-type: none"> Disposal methods: rework, repair, dispose, downgrade, and scrap. Substandard semi-finished products that need self, mutual or special inspection for rework, repair, scrap and disposal shall be labeled, isolated, stored and managed by the production department, and disposed of in accordance with the substandard product management measures issued by the Company's Research Institute. Substandard semi-finished products, after rework or repair, shall be re-inspected by the Quality Management Department. The number of reworked or repaired items and the disposal details and date of rework or repair shall be recorded by the Production Department.
Substandard finished products	<ul style="list-style-type: none"> Disposal of such products shall be made in accordance with the review opinions of the Company's Research Institute. Finished tires with appearance defects inspected and within the scope of repair shall be re-inspected and judged after repair. Other substandard tires shall be disposed of as per the finished product inspection standards. Special appearance requirements from customers shall be followed. The Company's Materials Management Office and relevant departments should ensure that sub-standard finished products and products to be scrapped that are labeled and isolated in the warehouse are all enclosed or under controllable management.

[Case] Establish 9 quality redlines of Linglong and carry out quality awareness training for employees

In order to make the quality awareness deeply rooted in the people's mind and serious process implementation discipline, the Company established nine quality red line bans in July 2023, and carried out publicity and training throughout the company to enhance the quality awareness of managers and front-line employees, strictly adhere to the quality bottom line, truly achieve quality first, do not manufacture, do not exchange, do not use unqualified products, and achieve "every process meets criterions, every tire makes customer satisfied." Through training, the Company's employees have a deeper understanding of the "impact of quality on tire safety", and there is no violation of the nine quality redlines in 2023.



Nine quality redlines



Training site

Customer Relationship Management

Adhering to the service concept of "All for Customers", Linglong Tire revised the *Service and Feedback Management Procedures* and *Customers' Complaints Handling Procedures*, and established an online and offline service system including customer service centers, nationwide joint warranty, and service plans for road rescue. Linglong Tire made continuous efforts in bettering pre-sales and after-sales customer service procedures, and improved service quality and customers' satisfaction in 2023.







Customer Service System

Customer Service Center	Nationwide Warranty	Roadside Assistance
<ul style="list-style-type: none"> Build a 7*24-hour after-sales customer service center and open a 24-hour hotline Provide online and offline Q&A, follow-up, handling, and return visits Unify scheduling of service resources 	<ul style="list-style-type: none"> Realize the nationwide warranty Open nationwide warranty stores through New Retail platform simplifying the joining procedure and realizing online full-process implementation 	<ul style="list-style-type: none"> Replacement tire service is available Opening of road rescue stores through the New retail Platform Introduce third-party roadside assistance companies



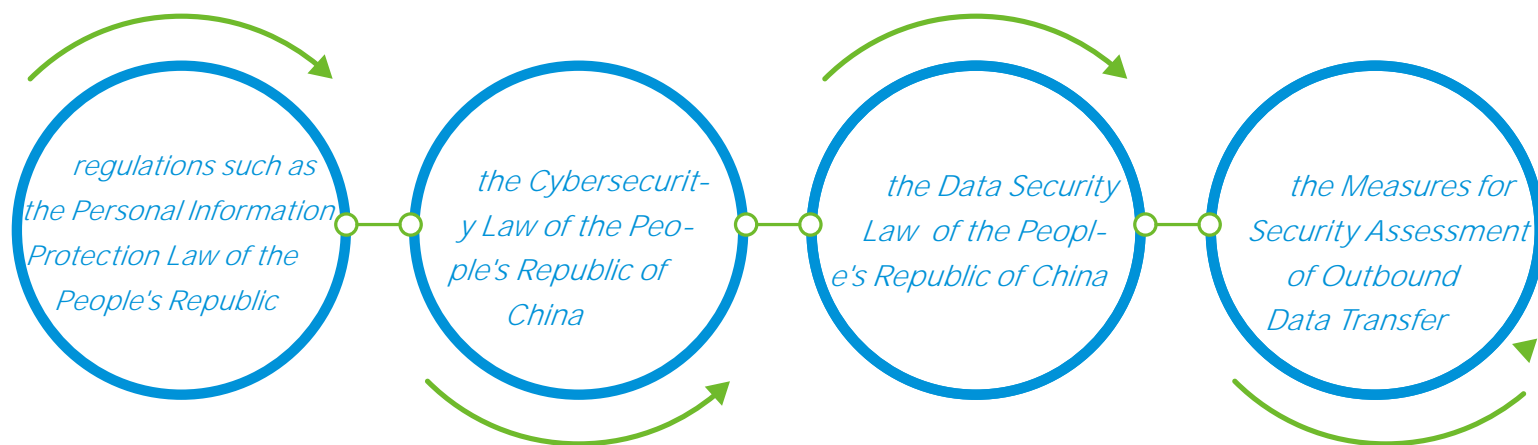
Initiatives and Results in Services to Key Customers in 2023

Establishment of platforms for customer services and communication	<ul style="list-style-type: none"> The Company built a new retail platform and developed WeChat mini-programs such as Linglong Chip Guarantee, Atlas Truck Mate Home, and Linglong Vehicle Maintenance Workshop for customers to provide feedback and consultation. In 2023, the Company signed with 13,032 stores for joint warranty and road rescue. The Company introduced a third-party service cooperation platform to provide customers with consultation services through hotlines in a timely manner. In 2023, the Company provided first-rate services to 10,209 incoming customers, and these services were all recognized by the customers. The Company reformed the visit mode from visiting agents only to visiting both agents and stores to have direct contact with customers to answer their questions and remove their doubts. In 2023, the Company visited a total of 2,957 stores.
Customer satisfaction survey mechanism	<ul style="list-style-type: none"> The Company carried out customer satisfaction surveys and issued satisfaction questionnaires covering quality, delivery, R&D, prices and services to key customers. Responsible departments made prompt arrangements for cause analysis and formulated and implemented rectification plans in accordance with their respective duties stipulated in the Customers' Complaints Handling Procedures. The Company monitored customer satisfaction with products through monthly continuous evaluation of customers' internal and external performance, each with a weight percentage of 50% in the annual comprehensive evaluation of customer satisfaction. In 2023, the Company's customer satisfaction score was 99.61 points, exceeding the target indicator of 97.75 Points.
Customer complaint management procedure	<ul style="list-style-type: none"> Complaint channels included 400 hotlines and new retail platforms. Customer Complaint Management Process <div style="margin-left: 20px;"> <p>Complaint Receipt The business department that receives the feedback should timely fill in the <i>Disposition Form for Customer Complaints</i> and specify the urgency and severity of the problem according to the customer's demand and market conditions</p> <p>Resolution by Classification The Company's Quality Management Department shall classify and handle the complaints. After internal rectification and processing, the relevant departments shall reply to the customer with the solution results, and follow up the internal rectification.</p> <p>Rectification Assessment The Company shall formulate recurrence prevention measures, improve standard documents after validation of the measures, and horizontally assess the problem rectification in each subsidiary for preventing recurrence.</p> </div> <ul style="list-style-type: none"> In 2023, the Company received a total of 11 customer complaints, all compliants were properly solved and recognized by customers.
After-sales service	<ul style="list-style-type: none"> The Company launched a free product insurance policy. The Company launched a bulge worry-free extension policy for PCR tires of 15 inches and above. Customers of such tires were provided with such insurance for free. In 2023, there were 5,014 new beneficiaries, bringing the number of total beneficiaries to 15,936. The Company realized online review and processing of the TBR Truck Mate Home after-sales services through the Company's new retail platform for ATLAS products in 2023, where stores could conveniently and quickly submit claim information and then review the processing status through the APP at any time.

 <p>Nissan 2023 "Best Technical Contribution Award"</p>	 <p>Core Supplier of FAW Jiefang</p>
 <p>Shaanxi Heavy Duty Automobile's 2023 "Three Synergy Contribution Award" for Excellent Supplier</p>	 <p>BESTUNE—New Bestune Quality Lean Award</p>
 <p>Guangxi Liugong's 2023 "Delivery Excellence Award"</p>	 <p>FOTON's 2023 Win-win Cooperation Award</p>

Information Security and Privacy Protection

Linglong Tire strictly observes



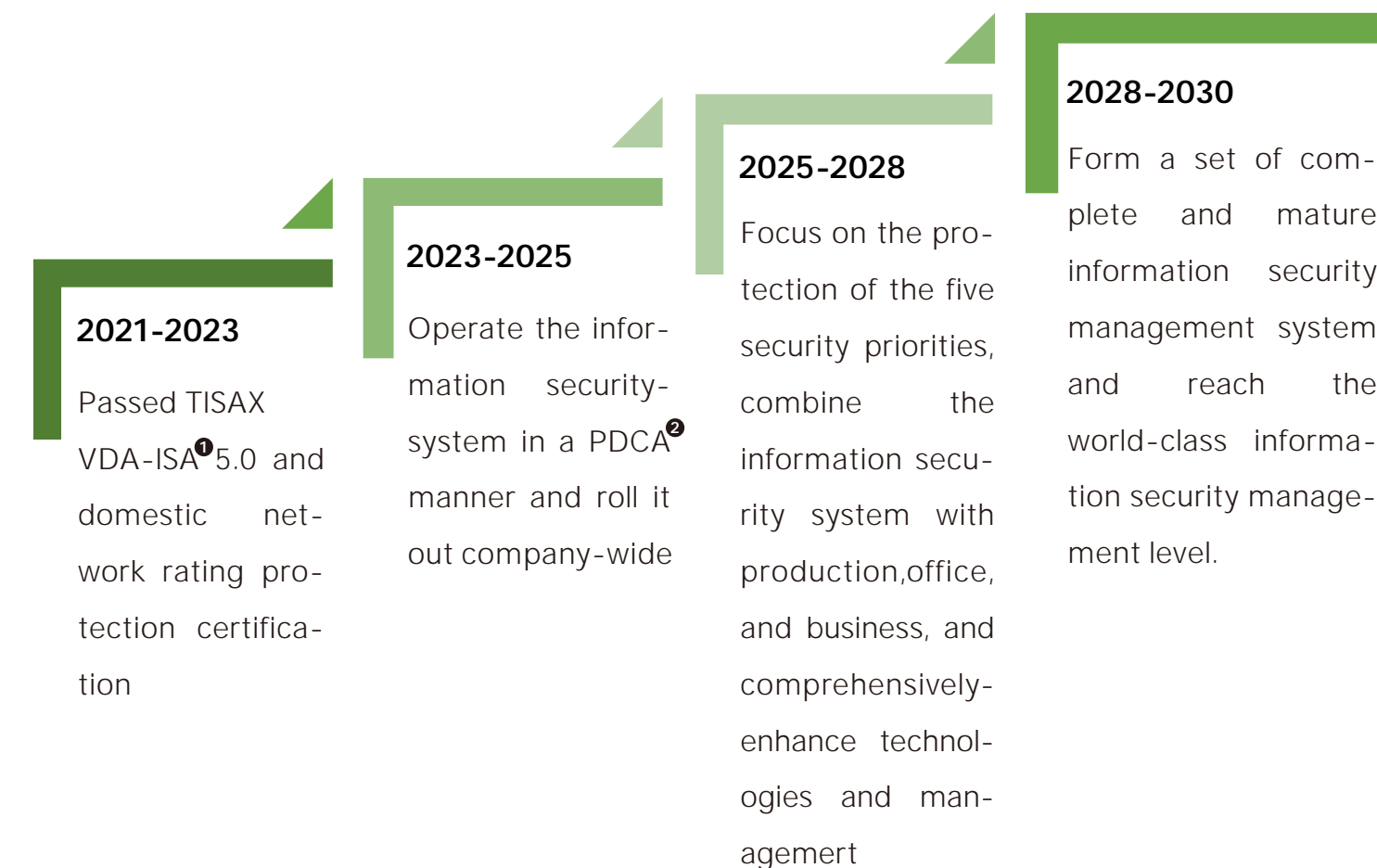
It formulated a ten-year plan for information security and ensured the security of its business and customer data with multiple measures.

In 2023, the Company formulated and released data management systems such as the Regulations on Data Management and *Regulations on Cross-border Data Security Management* to standardize cross-border data security management, and further clarify data protection duties. The Company was officially labeled TISAX (Trusted Information Security Assessment Exchange) 5.0 and received the Cybersecurity Graded Protection 2.0 Linglong Tire Network System Level 3 and Linglong Tire Production Management System Level 2 ratings by the Ministry of Public Security of People's Republic of China. It further promoted information security management by managing its systems and providing training for awareness improvement.

In 2023, the Company had no major information security incidents and its overall information was in a sound condition.

Linglong Tire's Ten-year Plan for Information Security

Goal: It is planned that by 2030, Linglong Tire will realize trust certification for its important systems, complete a number of international and domestic information security certifications, and enhance brand security and competitiveness.



Note: 1. TISAX VDA-ISA 5.0: The VDA and the ENX launched TISAX (Trusted Information Security Assessment Exchange) assessment and exchange mechanism of information security based on the VDA-ISA information security assessment standard, which can realize the mutual recognition of information security assessment in the automotive industry, and provide a common assessment and exchange mechanism.
 2. PDCA: The information security management system is developed under PDCA Cyclic Model, which is divided into four stages: security risk assessment, the planning of system construction program (Plan), the establishment and implementation of information security management system (Do), the assessment of system performance (Check), and continuous improvement (Action)

Measures for Information Security in 2023

System upgrades and reinforcement	<ul style="list-style-type: none"> The Company improved problems such as insufficient monitoring of server running status, and utilized monitoring kits to achieve real-time monitoring and real-time alarms. The Company reinforced the security of corporate servers and databases, and repaired high-risk vulnerabilities to avoid threats of malicious attacks and data leaks. In 2023, a total of 9,630 virus attacks and 146 risk attacks were resisted, and no information security incidents such as server crash occurred.
Training on information security	<ul style="list-style-type: none"> The Information Technology Department organized information security personnel of all departments to conduct information security awareness training, and then the information security personnel of all departments shall conduct information security awareness training for their own personnel. In the first half and the second half of 2023, the Company carried out one information security awareness training covering all employees of the company respectively, improving employees' risk prevention and response capabilities such as email security, data security, and personal information protection. In 2023, there were no information security incidents. In order to strengthen the ability of information emergency response, the Company organized 2 emergency drills for data centers, 2 cyber attack drills, and 10 database recovery drills for various business systems in 2023.

Innovation and IP Rights Protection

R&D and innovation

Linglong Tire has established a globalized open R&D innovation system, a national technology center and cutting-edge innovation platform, and an industry alliance and academic workstations, providing strong platform support for the Company's product R&D.

R&D Platforms

Globalized R&D institute in three countries and seven regions	China: Zhaoyuan, Yantai, Beijing, Shanghai, Jinan Germany, USA
National research and innovation centers	A national industrial design center, a national enterprise technology center, a nationally recognized laboratory
Industrial alliance and academic workstations	The "TKS Rubber Technology Development and Innovation Alliance", and an academician workstation
Cutting-edge scientific research and innovation platform	The tire NVH laboratory, dynamics laboratory, etc.

The Company has actively cooperated with external parties to seek new opportunities for R&D and innovation. It has invested in the construction of the Sino-Asia Tire Proving Ground, China's first and world-class comprehensive large-scale tire proving ground, with the highest international standards in cooperation with IDIADA Spain, and established a research center integrating production, learning, and research with research institutes and universities to jointly promote the innovative development of the industry and achieve effective testing and research on the performance of innovative products.

By the end of 2023, the Company had participated in the formulation and revision of 166 international, national, local, and industry standards, of which it presided over a total of 23.

In 2023, China officially initiated the National Key Research and Development Program during the "14th Five-Year Plan" Period, covering 4 projects and 6 subjects in total. The Company takes charge of 1 of the projects and 1 of the subjects.







Intellectual property protection

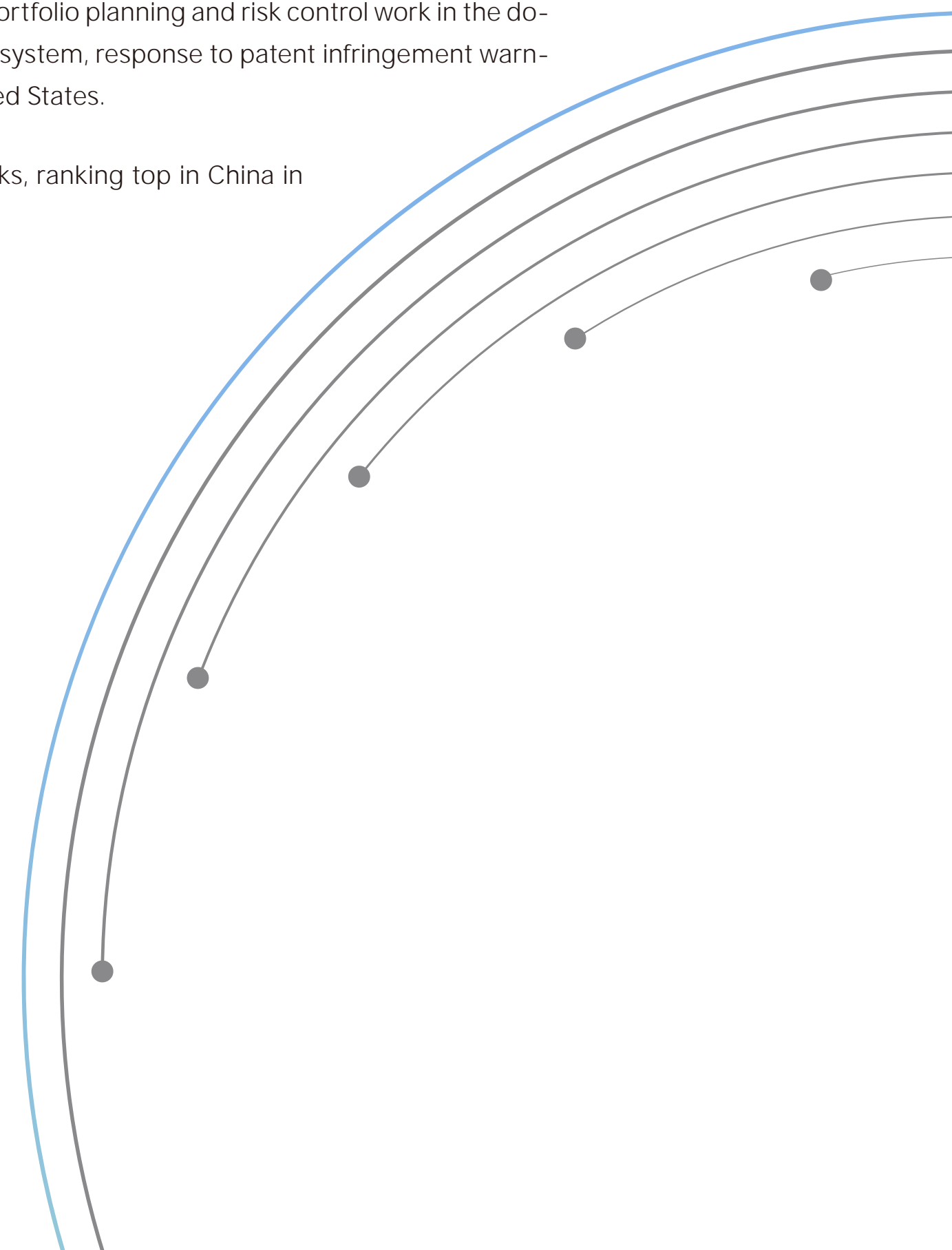
Linglong Tire is in strict compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations. It formulated systems such as the *Intellectual Property Management System*. It has continuously strengthened the Company's IP management, and enhanced its employees' awareness of IP management and protection to protect its own IP rights and ensure no infringement of others' IP rights.

In 2023, the Company organized a total of 120 technicians and engineering equipment personnel from bases in Zhaoyuan, Dezhou, Guangxi, Hubei and Jilin to participate in patent risk control training. In the training, the Company introduced Chinese enterprises' patent portfolio planning and risk control work in the domestic and overseas markets from angles of patent work strategy, the establishment of the patent risk control system, response to patent infringement warnings, precautions involving standard essential patents, patent litigation procedures and risk control in the United States.

In 2023, the Company obtained 181 new authorized patents, 6 new software copyrights and 7 new trademarks, ranking top in China in terms of patent ownership.

New added and cumulative patents in 2023

Number of new patents in 2023	Cumulative amount by the end of 2023
 Patent for invention 39 Items	 Patent for invention 134 Items
 Patent for utility model 124 Items	 Patent for utility model 688 Items
 Design patent 18 Items	 Design patent 568 Items



Employee Recruitment and Employment

Employee Recruitment

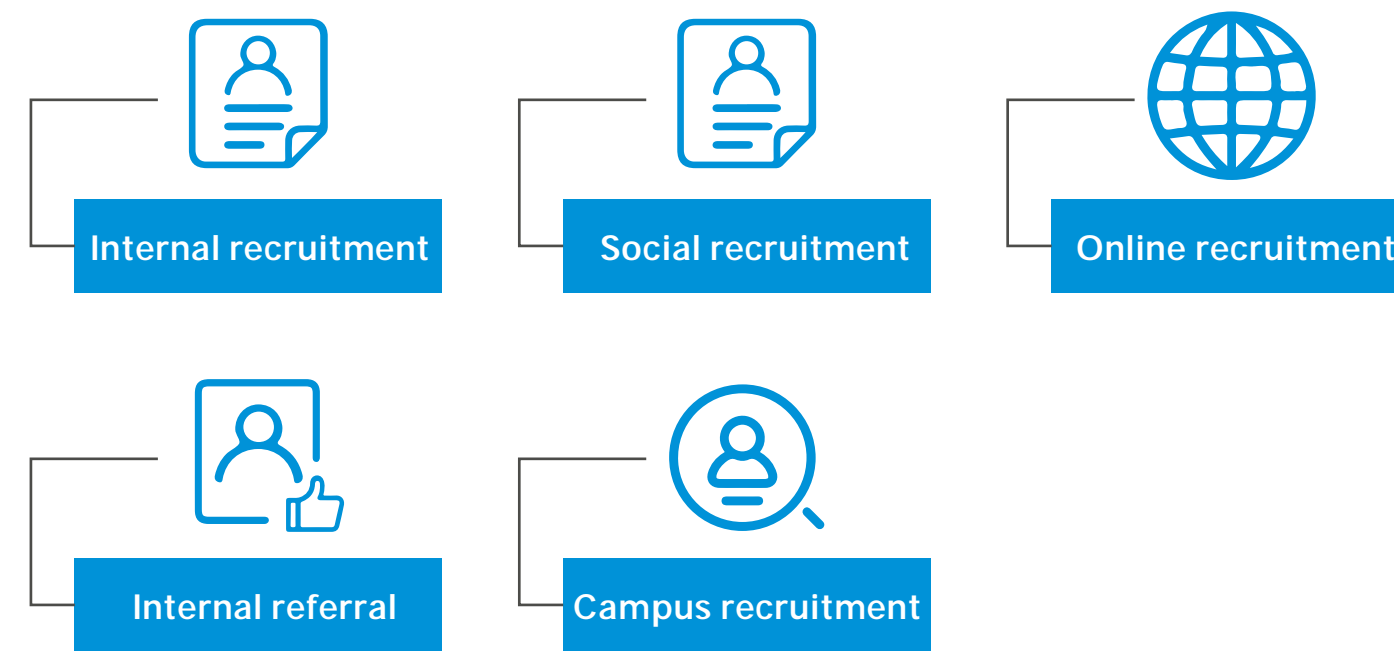
The recruitment types include labor contract, labor dispatch and re-employment after retirement. According to the laws and regulations in the areas where the Company operates, such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Thailand's Labour Protection Act*, *EU's Employment Directive*, *Employment Contract Directive*, the Company formulated systems such as *Recruitment Management Regulations*, *Employee Dismissal Settlement Management System and Internal Recruitment Management Regulations*, to establish a sound recruitment and employment system, provide equal opportunities and diversified workplace and guarantee that employees are not discriminated against or treated preferentially due to non-work factors such as race.

To prohibit the employment of child labor, the Company formulated systems such as *Working Procedures for the Rescue of Child Labor and Protection of Minors*. In the recruitment stage, the Company works to make clear the background (including age) of employees and incorporate them into the corresponding management scope.

The employees in all forms of employment shall sign labor contracts with the Company or the dispatching and outsourcing companies within one month after induction. The Company requires the companies above to file the labor contracts. In 2023, no child labor or forced labor recruitment, confirmed violations of laws and regulations, or any litigation in employment and labor standards occurred.

In 2023, the Company implemented the recruitment process, formulated an annual plan, and introduced competent personnel in line with the corporate culture and future development needs through diversified recruitment channels.

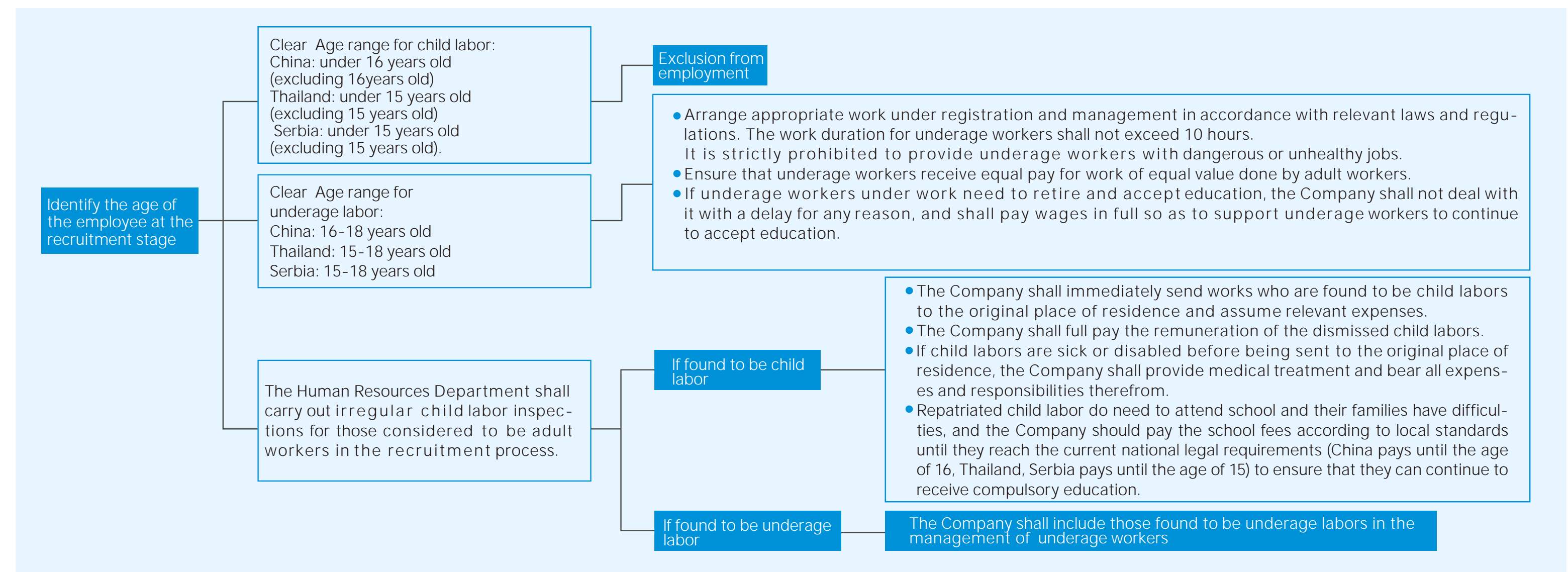
Recruitment channels



Recruitment Priorities in 2023

Item	Content
Conduct on-campus recruitment fair	<ul style="list-style-type: none"> The Company took the initiative to contact the employment offices of colleges and universities in the Province and beyond, and applied for holding on-campus recruitment fairs, including Shandong University, Harbin Institute of Technology, Shandong University of Technology, Shandong University of Science and Technology, Beijing University of Chemical Technology, etc. with a total of more than ten fairs.
Participate in the on-campus mutual selection fair	<ul style="list-style-type: none"> The Company actively participated in the on-campus mutual selection fairs in "Yantai, Qingdao, Jinan, Heilongjiang, Jilin and Liaoning" organized by Yantai City or other places.
Conduct school - enterprise cooperation	<ul style="list-style-type: none"> The Company established the "Linglong Class" with Qingdao University of Science and Technology on talent training at home and abroad. It cooperated with Yantai Vocational College on the training of "on-site engineers" and received the honorary title of Provincial Excellent Project.

Management Procedures for Child Labor and Juvenile Workers



Employee Recruitment and Employment

Employee Recruitment

Linglong Tire strictly prohibits mortgage or forced labor to guarantee the basic rights and interests of employees.

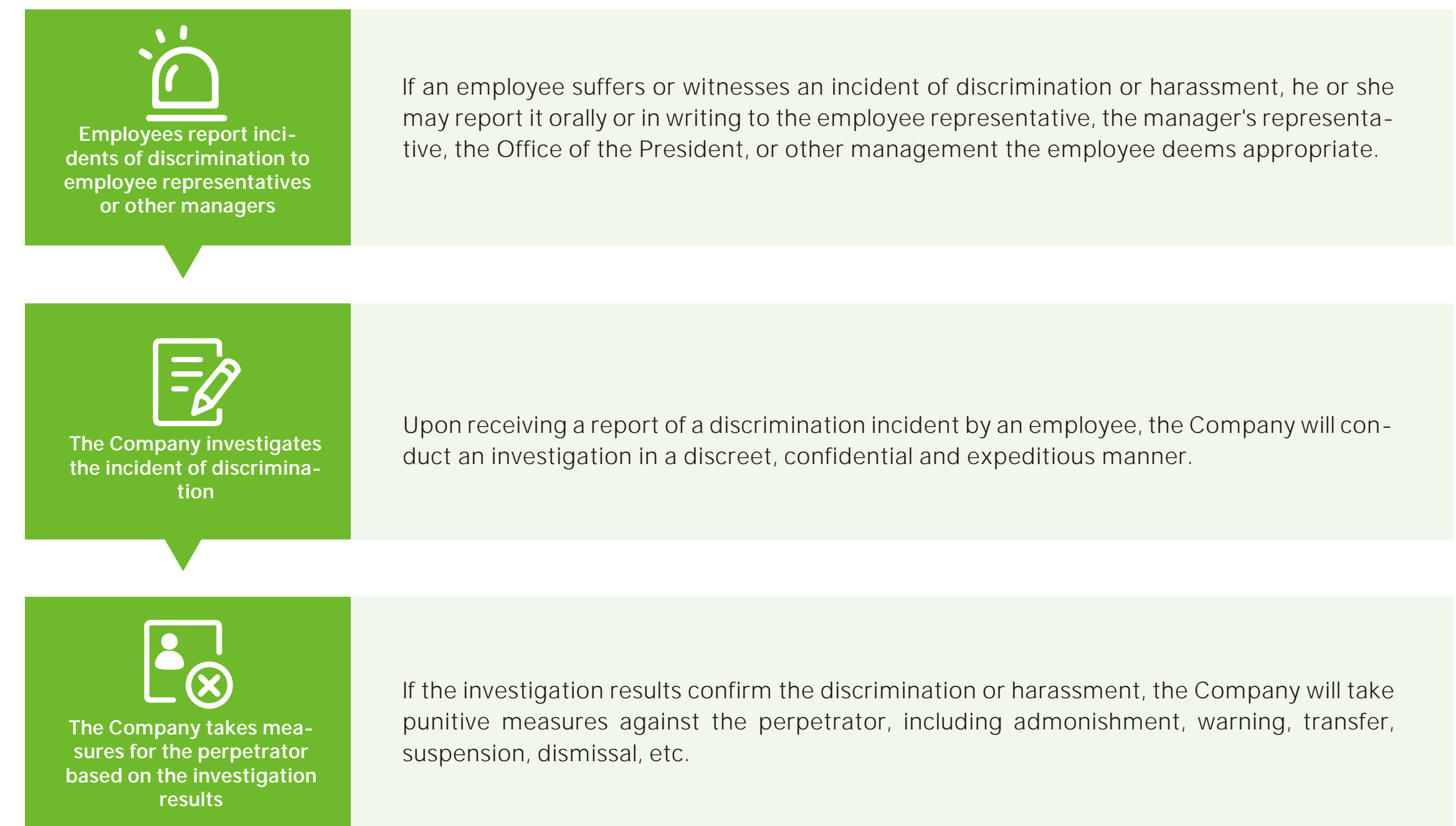
Employee Welfare System

Remuneration and benefits	<ul style="list-style-type: none"> The employee's salary consists of post salary, skill salary, performance bonus, overtime compensation and other subsidies. According to the laws, rules and regulations of the place where the Company operates, social insurance is paid in full, and the social insurance payment rate under labor contracts reaches 100%. 										
Working hours and leaves	<ul style="list-style-type: none"> Legal holidays such as statutory holidays, marriage leave, maternity leave and sick leave. The Company formulated the <i>Regulations on Attendance and Leave Management of Tire Company</i> to guarantee employees' rights and interests in paid annual leave. 										
Non-statutory welfare	<ul style="list-style-type: none"> The Company collaborated with external agencies to provide diversified health benefits for employees. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th style="width: 50%;">Health benefits</th> <th style="width: 50%;">Scope</th> </tr> </thead> <tbody> <tr> <td>Physical examination service of Yingcheng Hospital</td> <td>Employees employed exceeding for 10 years, middle-level managers and March-Eighth Red-banner Pacesetter</td> </tr> <tr> <td>Employee Care Voucher (four denominations, for employee self-conducted physical examination)</td> <td>All employees</td> </tr> <tr> <td>Physical examination for occupational diseases</td> <td>All employees in occupational disease-risk posts</td> </tr> <tr> <td>Overseas health insurance handing and matters communication such as claims</td> <td>Dispatched employees</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Holiday benefits for all employees such as the Spring Festival and Mid-Autumn Festival, birthday and induction commemorative benefits. Meal allowance, heatstroke prevention and labour protection appliances. Labor Union benefits for members. 	Health benefits	Scope	Physical examination service of Yingcheng Hospital	Employees employed exceeding for 10 years, middle-level managers and March-Eighth Red-banner Pacesetter	Employee Care Voucher (four denominations, for employee self-conducted physical examination)	All employees	Physical examination for occupational diseases	All employees in occupational disease-risk posts	Overseas health insurance handing and matters communication such as claims	Dispatched employees
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Overseas health insurance handing and matters communication such as claims	Dispatched employees										

In 2023, the Company revised the Salary Implementation Plan for Employees of Tire Company Branch and the Regulations on Attendance and Leave Management of Tire Company to optimize the salary structure, reward distribution standards for front-line employees in terms of quality, safety, efficiency and management, and improve the employee leave management system.

The Company formulated the Anti-discrimination Management Procedure and other systems to guarantee that employees are not unfairly treated due to non-work factors such as race. The Procedure is implemented by all departments of the Company. The management representative is held accountable for its implementation, and the employee representative is held accountable for communication matters. In 2023, no discrimination incidents related to factors such as race, gender, religion, or skin color occurred in the Company.

Anti-discrimination Procedure



The Company formulated the systems including the *Management Procedure for Handling Employee Opinions, Suggestions, Complaints and Feedback* to guarantee that employees make complaints through multiple channels, and that complaints shall be handled to prevent forced labor incidents. In 2023, no forced labor incidents or infringements on employees' legitimate rights and interests occurred, and no complaints or penalties were received from regulatory authorities.

Employee Training and Development

Employee Training

The Company formulated the *Training Operation and Management Procedures*, which is centrally implemented by the Human Resources Department. It organized training activities from four major processes: training demand analysis, plan formulation, implementation and effect evaluation, and formulated customized training plans for employees in different posts.

Diversified Training Programs and Achievements in 2023

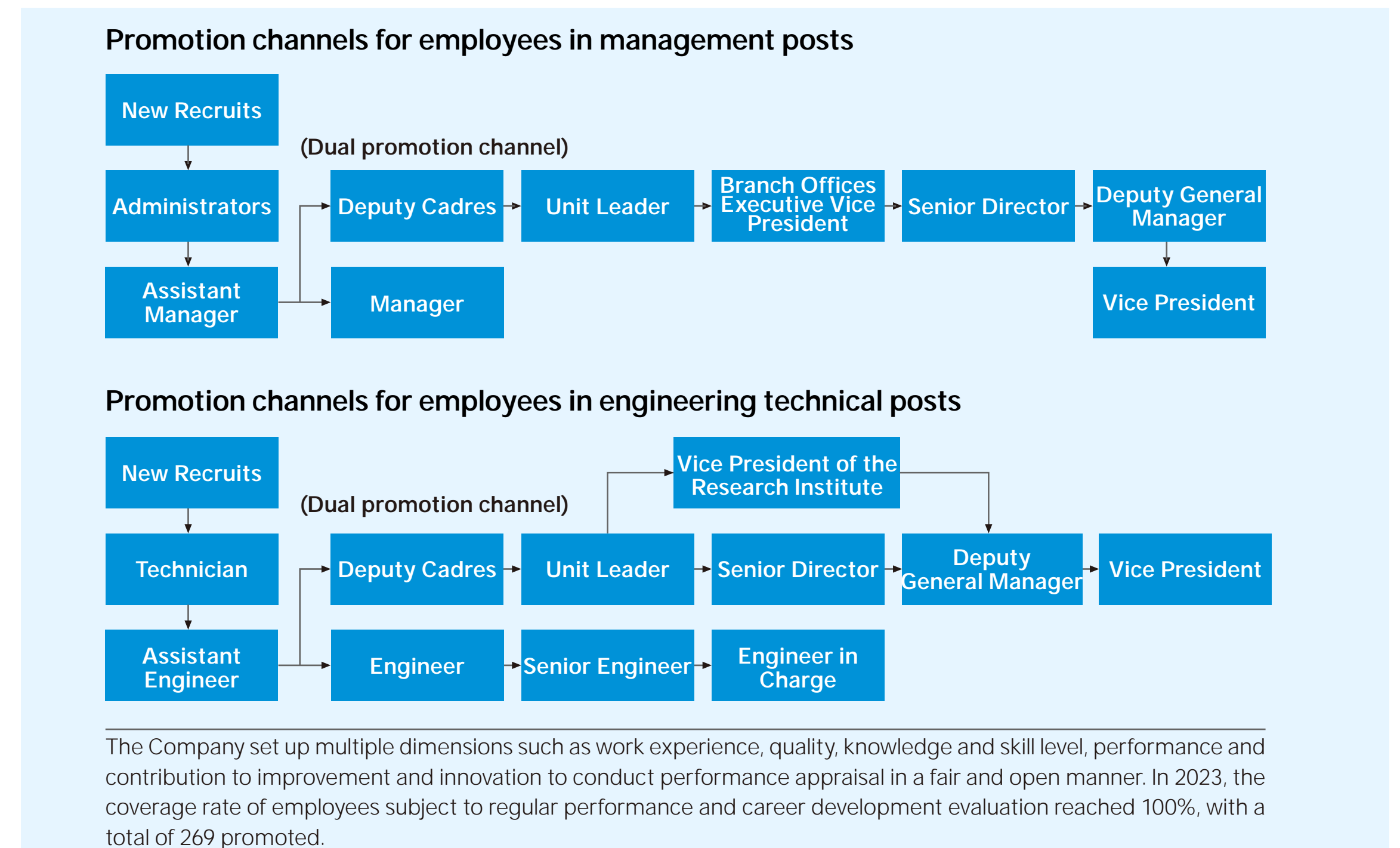
Subject	System	Frequency	Achievements
Managers	<i>Special Skills Advancement Plan for Managers</i>	Annual/Monthly	Annual training: Elite Program Phase II, Sigma Training Project and FMEA Training Project in 2023 Monthly training: The Company held one session of the talent corner activity every 2 months (three in total).
Reserve manager echelons	<i>Management Measures for Reserve Echelon</i>	Annual special training Special improvement around weakness on a quarterly basis	In 2023, the Company conducted Eyas Program Phase II, with a total of 150 participants.
New engineering technicians/management personnel	<i>Management Regulations on Cultivation of New Engineering Technician/Management Personnel Excellent Tutor Incentive Scheme</i>	The Company conducts training and appraisal according to four stages: induction, 3 months, 6 months and 12 months	40 Training sessions for 264 new engineering technicians/management personnel in 2023
Maintenance worker	<i>Management Measures for Cultivation and Ability Evaluation of Maintenance Workers Skills Competition Scheme for Front-line and Maintenance Workers</i>	Conduct at least once a year for relevant personnel Formulate special improvement plans	The Company organized a total of 2,089 skills training and appraisal projects for maintenance workers. A total of 8,539 person-times participated in the training, and all passed. The Company organized 176 skill competitions for front-line maintenance workers and selected more than 200 model employees.
Front-line employees	<i>Management Procedure for Standardized Training of Front-line Employees Selection Scheme of Excellent Working Methods Skills Competition Scheme for Front-line and Maintenance Workers</i>	Conduct once a quarter for relevant personnel	As of 2023, the Company selected a total of 136 working methods named after operators In 2023, the Company organized 176 competitions and selected more than 200 model employees.
Quality inspector	<i>Training Operating Procedure for Employees of Finished Products Training Operating Procedure for Rapid Inspection Post of Quality Management Department Training Operating Instructions for Laboratory Center of Quality Management Department</i>	Conduct once a quarter for relevant personnel	The Company conducted a total of 120 trainings for quality inspectors, with a coverage rate of 100%

To encourage the knowledge application of managers, divisional employees and backbone personnel and promote service quality, the Company established an internal training tutor system and formulated documents such as *Lecturer Management Regulations, Excellent Tutor Incentive Scheme, Front-line/Maintenance Apprenticeship Instructing Incentive and Outstanding Master-apprentice Selection Scheme*. As of December 31, 2023, the Company had 1,333 qualified lecturers and 236 pairs of excellent tutors and apprentices through internal appraisal, covering all business areas, which effectively improves the top-down application of professional business knowledge.

Employee Performance Appraisal and Development

The Company adopts a unified performance management system to conduct work fairly and openly, and applies the results to reward distribution, professional title promotion etc., to standardize talent management and maximize the value of human resources.

The Company formulated systems such as the Management System for Promotion of Professional Titles and the Scheme for Cultivation and Skill Level Evaluation of Managers to provide double promotion channels in professional technology and management, as well as clear promotion evaluation methods and assessment standards, and employees' clear career development.



The Company prioritizes the establishment of talent pool and formulated the *Management Measures for Reserve Echelon*, which requires managers, division-level and key employees to cultivate reserve talents for posts. The Company adopts a dynamic management mechanism for the talent team, cultivates talents with excellent evaluation performance, and conducts the last elimination system to maintain the vitality of the management team. In 2023, the Company trained a total of 286 qualified personnel in the talent pool, and another 483 are under training.

Occupational Health and Safety

Linglong Tire strictly abides by local laws, regulations and international conventions including the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, *Measures for the Administration of Emergency Plans for Work Safety Accidents*, *Code for Provision of Personal Protective Equipment – Part 1: General Rules*, and *Convention on the Prevention of Major Industrial Accidents*, upholds the policy of "safety first, prevention foremost and comprehensive treatment", formulates systems such as *Emergency Response Plan for Production Safety Accidents*, *Safety Management System of Stakeholders* and *Linglong Tire's Territorial Management Safety Management System*, to establish the occupational health and safety (OHS) management system, and to promote the construction of comprehensive, systematic and sustainable safety management.

In the Company, zero safety accident is the unswerving goal. To effectively manage safety accident indicators and safety management performance, the Company set up metrics that can record work-related injury rate and serious accident rate per million working hours, formulated Targets and measures to achieve the targets.

Work Safety Targets and Progress in 2023

Metric	2030 Target	Performance in 2023
Recordable work-related injury rate per million working hours (%) ¹	<1.0	1.52
Incidence of serious accidents (%) ²	<0.3	0.36

Note 1: Recordable work-related injury rate per million working hours = number of work-related injuries accidents/total working hours * 1,000,000

Note 2: Serious accident rate = number of serious accidents/total working hours * 1,000,000. A serious accident refers to an accident that causes serious injury and requires recovery for more than 105 days, excluding fatal accidents

Certification of Occupational Health and Safety Management System

ISO 45001	Zhaoyuan Base, Dezhou Base, Guangxi Base, Hubei Base, Jilin Base, Thai Base, European Base
<p>In 2023, all manufacturing bases passed ISO 45001 occupational health and safety management systems (OHS) certification, and the system construction covered 100% of the workplaces, wherein, Linglong Europe passed the certification for the first time.</p> <p>To reduce work safety risks, the Company organizes compliance evaluations and establishes a systematic plan for safety risk management, guaranteeing the effectiveness of the system.</p>	

OHS Management System

Intrinsically safe system	
Intrinsically safe management	<ul style="list-style-type: none"> The Board of Directors supervises the Company's OHS system. Creates an occupational health and safety culture with full participation. Conducts risk classification assessment and potential risk identification and governance. Conducts quantitative assessment of occupational health and safety targets. Develops occupational health and safety-related policies applicable to employees and suppliers.
Intrinsically safe process equipment	<ul style="list-style-type: none"> Adopts high-standard and safe processes and equipment. Conducts systematic safety risk analysis in routine maintenance. Introduces intelligent automated logistics system.
Intrinsically safe environment	<ul style="list-style-type: none"> The workshop strictly implements the 5S standard (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) to guarantee the occupational safety of employees while improving the site environment and production efficiency.
Intrinsically safe personnel	<ul style="list-style-type: none"> Strengthens health and safety training for employees. Sets up full-time safety management personnel for the Company and its subsidiaries.

Occupational Health and Safety

In 2023, the Company worked to strengthen occupational health and safety management, prevent occupational diseases and guarantee the safety of suppliers by means of safety responsibility clarification, regular potential risk identification and safety training conducting, occupational hazards prevention, and emergency drills.

Occupational Health and Safety Measures and Achievements in 2023

Metric	Target	Performance
Coverage rate of occupational health management system certification at workplaces	100%	100%
Coverage rate of occupational disease physical examination for employees at hazardous position ¹	100%	100%
Number of occurrences of occupational diseases	0	0

Category of measures	Measures
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Clarify safety responsibilities	<ul style="list-style-type: none"> The Company signed the occupational health and work safety responsibility warrant with different levels to convey the Company's "safety, occupational health and environment" principles and implement them in detail.
Conduct potential risk identification on a regular basis	<ul style="list-style-type: none"> The Company formulated safety management procedures and systems, qualitatively and quantitatively analyzed the Company's potential risks, implemented hierarchical control of safety risks, and regularly conducted potential risk identification, rectification and elimination. In 2023, the Company recorded more than 15,000 potential risks identified, with a rectification rate of 100%.

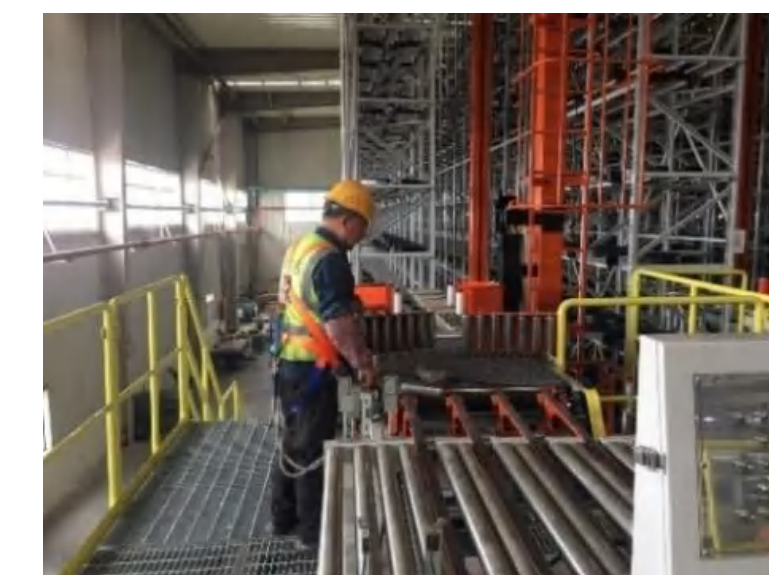
Prevention of occupational diseases	<ul style="list-style-type: none"> Identify hazardous factors of occupational diseases for production posts. 						
	<table border="1"> <thead> <tr> <th>Post</th> <th>Hazard factors of occupational diseases</th> </tr> </thead> <tbody> <tr> <td>Some posts</td> <td>There are toxic and harmful gases containing volatile organic compounds such as benzene, toluene and xylene decomposed from rubber materials when heated at high temperature</td> </tr> <tr> <td>Power station</td> <td>Noise hazards</td> </tr> </tbody> </table>	Post	Hazard factors of occupational diseases	Some posts	There are toxic and harmful gases containing volatile organic compounds such as benzene, toluene and xylene decomposed from rubber materials when heated at high temperature	Power station	Noise hazards
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Some posts	There are toxic and harmful gases containing volatile organic compounds such as benzene, toluene and xylene decomposed from rubber materials when heated at high temperature						
Power station	Noise hazards						

- Relevant personnel turned off the equipment and facilities with occupational hazard factors, to reduce the spillage of toxic and harmful substances and noise decibels, and provided labour protection appliances for posts with occupational hazard factors.
- The Company organizes the detection of occupational hazard factors in all manufacturing sites annually, publicizes the detection data, and organizes the situation evaluation of occupational hazard factors every three years.
- The Company hires security experts to diagnose the current situation of the Company every year, and compile the Company Security Diagnosis Report. The Company hires security experts every three years to evaluate the Company's current situation, and compile the Company's Security Current Situation Evaluation.
- The Company conducts occupational health examinations and prepares the *Occupational Health Surveillance File* for employees exposed to occupational diseases. It also dispatches special personnel to centrally manage the personal health information of employees and the occupational health supervision files for posts at all levels. In 2023, a total of 6,407 employees exposed to hazards completed occupational health examinations, with a coverage rate 100% and no employee is diagnosed with occupational diseases.

Category of measures	Measures
Conduct safety training	<ul style="list-style-type: none"> The Company formulates an annual safety training plan, covering training in accident cases, safety laws and regulations, fire protection, special operations, occupational health, post-hazard spots and operating procedures, etc., and arranges necessary special training to improve the employees' safety awareness. In 2023, The Company organized 36 training sessions on safety, occupational health and environmental protection with a total duration of 24 hours.
Conduct emergency drilling	<ul style="list-style-type: none"> The Company prepared the <i>Emergency Response Plan for Production Safety Accidents</i> and conducted emergency drills, including comprehensive emergency drills, special emergency drills and on-site disposal plans, to improve employees' emergency response speed and disposal ability. In 2023, the Company organized a total of 28 fire emergency drills and 16 on-site emergency response drills.
Guarantee the safety of stakeholders	<ul style="list-style-type: none"> The Company worked to evaluate the qualification of suppliers according to the <i>Safety Management System of Stakeholders</i>, standardize the on-site safety operation of suppliers, and conduct safety training, supervision and inspection for suppliers and other personnel entering the factory, to guarantee the on-site safety of suppliers.



The Company's fire emergency drill site in 2023



Potential risk identification site

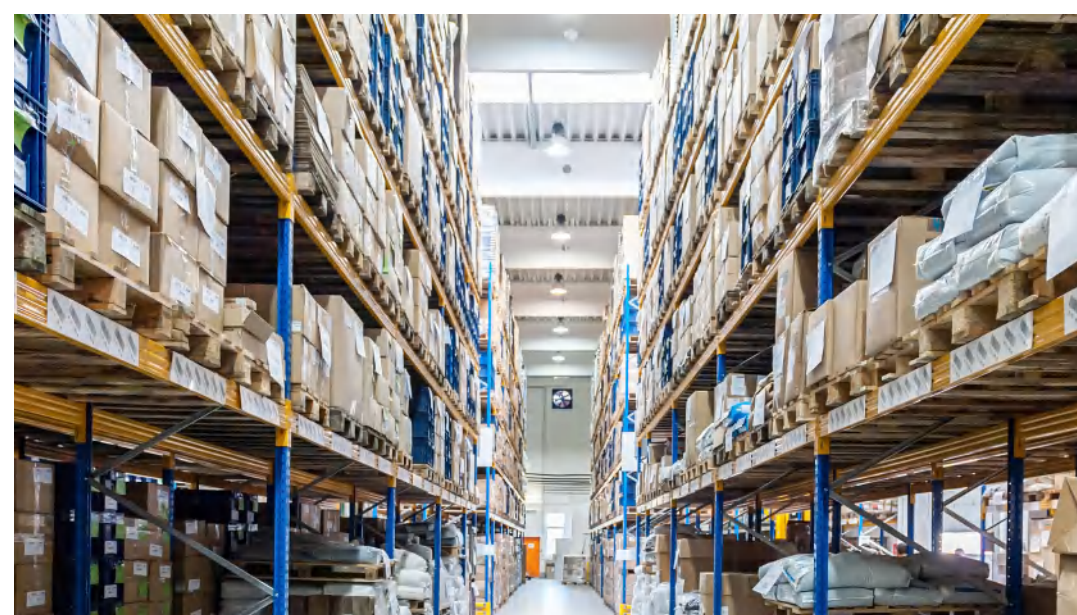
Note 1: "Hazardous position" refers to the position of exposure to occupational hazardous factors.

Responsible Procurement

The types of suppliers mainly include raw material suppliers and infrastructure suppliers. Wherein, the latter is divided into infrastructure builders and suppliers. The former is divided into key raw materials, important raw materials and general raw material suppliers. The type of raw material suppliers is determined according to whether the raw materials are related to tire safety or laws and regulations. Aiming to build an open, transparent and responsible supply chain, the Company integrates the sustainable development philosophy into supplier management and audit.

Following the laws, regulations and rules of the places where the Company operates, such as the *Government Procurement Law of the People's Republic of China*, the *Bidding Law of the People's Republic of China*, the *Ministry of Interior Act 55* of Thailand, and the *New Law on Construction Products* of Serbia, the Company formulated management systems such as the *Supplier Management Regulations* and the *Procurement Strategy Process*, and revised the *Supplier Code of Conduct* in 2023 upon the entry of GPSNR to increase requirements related to sustainable natural rubber policies. It sought to improve supplier behavior management, encourage suppliers to identify and resist deforestation acts in raw material sources and product production processes/methods, and promote sustainable development of the supply chain in a collaborative manner.

In 2023, the Company explicitly proposed environmental and social responsibility requirements for suppliers that meet the Company's *Sustainable Development Requirements for Suppliers*, to reduce the sustainable development risk of the supply chain while ensuring their products and services quality.



Responsible Procurement Measures and Achievements in 2023

Continuous promotion of green procurement	<ul style="list-style-type: none"> The Company's manufacturing bases in China, Thai Base, and European Base give priority to local suppliers for improving the procurement of green raw materials and packaging materials. The Company also conducts environment and energy related risk assessments of suppliers, and strives to reduce both costs and product carbon emissions and promote green and sustainable development. In 2023, the materials purchased by the Company include recycled carbon black, rapeseed oil, bio-based cord fabric, environment-friendly reclaimed rubber, etc. The Company requires suppliers to reduce the use of disposable wooden pallets and increase the use of recyclable packaging, including metal packaging boxes, shared plastic pallets, and recyclable packaging materials, which has reduced pollution to the environment and waste of resources. About 75% of Company's raw materials used various recycled pallets.
Promotion of anti-corruption management for suppliers	<ul style="list-style-type: none"> The Company regularly signs the Anti-bribery Agreement with suppliers, which ensures the fulfillment of business contracts between the two parties and avoids corruption incidents. The Company regularly carries out anti-corruption training for suppliers, with a coverage ratio of 100% among suppliers. The Company also organized standardized training on project quality, operation safety, and working environment in the construction process for construction units.
Advocacy for supplier obtain certificates or join industry organizations	<ul style="list-style-type: none"> The Company publicizes the requirements of achieving carbon peaking and carbon neutrality to all suppliers and the requirements of obtaining FSC certification and joining GPSNR for natural rubber factories. It also establishes a carbon risk assessment model, "Linglong Tire Green Supplier Assessment Criteria", for suppliers. In 2023, 6 of Company's suppliers joined GPSNR, and 3 of Company's suppliers got the FSC certification The Company also publicizes relevant policies among suppliers to raise their awareness of fulfilling environmental and social responsibilities and providing high-quality products and services. In September 2023, the Company commissioned an external organization to conduct Responsible Supply Chain Initiative (RSCI) training for seven suppliers, raising their awareness of social responsibility.



RSCI Training site

Environmental and Social Risk Management and Audit of Linglong Tire's Raw Material Suppliers

Supplier access	<ul style="list-style-type: none"> Company's new suppliers are subject to social responsibility investigation, environmental, energy, and social responsibility audits. In the application stage, new suppliers should submit materials including IATF 16949/ISO 9001, ISO14001, authorization letter of product safety responsible person, supplier anti-terrorism questionnaire, and supplier social responsibility assessment form. They should also pass the sample quality inspection audit and workshop test verification.
Audit of existing suppliers	<ul style="list-style-type: none"> Suppliers regularly conduct risk assessment, social responsibility investigation, and on-site audits of process, quality management system and environmental and energy and social responsibility according to classification. In 2023, 93 suppliers were routinely audited, and the rectification of supplier problems reached 100% in view of the risks found in the audit. Carried out product quality training for various raw material suppliers for 3 times.
Supplier rectification and improvement	<ul style="list-style-type: none"> Suppliers with high risk are subject to necessary risk prevention and control measures of the Company. It is not advisable to establish new business or extend existing business with suppliers whose actual or potential adverse impacts cannot be identified and eliminated.

Corporate Governance Responsibility

Metrics and Targets:

Metric	Target	Progress in 2023	
		Performance	Completion
Attendance rate of BOD members	100%	100%	Completed
Business partners' signing rate of the Anti-bribery Agreement	100%	100%	Completed
Proportion of directors participating in anti-corruption training	100%	100%	Completed
Proportion of employees participating in anti-corruption training	100%	100%	Completed

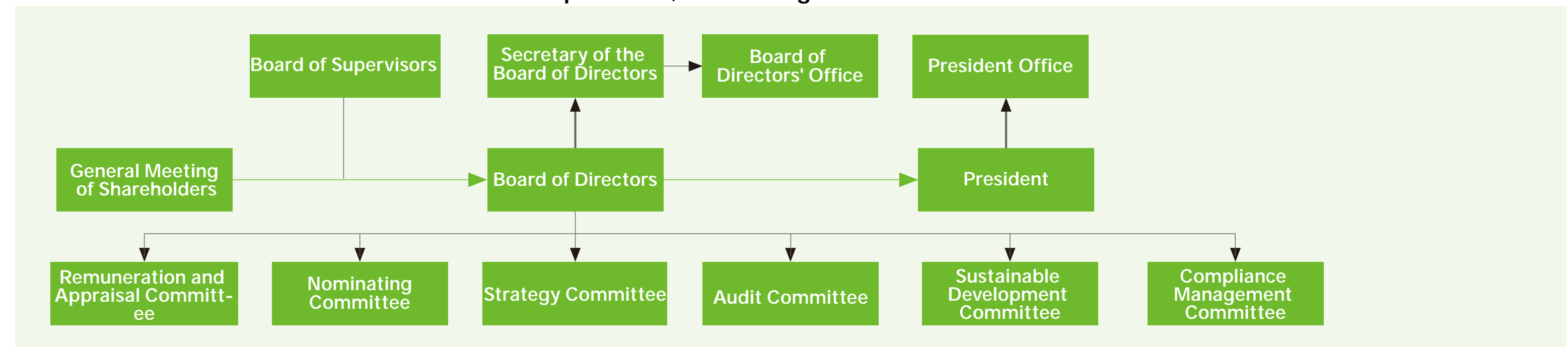
Corporate Governance

Governance Structure

The Company strictly abides by the *Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Guidelines No. 1 of Shanghai Stock Exchange for the Self-regulation of Listed Companies – Standard Operation (Revised in December 2023)* and other laws and regulations and relevant requirements. It has continuously improved its corporate governance structure, established and optimized the governance structure of "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Management", and ensured the sustainable, standardized and healthy development of the Company.

In 2023, the Company revised the *Articles of Association, the Rules of Procedures of the General Meeting of Shareholders, the Rules of Procedures for the Board of Directors*, and other systems in light of the latest requirements of laws and regulations and the Company's business practices. It also established a Compliance Management Committee under the Board of Directors and formulated the *Working Rules of the Compliance Management Committee*, continuously improving the corporate governance system. As of the end of 2023, the Company has disclosed a total of 28 corporate governance systems to the public.

Linglong Tire's Corporate Governance Structure and Operation of "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Management" in 2023



General Meeting of Shareholders	<ul style="list-style-type: none"> The General Meeting of Shareholders is operated as the authority of the Company. It is responsible for making decisions on the Company's business policies and investment plans in accordance with the law. In 2023, the Company held a total of 4 General Meetings of Shareholders and deliberated 24 proposals.
Board of Directors	<ul style="list-style-type: none"> The Board of Directors is responsible for the General Meeting of Shareholders. The term of each director is no more than three years. A director may serve consecutive terms upon expiration of his/her term, and the consecutive term of an independent director is no more than six years. In 2023, the Company held 7 meetings of the Board of Directors, deliberated 46 proposals, and held 11 meetings of various special committees. The attendance rate of directors at these meetings was 100%. The Board of Directors is composed of diverse members from accounting, law, rubber, and other professional fields. They possess rich management experience in large enterprises, which helps improve the operational efficiency of the Board of Directors and facilitates directors' decision-making with views from multiple perspectives. In 2023, the Company's Board of Directors consisted of 9 members, including 3 independent directors, accounting for 33% of the total, and 2 female directors, accounting for 22% of the total.
Board of Supervisors	<ul style="list-style-type: none"> The Board of Supervisors is responsible for the General Meeting of Shareholders. It exercises the right of supervision to protect the rights and interests of shareholders and investors, the interests of the Company, and the legitimate rights and interests of employees from infringement. In 2023, the Board of Supervisors consisted of 3 members, including 2 shareholder representatives and 1 employee representative. The Company held 5 meetings of the Board of Supervisors and deliberated 26 proposals.
Management-level	<ul style="list-style-type: none"> The Management performs their duties in accordance with laws and regulations and the Company's internal regulations. It strictly implements the resolutions of the General Meeting of Shareholders and the Board of Directors and promotes the sustainable and stable operation of the Company. The Management of the Company consisted of 8 senior executives, including 1 female executive, accounting for 13% of the total.

Members of the Board of Directors of Linglong Tire and Their Background

Types	Name	Gender	Professional Competence	
			Industry Experience	Financial Management
Chairman	Wang Feng	Male	√	
Director	Wang Lin	Male	√	
Independent Director	Liu Huirong	Female	√	
Independent Director	Wen Decheng	Male	√	
Independent Director	Pan Ailing	Female	√	√
Director	Zhang Qi	Male	√	
Director	Sun Songtao	Male	√	
Director	Feng Baochun	Male	√	
Director	Li Wei	Male	√	√

Corporate Governance

The Company formulates and continuously improves the remuneration system and plan for directors, supervisors, and senior management. The remuneration plan for directors and senior management shall be submitted to the General Meeting of Shareholders and the Board of Directors respectively for deliberation and approval before implementation. Independent directors and supervisors adopt self-evaluation and mutual evaluation to evaluate their performance of duties.

The Company also formulates the *Management System for Related Party Transactions*, *Management System for Preventing Shareholders and Related Parties from Occupying the Company's Funds* and other system documents. Based on this, the Company standardizes related party transactions and ensures their fair and impartial decision-making for all shareholders. In 2023, the Company conducted decision-making and approval procedures for related party transactions in compliance with relevant laws and regulations and the relevant provisions of the above-mentioned system and timely fulfilled its obligation of information disclosure. There was no infringement of the interests of the Company and the minority shareholders due to related party transactions.

For more detailed information on corporate governance, please refer to the chapter on "Corporate Governance" in the *2023 Annual Report of Shandong Linglong Tyre Co., Ltd.*

Information Disclosure

The Company strictly abides by 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 Listed Companies*, *the Rules Governing the Listing of Stocks on the Main Board of Shanghai Stock Exchange*, and other laws, regulations, rules and normative documents. Based on this, the Company has formulated the *Management System for Information Disclosure*, *Management System for Investor Relations*, *Accountability System for Major Errors in Annual Reports* and other systems, ensuring that the information disclosed by the Company is truthful, accurate and complete and that all shareholders have equal access to the information.

In 2023, the Company actively improved its communication channels with investors. The Company mandatorily and voluntarily disclosed its corporate information through the official websites of the Company and the Shanghai Stock Exchange and relevant statutory media designated by the China Securities Regulatory Commission (CSRC), maintained good communication with the capital market and investors, and continued to enhance the transparency of the Company's information disclosure.

In 2023, the Company disclosed a total of 96 periodic reports and temporary announcements and was not punished by regulatory authorities for information disclosure violations. There were no selective information disclosures or information disclosure violations.

The Company was awarded Grade A in the annual evaluation of information disclosure work of the Shanghai Stock Exchange. It is the only enterprise in the tire sector of companies listed on the SSE that has been awarded Grade A for 4 consecutive years.

Protection of Investors' Rights and Interests

In strict compliance with the requirements of relevant laws, regulations, and normative documents such as the *Securities Law* and the *Guidelines for Investor Relations Management of Listed Companies*, the Company formulates management systems such as the *Investor Relations Management System* and the *Management System for Separate Counting of Votes for Minority Investors*. Based on the principles of equality, compliance, proactivity, honesty, and trustworthiness, the Company implements various measures to protect the rights and interests of minority investors.

The Company has established an investor relations management system with the Chairman as the top responsible person, the Secretary of the Board of Directors as the person in charge, and the Board of Directors Office as the main executive agency. By carrying out investor briefings, performance exchange meetings, on-site visits and discussions, telephone communication, online exchanges, etc., the Company responds to major topics of investor concern, fully interprets its highlights and long-term strategies, and feeds back the needs of the capital market to the directors, supervisors, and senior management, enhancing its effective communication with the capital market.

In 2023, the Company held **4** General Meetings of Shareholders, **12** performance briefings through online interaction and on-site communication, and responded to **281** questions from investors. Outside the reporting window period, the Company received **57** investor surveys in total.

The Company actively aligns itself with the laws of the capital market, formulates reasonable profit distribution policies, methods, and dividend plans, and makes positive returns to shareholders.

Dividends of Linglong Tyre

Dividend Items	Unit	2021 Dividend (Paid in June 2022)	2022 Dividend (Paid in June 2023)
Annual Dividend Paid	RMB Million	237	218 ^①

①Note 1: In 2022, the Company paid a total of RMB 218,066.7 thousand of cash dividends, including RMB 129,990.8 thousand through share repurchase and RMB 88,075.9 thousand for ordinary shares.

In 2023, the Company received seven honors and recognitions related to investor relations management, including the "2022 Golden Information Disclosure Award" sponsored by China Securities Journal and the "5A Rating for Performance Evaluation of Board Secretaries" by the China Association for Public Companies.



The Company received investors for investigation in 2023



CHINA ASSOCIATION FOR PUBLIC COMPANIES— Investor Relations Management Best Practice Award for Listed Companies

Business Ethics

According to all applicable laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Interim Provisions on Prohibiting Commercial Bribery*, as well as international standards such as the *United Nations Convention against Corruption*, Linglong Tire continues to improve the business ethics management system, establish a top-down business ethics management structure, and promote the construction of the Company's business ethics system.

Board of Directors Sustainable Development Committee of the Board of Directors	Set business ethics management goals and be responsible for the management effectiveness
Discipline Inspection Committee	Responsible for the implementation of business ethics management

In 2023, the Company formulated and publicly released the *Business Ethics Policy Statement*. It committed to carrying out all business transactions and cooperation with professionalism, honesty, and integrity in the Statement, continuously improved the supervisory and whistleblowing management system, further standardized behaviors in business operations at home and abroad, and ensured the smooth progress of business ethics management.


In 2023, the Company did not record any violations of bribery, extortion, fraud, or money laundering. The Company received three reports internally, all of which were handled and resolved in accordance with procedures without causing any significant impact.

Anti-corruption

Linglong Tire sees integrity as the bottom line of operation, advocates a culture of integrity, and adheres to honest and law-abiding operations. The Company formulates systems such as *Anti-corruption and Anti-bribery Control Procedures*, *Integrity Management Control Procedures*, and *Supervisory and Whistleblowing Management System*, establishes a long-term anti-corruption early warning mechanism, and maintains the integrity of its employees and a healthy and positive cultural atmosphere.



Anti-corruption and Integrity Building Measures and Effectiveness of Linglong Tire in 2023

Aspects	Specific Measures and Effectiveness
Improvement of Management Mechanisms	<ul style="list-style-type: none"> The Company formulated <i>Anti-corruption and Anti-bribery Control Procedures</i>, <i>Anti-Unfair Competition Control Procedures</i>, <i>Integrity Management Control Procedures</i>, and revised <i>Integrity and Self-discipline Commitment Letter</i>.
Anti-corruption Review	<ul style="list-style-type: none"> The Company conducted systematic anti-corruption risk assessment for each departments; Identified a total of 10 categories anti-corruption risk key departments, including procurement and bidding, finance, human resources, and management; Implemented a commitment system of anti-commercial bribery, and made the implementation of the <i>Integrity and Self-discipline Commitment Letter</i> an important part of the inspection and assessment for employees in key positions and an important basis for their appointment and dismissal; Carried out internal special business ethics audits on key corruption risk points.
Integrity Culture Promotion	<ul style="list-style-type: none"> The Company requires employees in key links, areas, and positions to sign the Integrity and Self-discipline Commitment Letter and encourages more employees to do so. In 2023, all Company's employees signed the <i>Integrity and Self-discipline Commitment Letter</i>; The Company requires its customers, suppliers, and contractors to sign the <i>Anti-bribery Agreement</i>. In 2023, all Company's business partners signed the <i>Anti-bribery Agreement</i>; The Company issues the Proposal for Celebrating Festivals with Integrity in major festivals and advocates and publicizes integrity by organizing Family Observation Days, "Two Excellent and One Advanced" Commendation, and Probationary Party Member Oath-taking Ceremony; The Company regularly carries out business ethics training, conducts integrity examinations for personnel in key positions, and enhances employees' awareness of integrity and self-discipline; In 2023, the coverage rate of business ethics training for both directors and employees reached 100%. The Company organized 12 integrity examinations for personnel in key positions and provided briefings, totaling 1,407 person-times; The Company implements the requirements of the work style rectification for the Company's cadres. It collected typical cases of work style rectification and published 16 issues of <i>Work Style Briefing</i>.
Whistleblower Protection	<ul style="list-style-type: none"> The Company revised the <i>Supervisory and Whistleblowing Management System</i>, and formulated and released the <i>Whistleblowing Policy Statement</i>; established and improved whistleblowing channels including APP, mailbox, email, telephone, text message, etc., and encouraged employees and cooperative companies to report corrupt behavior; and clearly requested strict confidentiality in all aspects of the acceptance, investigation, and other whistleblowing procedures, listed the protection measures for whistleblowers and the handling measures for leakers, and established an effective whistleblowing management and whistleblower protection mechanism.
Whistleblowing Platform	
Violation Handling	<ul style="list-style-type: none"> The Company maintained and operated channels such as the mini program "Linglong Whistleblowing Information Platform" and learned the work style of cadres and employees. In 2023, there were three cases involving integrity issues.

[Case] Carried out training on Anti-corruption and Anti-bribery Control Procedures

On September 14, 2023, the Company carried out the publicity and implementation of the anti-corruption and anti-commercial bribery system for key departments and positions and explained the scope of application and the specific procedures. A total of 326 people participated in the training, including those from the Board of Directors, Engineering Department, Administrative Department, Supplier Management Department, Procurement Department, and the relevant business departments of each subsidiary.



Business ethics training site

Anti-unfair Competition

In accordance with the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations, combined with the actual business situation, the Company formulated and revised the *Anti-Unfair Competition Control Procedures in 2023*, standardized the market competition behavior, implemented the "7+5" development strategy, and improved the internationalization level. This effectively prevented, identified and responded to unfair competition risks, and ensured the sustainable and robust development of the Company.

According to anti-unfair competition laws and regulations, the Company identified seven types of unfair competition, including market confusion, infringement of trade secrets, unfair prize-giving sales, commercial bribery, false publicity, commercial defamation, and unfair competition on the Internet. In view of this, it established a closed-loop control mechanism for anti-unfair competition compliance risks of prevention in advance, control in the process and improvement after the event, implemented compliance requirements, and prevented and controlled the risk of violations. In 2023, the Company had no incidents related to unfair competition.

Anti-money Laundering




The Company strictly abides by the applicable anti-money laundering laws and regulations of the country (region) where it operates, formulates anti-money laundering policies, and promises not to participate in or assist any third party in money laundering.

The Compliance Management Committee of the Board of Directors is responsible for overseeing anti-money laundering work. Before developing external partnerships, the Company fully investigates and understands its trading partners, and establishes business relationships only with those who have legitimate sources of funds for carrying out legitimate business activities. It also expressly prohibits the employees from engaging in or assisting any other person in illegal money laundering activities.

Compliant Operation

By upholding the principle of honest and law-abiding operation, Linglong Tire strives to build a corporate compliance culture of "dare not, cannot, would not be corrupt". In accordance with the *Company Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, *Compliance Management System Requirements and Guidelines for Use (GB/T 35770-2022)* and other laws, regulations, and standards, the Company has formulated the *Compliance Management Measures*, *Code of Conduct for Compliance*, and other system documents, improved compliance management system, and continued to implement compliance management. The Company formulated a *Three-Year Plan for the Compliance Management System* to clarify the principles and priorities of compliance management, and comprehensively promote the establishment of the compliance management system.

Three-Year Plan for the Compliance Management System of Linglong Tire (2023-2025)

 Steady Development Stage in 2023	<p>On the basis of the original trade compliance system and overseas compliance system, the Company continues to improve its compliance management system, formulate and release compliance codes of conduct and compliance management measures, develop special compliance guidelines in key areas of compliance management, carry out compliance risk identification and review of the rules and regulations of subsidiaries, improve the Company's overall compliance management system.</p>
 Comprehensive Promotion Stage in 2024	<p>The Company improves the operational mechanism for compliance management, carries out compliance risk identification in terms of business category, compliance basis, and compliance risk, formulates a compliance risk list, conducts in-depth investigation of compliance issues in business operations, analyzes the causes, comprehensively rectifies the problems, continuously improves the efficiency of compliance management, and realizes the normalization and standardization of compliance management.</p>
 Optimization and Enhancement Stage in 2025	<p>The Company evaluates the effectiveness of the compliance management system by formulating evaluation indexes for the compliance system construction, special business evaluation indexes, and binding evaluation indexes, identify existing problems through the effectiveness evaluation, take timely rectification measures, continuously improves the Company's compliance management, and progressively pushes forward the realization of overall compliance in the Company.</p>

In 2023, the Company established a Compliance Management Committee under the Board of Directors to comprehensively lead and coordinate the promotion of compliance management. Focusing on the systems of organization, institution, operation, and security, the Company improves the compliance management mechanism, clarifies compliance responsibilities, develops compliance culture, and realizes the compliance operation in accordance with the law. During the reporting period, the Company was not punished or warned by the regulatory authorities for violating laws and regulations related to the Company's operations, such as product quality, customer service, intellectual property protection, environmental protection, and employee employment.

Compliance Management Work and Effectiveness of Linglong Tire in 2023

Aspects	Content
Organizational system construction	<ul style="list-style-type: none"> The Company established a Compliance Management Committee under the Board of Directors, formulated relevant work rules, and comprehensively led and coordinated the promotion of compliance management. The compliance management organization structure has been established, which integrates the Compliance Management Committee of the Board of Directors, the manager, the person in charge of compliance management, the compliance management leading department, the special department and the supervision department. Establish the compliance management "three lines of defense" composed of the compliance management leading department, the compliance management special department, and the compliance management supervision department.
Institutional system construction	<ul style="list-style-type: none"> The Company formulated the <i>Compliance Management Measures</i>, the <i>Code of Conduct for Compliance</i>, and special guidelines for compliance in key areas such as outbound investment and labor and employment. Issued the <i>Provisions on Compliance Management of Rules and Regulations</i> and standardized the formulation and revision of the rules and regulations of the Company and its branches and subsidiaries.
Operational system construction	<ul style="list-style-type: none"> Improved laws and regulations in the fields of labor and environmental protection, and proofread 227 existing laws and regulations on their effectiveness. Carried out all-round compliance risk identification and investigation and formed assessment reports on the current compliance management, including: <ul style="list-style-type: none"> Internally, the Company carried out inspections of rules and regulations and duty performance forms, covering 11 aspects including safety and environmental protection, finance, quality control, manpower, and production. In 2023, the Company inspected a total of 1,063 rules and regulations and 287 performance forms. Externally, the Company carried out risk reviews of customers and suppliers. In 2023, the Company conducted compliance risk investigations of 1,161 new distributors, customers, and suppliers at home and abroad, 501 overseas customers, 769 suppliers, and 830 existing domestic customers, and reviewed business documents in high-risk countries and neighboring countries, with no serious risks identified.
Security system construction	<ul style="list-style-type: none"> Incorporate the compliance culture into the company culture construction and development plan, clarify the important role of the compliance culture, publicize the compliance culture, and implement the compliance concept, and make all staff form a work style of looking for rules when things happen, complying with the rules and acting in accordance with the rules. Regularly carry out compliance culture publicity in the company, add compliance information columns in the cultural publicity platform, publish compliance content for company personnel to learn, and make the concept of compliance deeply rooted in people's hearts. Formulate training materials on compliance behavior guidelines for expatriate employees, and conduct training and guidance on management methods, attitudes, concepts and daily compliance behaviors of expatriate cadres and employees. In 2023, the Company focused on overseas compliance and risk prevention, and conducted overseas compliance management training for relevant personnel of various management departments and business departments (including subsidiaries), with a total of 282 participants.



Linglong Tire Overseas Compliance Training

ESG Data Performance Table



ESG Data Performance Table

Economy

Indicator	Unit	2021	2022	2023
Net profit	RMB 10,000	78,855.63	29,178.58	139,060.71
Total amount of taxes payable	RMB 10,000	48,367.85	21,013.13	60,787.60
Total number of shares issued by the Company	Share	1,372,125,701	1,476,731,513	1,473,522,713
Social contribution per share ¹	RMB	2.30	1.67	2.92

Note 1: [Calculation method] Social contribution per share = (Net profit of the Company + Tax revenue generated for the country during the year + Wages paid to employees + Loan interest paid to banks and other creditors + External donation and other value created for other stakeholders - Other social costs caused by environmental pollution, etc.) / Total number of shares of the Company.

Environment Environmental Management System Performance

Indicator	Unit	2021	2022	2023
Annual environmental investment expenditure	RMB 10,000	4,603.21	4,805.53	4,913.78
Number of employees participating in environmental training	Person (s)	18,507	18,534	19,347
Environmental protection training hours per capita	Hour/person	1	1	1
Number of cases punished for violations against environmental protection laws and regulations	Case (s)	0	0	0
Proportion of environmental protection investment to operating revenue ¹	%	0.25	0.28	0.24

Note 1: [Calculation method] Proportion of environmental protection investment to operating revenue = Annual environmental protection investment expenditure / Operating revenue * 100.

Energy Usage and Greenhouse Gas (GHG) Emission Performance^{1 2}

Indicator	Unit	2021	2022	2023
Purchased steam consumption	GJ	2,595,064.81	2,465,200.38	2,746,251.39
Total power consumption ³	MWh	1,037,234.67	879,699.61	1,089,061.77

Indicator	Unit	2021	2022	2023
Power consumption intensity ⁴	MWh/ RMB 10,000	0.56	0.52	0.54
Total GHG emissions (Scope I + Scope II)	kt CO ₂ e	1,213	1,208	1,102
Scope 1 GHG emissions ⁵	kt CO ₂ e	147	116	179
Scope 2 GHG emissions ⁵	kt CO ₂ e	1,066	1,091	923
GHG emission intensity	t CO ₂ e/RMB 10,000	0.65	0.71	0.55

Note 1: [Statistical Caliber] The data for 2023 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, Thai Base, and Jilin Base. The data for 2021 and 2022 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, and Thai Base.

Note 2: Total Scope 1 GHG emissions include direct GHG emissions from the consumption of natural gas, official vehicle gasoline, raw coal and stationary source diesel fuel. Scope 2 Greenhouse gas emissions include indirect GHG emissions from purchased electricity and steam (the Company calculates the greenhouse gas emissions from purchased electricity by location-based method) The GHG emission factor parameters are obtained from the *Greenhouse Gas Emission Accounting and Reporting Guide for Enterprise: Power Generation Facilities*, *China Energy Statistical Yearbook* and CEIC website. In 2021 and 2022, the GHG emission factor for Chinese Mainland's purchased electricity is 0.581 tCO₂e/MWh, the GHG emission factor for Chinese Mainland's purchased steam is 0.11 tCO₂e/GJ. The GHG emission factor for Thailand's purchased electricity is 1.246 tCO₂e/MWh, and the greenhouse gas emission factor for Thailand's purchased steam is 0.11 tCO₂e/GJ in 2021 and 2022. In 2023, the GHG emission factor for Chinese Mainland's purchased electricity is 0.5703 tCO₂e/MWh, the GHG emission factor for Chinese Mainland's purchased steam is 0.11 tCO₂e/GJ. The GHG emission factor for Thailand's purchased electricity is 0.407 tCO₂e/MWh, and that for Thailand's purchased steam is 0.11 tCO₂e/GJ in 2023.

Note 3: The total power consumption of the Company includes purchased electricity consumption and photovoltaic power generation. The photovoltaic power generation is 62,552,500 KWh, accounting for 5.74%.

Note 4: [Calculation method] Power consumption density = Total power consumption/ Operating revenue.

Note 5: Affected by external factors, Scope 1 GHG emissions decreased. With the trial operation of Jilin plant in 2022 and the formal operation in 2023, production capacity improved, and the scope 1 GHG emissions increased.

Water Use Performance¹

Indicator	Unit	2021	2022	2023
Total water consumption (by source of water withdrawal)	m ³	1,433,224	1,402,346	2,040,948 ²
Rainwater collected and stored directly by the enterprise	m ³	144,613	176,901	176,284
Municipal water supply	m ³	1,288,611	1,225,445	1,864,664 ²
Water consumption density ³	m ³ /RMB 10,000	0.70	0.73	1.01

Note 1: [Statistical caliber] The data for 2023 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, Thai Base, and Jilin Base, while the data for 2021 and 2022 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, and Thai Base.

Note 2: Due to the pandemic, the Company's municipal water supply and total water consumption indicators in 2022 were lower than those in 2021. In 2023, as the Company resumed normal production and operation, and Jilin Factory officially started production with its production capacity ramping up, both the municipal water supply and total water consumption were higher than those in 2022.

Note 3: [Calculation method] Water consumption density = Total water consumption / Operating revenue.



ESG Data Performance Table

Pollutant Emission and Waste Discharge Performance¹

Indicator	Unit	2021	2022	2023 ³
Total water pollutant discharge				
Chemical oxygen demand (COD)	t	18.26	11.97	8.46
Ammonia nitrogen	t	0.25	0.19	0.22
Total industrial wastewater discharge	m ³	388,032.00	218,847.80 ²	455,065.00
Density of industrial wastewater discharge ⁴	m ³ /RMB 10,000	0.21	0.13	0.23
Total non-hazardous waste discharge ⁵	t	25,313.82	21,612.89	24,071.30
Density of non-hazardous waste discharge ⁵	kg/RMB 10,000	13.62	12.71	11.94
Total hazardous waste discharge ⁶	t	363.32	390.94	429.17
Density of hazardous waste discharge ⁶	kg/RMB 10,000	0.20	0.23	0.21

Note 1: [Statistical caliber] The data for 2023 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, Thai Base, Jilin Base, and European Base, while the data for 2021 and 2022 covers Zhaoyuan Base, Dezhou Base, Hubei Base, Guangxi Base, and Thai Base.

Note 2: Due to the pandemic, the total amount of industrial wastewater discharged has dropped significantly from that in 2021.

Note 3: The Jilin Factory commenced trial operation in 2022 and officially started production in 2023. Its production capacity is ramping up with increasing wastewater and waste discharge.

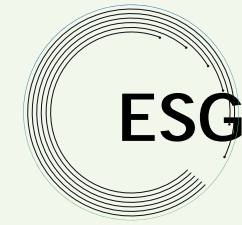
Note 4: [Calculation method] Density of industrial wastewater discharge = Total industrial wastewater discharge / Operating revenue.

Note 5: Non-hazardous waste mainly includes scrap steel cord, fiber cord, scrap steel wire, waste rubber edge and domestic garbage. [Calculation method] Density of non-hazardous waste emissions = Total non-hazardous waste emissions / Operating revenue * 1000.

Note 6: Hazardous waste mainly includes used engine oil, laboratory waste liquid, chemical packaging, etc. [Calculation method] Density of hazardous waste emissions = Total hazardous waste emissions / Operating revenue * 1000.

Society Employment and Labor Routine Performance

Indicator	Unit	2021	2022	2023	
Number of total employees	Person (s)	18,507	18,534	19,347	
By gender	Number of female employees	Person (s)	4,680	4,612	4,741
	Number of male employees	Person (s)	13,827	13,922	14,606
By place of work	Number of employees working in China's mainland	Person (s)	13,990	14,026	14,336
	Number of employees working in Hong Kong, Macao, Taiwan, and foreign countries	Person (s)	4,517	4,508	5,011
By form of employment	Number of full-time labor contract employees	Person (s)	16,378	16,856	17,668
	Number of full-time labor dispatching employees	Person (s)	1,556	798	799
	Number of part-time employees	Person (s)	0	0	0
	Number of employees in other forms of employment	Person (s)	573	880	880
By age group	Number of employees aged under 30	Person (s)	5,569	5,197	4,968
	Number of employees aged between 30 and 50	Person (s)	11,995	12,144	12,942
	Number of employees aged over 50	Person (s)	943	1,193	1,437
Signing rate of labor contracts	%	100	100	100	
Number of labor disputes	Case (s)	0	0	0	
Total number of cases punished for violations against laws and regulations related to child labor and forced labor	Case (s)	0	0	0	
Number of cases punished for violations against laws and regulations related to recruitment and dismissal of employees	Time (s)	0	0	0	
Number of cases punished for violations against laws and regulations related to working hours and vacations of employees	Time (s)	0	0	0	
Number of cases punished for violations against laws and regulations related to promotion and equal opportunities of employees	Time (s)	0	0	0	
Number of cases punished for violations against laws and regulations related to anti-discrimination and diversity of employees	Time (s)	0	0	0	
Number of employee turnover	Person (s)	4,221	4,186	4,202	
Employee turnover rate ¹	%	1.99	1.91	1.84	



ESG Data Performance Table

Indicator	Unit	2021	2022	2023	
By gender	Number of female employee turnover	Person (s)	1,032	1,021	1,002
	Number of male employee turnover	Person (s)	3,189	3,165	3,200
	Turnover rate of female employees	%	1.80	1.81	1.73
	Turnover rate of male employees	%	1.89	1.86	1.79
Total training hours for employees		Hour (s)	1,499,067.00	1,496,249.82	2,534,457.00
Average training hours for employees		Hour (s)	81.00	80.73	131.00
By gender	Number of female employees trained	Person (s)	4,680	4,612	4,741
	Number of male employees trained	Person (s)	13,827	13,922	14,606
	Total training hours for female employees ²	Hour (s)	379,080.00	372,326.76	621,071.00
	Total training hours for male employees ²	Hour (s)	1,119,987.00	1,123,923.06	1,913,386.00
	Proportion of female employees participating in training	%	100	100	100
Proportion of male employees participating in training		%	100	100	100
By form of employment	Total training hours for full-time labor contract employees (at the end of the period)	Hour (s)	1,326,618.00	1,360,784.00	2,314,508.00
	Total training hours for full-time labor dispatching employees (at the end of the period)	Hour (s)	126,036.00	63,840.00	104,669.00

Society

Employment and Labor Routine Performance

Indicator	Unit	2021	2022	2023	
By form of employment	Total training hours for employees in other forms of employment (at the end of the period)	Hour (s)	46,413.00	71,042.40	115,280.00
Coverage rate of employees receiving regular performance and career development appraisals		%	100	100	100

Note 1: [Calculation method] Employee turnover rate = 12-month cumulative number of resigned employees / (12-month cumulative number of resigned employees + 12-month cumulative month-end number), with retirees, deaths, and other special circumstances deducted from the number of resigned employees

Note 2: Reasons for the increase in training duration: In 2023, due to the increase of four foreign training projects and the addition of the European Linglong PCR factory, the training demand increased, resulting in the increase of more than 60% of the training duration in 2023 compared with that in 2022.

Occupational Health and Safety Performance

Indicator	Unit	2021	2022	2023
Total investment in safety operation	RMB 10,000	2,794.62	3,964.97	4,009.97
Coverage rate of physical examination for hazard positions	%	100	100	100
Number of employees receiving occupational health and safety training	Person (s)	18,507	18,534	19,347
Total hours of occupational health and safety training	Hour (s)	144	144	168
Proportion of employees participating in occupational health and safety training ¹	%	100	100	100
Recordable work-related injury rate per million working hours ²	Case (s)/million hours	1.15	1.6	1.52
Incidence of serious accidents ³	Case (s)/million hours	0.37	0.39	0.36
Proportion of safety operation investment to operating revenue ⁴	%	0.15	0.23	0.20

Note 1: [Calculation method] Proportion of employees participating in occupational health and safety training = Number of employees receiving occupational health and safety training / (Number of female employees + Number of male employees) * 100

Note 2: [Calculation method] Recordable work-related injury rate per million working hours = Number of work-related injuries / Total working hours of employees * 1,000,000

Note 3: [Calculation method] Incidence of serious accidents = Number of serious accidents / Total working hours of employees * 1,000,000

Note 4: [Calculation method] Proportion of safety operation investment to operating revenue = Total investment in safety operation / operating revenue * 100

ESG Data Performance Table

Product Quality Performance

Indicator	Unit	2021	2022	2023
Number of product quality training for all employees	Time (s)	2	2	4
Proportion of employees participating in product quality training	%	100.00	100.00	100.00

Customer Service Performance

Indicator	Unit	2021	2022	2023
Number of violations of laws and regulations in marketing (including advertising, promotion and sponsorship)	Case (s)	0	0	0
Customer satisfaction	Points	99.84	99.85	99.61
Total number of products and service-related complaints received ¹	Case (s)	7	8	11
Number of complaints received by type of complaint	Product quality and safety-related	Case (s)	6	8
	Customer service related	Case (s)	1	0
	Other	Case (s)	0	0
Number of confirmed cases of leakage, theft or loss of customer information	Case (s)	0	0	0

Note 1: [Calculation method] Total number of products and service-related complaints received = Product quality and safety-related complaints + Customer service related complaints + Other complaints

Supplier Management Performance

Indicator	Unit	2021	2022	2023
Number of product quality training for various raw material suppliers	Time (s)	1	3	3
Proportion of suppliers participating in product quality training ¹	%	2.86	15.52	12.00

Supplier Management Performance

Indicator	Unit	2021	2022	2023
Proportion of suppliers signing anti-corruption agreements	%	100	100	100
Number of key suppliers ³ identified as having actual and potential significant negative environmental impacts ²	/	0	0	0
Number of key suppliers ³ identified as having actual and potential significant negative social impacts ²	/	0	0	0
Proportion of suppliers receiving and passing environmental, labor, and ethical investigation among all suppliers ⁴	%	100	100	100

Note 1: [Calculation method] Proportion of suppliers participating in product quality training = Number of suppliers receiving product quality training / Number of all suppliers * 100%

Note 2: The Company conducts environmental and social negative impact audits on suppliers based on the three dimensions of impact severity, impact scale and occurrence possibility (divided into four grades: slight, medium, significant and serious). If the comprehensive evaluation of the three factors is significant or above, it is deemed to have significant actual or potential negative impact on the environment or society.

Note 3: Key supplier refers to the supplier of critical raw materials related to tire safety or related to laws and regulations.

Note 4: [Calculation method] Proportion of suppliers receiving and passing environmental, labor, and ethical investigation among all suppliers = Number of suppliers receiving and passing environmental, labor, and ethical investigation / Number of all suppliers * 100

Social Welfare and Volunteer Service Performance

Indicator	Unit	2021	2022	2023
Total amount of community public welfare investment	RMB 10,000	630.22	248.97	347.62
Number of employees participating in volunteer services	Person (s)	414	372	312
Total volunteer service hours of employees	Hour (s)	2,409	2,117	2,007

ESG Data Performance Table

Intellectual Property and R&D Innovation Performance

Indicator	Unit	2021	2022	2023
R&D expenses	RMB 10,000	93,409.47	74,792.91	81,478.44
Proportion of R&D personnel ¹	%	11.66	12.11	11.74
Proportion of R&D expenses to operating revenue ²	%	5.03	4.40	4.04

Note 1: [Calculation method] Proportion of R&D personnel = Number of R&D personnel / Total number of employees * 100.

Note 2: [Calculation method] Proportion of R&D expenses to operating revenue = R&D expenses / Operating revenue (in RMB 10,000) * 100.

Corporate governance Corporate Governance Performance

Indicator	Unit	2021	2022	2023
Number of BOD members	Person (s)	9	9	9
Number of male directors	Person (s)	8	7	7
Number of female directors	Person (s)	1	2	2
Proportion of female directors in the Board of Directors ¹	%	11.11	22.22	22.22
Number of executive directors	Person (s)	1	4	4
Number of non-executive directors	Person (s)	8	5	5
Number of independent non-executive directors	Person (s)	3	3	3
Proportion of independent non-executive directors in the Board of Directors ²	%	33.33	33.33	33.33

Note 1: [Calculation method] Proportion of female directors on the Board of Directors = Number of female directors / Number of BOD members * 100.

Note 2: [Calculation method] Proportion of independent non-executive directors on the Board of Directors = Number of independent non-executive directors / Number of BOD members * 100.

Business Ethics and Compliance Performance

Indicator	Unit	2021	2022	2023
Number of participants in compliance training	Person (s)	2,737	3,400	3,910
Number of compliance training	Time (s)	3	3	10
Proportion of employees participating in compliance training ¹	%	14.79	18.34	20.21
Number of directors participating in anti-corruption training	Person (s)	9	9	9
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Case (s)	0	0	0
Number of employees participating in anti-corruption training	Person (s)	18,507	18,534	19,347
Proportion of directors participating in anti-corruption training ²	%	100.00	100.00	100.00
Proportion of employees participating in anti-corruption training ³	%	100.00	100.00	100.00
Total anti-corruption training hours for directors	Hour (s)	18.00	18.00	18.00
Anti-corruption training hours for directors per capita ⁴	Hour/person	2.00	2.00	2.00
Number of persons signing the Integrity and Self-discipline Commitment Letter	Person-time(s)	5,977	18,534	19,347
Integrity visits ⁵	Person-time (s)	13,000	14,000	13,000
Cadres inspected ⁵	Person-time (s)	1,200	1,300	1,300

Note 1: [Calculation method] Proportion of employees participating in compliance training = Number of employees participating in compliance training / (Number of female employees + Number of male employees) * 100.

Note 2: [Calculation method] Proportion of directors participating in anti-corruption training = Number of directors participating in anti-corruption training / Number of BOD members * 100.

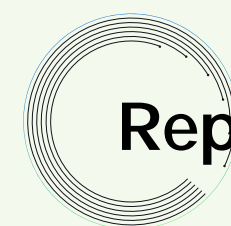
Note 3: [Calculation method] Proportion of employees participating in anti-corruption training = Number of employees participating in anti-corruption training / (Number of female employees + Number of male employees) * 100.

Note 4: [Calculation method] Anti-corruption training hours for directors per capita = Total anti-corruption training hours for directors / Number of BOD members.

Note 5: the person-time(s) of integrity visits and cadres inspected is the estimated value by the Company.



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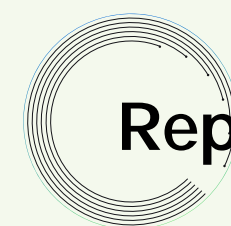


Report Standard Index

Guidelines No. 1 of Shanghai Stock Exchange for the Self-regulation of Listed Companies – Standard Operation (Revised in December 2023) Index

Terms and Disclosures	Report Chapters
8.1 Overview	About Linglong Tire
8.2 Business Principles	About Linglong Tire
8.3 Strategic Planning and Working Mechanism for Social Responsibility	Sustainability Management System
8.4 Social Contribution Per Share	ESG Data Performance Table
8.5 Disclosure of Social Responsibility Report	About This Report
8.6 (I) Development and Implementation of Social Responsibility System	Green Linglong Harmonious Linglong Smart Linglong Environmental Responsibilities Social Responsibilities Corporate Governance Responsibility
8.6 (II) Deficiencies and Problems in the Fulfillment of Social Responsibilities	Green Linglong Harmonious Linglong Smart Linglong Environmental Responsibilities Social Responsibilities Corporate Governance Responsibility
8.6 (III) Improvement Measures and Specific Timetables	Green Linglong Harmonious Linglong Smart Linglong Environmental Responsibilities Social Responsibilities Corporate Governance Responsibility
8.7 Election and Appointment System for Employees Directors, and Supervisors, Employee Rights and Interests Protection	Create a Harmonious and Pleasant Workplace
8.8 (I) Compliance with Environmental Protection Laws and Regulations and Industry Standards	Energy Management Management of Raw Materials and Water Resources Emission and Waste Management
8.8 (II) Environmental Protection Plan	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem Make Green Innovations to Empower Low-Carbon Travel Energy Management Management of Raw Materials and Water Resources Emission and Waste Management
8.8 (III) Natural Resource Utilization	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem Make Green Innovations to Empower Low-Carbon Travel Energy Management Management of Raw Materials and Water Resources Emission and Waste Management
8.8 (IV) Pollutant Disposal	Emission and Waste Management
8.8 (V) Pollution Prevention and Control Facilities	Emission and Waste Management

Terms and Disclosures	Report Chapters
8.8 (VI) Payment of Taxes and Fees Related to Environmental Protection	Emission and Waste Management
8.8 (VII) Supply Chain Environmental Safety	Emission and Waste Management Responsible Procurement
8.8 (VIII) Other Environmental Protection Responsibilities	Emission and Waste Management
8.9 (I) Environmental Protection Policies, Objectives and Effectiveness	Emission and Waste Management
8.9 (II) Total Annual Resource Consumption	Energy Management Management of Raw Materials and Water Resources
8.9 (III) Environmental Protection Investments and Environmental Technology Development	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem Make Green Innovations to Empower Low-Carbon Travel
8.9 (IV) Types, Quantities, Concentrations and Destinations of Emitted Pollutants	Emission and Waste Management
8.9 (V) Construction and Operation of Environmental Protection Facilities	Emission and Waste Management
8.9 (VI) Waste Treatment and Disposal and Recycling and Comprehensive Utilization of Waste Products	Emission and Waste Management
8.9 (VII) Voluntary Agreements with Environmental Protection Departments	Emission and Waste Management
8.9 (VIII) Incentives from Environmental Protection Departments	Emission and Waste Management
8.9 (IX) Other Voluntary Disclosures	Emission and Waste Management
8.10 (I) New, Renovated or Expanded Construction Projects or Major Investments	Emission and Waste Management
8.10 (II) Punishment for Violations of Environmental Laws and Regulations	Emission and Waste Management
8.10 (III) Significant Litigation on Environmental Issues or Assets Seized, Frozen, Detained, Pledged or Mortgaged	Emission and Waste Management



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Terms and Disclosures	Report Chapters
8.10 (IV) Key Pollutant Dischargers	Emission and Waste Management
8.10 (V) Impact of Newly Enacted Laws and Regulations on the Company	Emission and Waste Management
8.10 (VI) Major Environmental Protection Events	Emission and Waste Management
8.11 Environmental Protection Policy Implementation and Corrective Measures	Emission and Waste Management
8.12 (I) Pollutant Emission	Emission and Waste Management
8.12 (II) Construction and Operation of Environmental Protection Facilities	Emission and Waste Management
8.12 (III) Emergency Response Plan for Pollution Accidents	Emission and Waste Management
8.12 (IV) Pollutant Reduction Measures	Emission and Waste Management
8.13 (I) Product Safety Laws and Regulations and Industry Standards	Product Quality Management
8.13 (II) Production Environment and Processes	Product Quality Management
8.13 (III) Product Quality and Safety Guarantee Mechanisms and Emergency Response Plan for Accidents	Product Quality Management
8.13 (IV) Other Production and Product Safety Responsibilities	Product Quality Management
8.14 (I) Employee Management System and Violation Handling Measure	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
8.14 (II) Prevention of Occupational Hazards and Supporting Safety Measures	Occupational Health and Safety
8.14 (III) Employee Training	Create a Harmonious and Pleasant Workplace
8.14 (IV) Other Responsibilities for Protecting Employee Rights and Interests	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
8.15 Ethics in Science	Protection of Intellectual Property Rights

GRI Standard Content Index

Statement of Use	Linglong Tire reported in accordance with the Global Reporting Initiative (GRI) Standards for the period from January 1, 2023 to December 31, 2023
GRI 1 Used	GRI 1: Foundation 2021

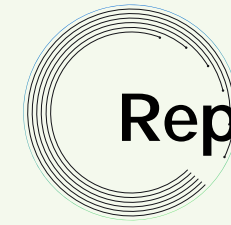
GRI Standard	Disclosure	Location
General disclosures		
	2-1 Organizational details	About Linglong Tire
	2-2 Entities included in the organization's sustainable development report	About This Report
	2-3 Reporting period, frequency and contact	About This Report
	2-4 Restatements of information	About This Report
	2-5 External Certification	Verification Statement
	2-6 Activities, value chain and other business relationships	About Linglong Tire
GRI 2: General Disclosures 2021	2-7 Employees	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
	2-8 Workers who are not employees	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
	2-9 Governance structure and composition	
	2-10 Nomination and selection of the highest governance body	Corporate Governance Sustainability Governance Framework
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	Chairman Message Sustainability Governance Framework



Report Standard Index

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts Chairman Message Sustainability Governance Framework
	2-14	Role of the highest governance body in the sustainable development report
	2-15	Conflicts of interest Corporate Governance Business Ethics
	2-16	Communication of critical concerns Analysis of Material Topics
	2-18	Evaluation of the performance of the highest governance body Corporate Governance
	2-19	Remuneration policies Employee Recruitment and Employment
	2-20	Process to determine remuneration Corporate Governance
	2-22	Statement on sustainable development strategy Sustainable Development Philosophy
	2-23	Policy commitments Sustainability Governance Framework
	2-24	Embedding policy commitments
	2-27	Compliance with laws and regulations Compliant Operation
	2-29	Approach to stakeholder engagement Communication with Stakeholders
	2-30	Collective bargaining agreements Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment
Material Topics		
GRI 3: Material Topics 2021	3-1	Process of determination of material topics Analysis of Material Topics Appendix II: List of Material Topics in 2023
	3-2	List of material topics

GRI Standard	Disclosure	Location
GRI 201: Financial Performance 2016	3-3	Management of material topics Analysis of Material Topics
	201-1	Direct economic value generated and distributed About Linglong Tire
	201-2	Financial implications and other risks and opportunities due to climate change Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem
	201-3	Defined benefit plan obligations and other retirement plans Create a Harmonious and Pleasant Workplace
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported Co-construct a Harmonious and Pleasant Community
	203-2	Significant indirect economic impacts
GRI 204: Procurement Practice 2016	204-1	Proportion of expenditure on procurement from local suppliers Responsible Procurement
	205-1	Operations assessed for risks related to corruption
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures Business Ethics
	205-3	Confirmed incidents of corruption and actions taken
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices Business Ethics
GRI 301: Materials 2016	301-2	Recycled input materials used Make Green Innovations to Empower Low-Carbon Travel
	301-3	Reclaimed products and their packaging materials
	302-1	Energy consumption within the organization Energy Management



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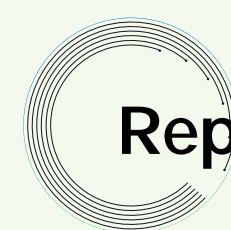
GRI Standard	Disclosure	Location
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Energy Management
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Management of Raw Materials and Water Resources
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem
	304-2 Significant impacts of activities, products, and services on biodiversity	
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	

GRI Standard	Disclosure	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Emission and Waste Management
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Procurement
	308-2 Negative environmental impacts in the supply chain and actions taken	

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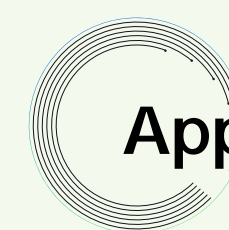
GRI Standard	Disclosure	Location
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Recruitment and Employment
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Create a Harmonious and Pleasant Workplace
	401-3 Parental leave	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Employee Recruitment and Employment
	403-1 Occupational health and safety management system	GRI 403: Occupational Health and Safety 2018
	403-2 Hazard identification, risk assessment, and incident investigation	
403-3 Occupational health services		
403-4 Worker participation, consultation, and communication on occupational health and safety		
403-5 Worker training on occupational health and safety		
403-6 Promotion of worker health		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-8 Workers covered by an occupational health and safety management system		
403-9 Work-related injuries		
403-10 Work-related ill health		

GRI Standard	Disclosure	Location
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Create a Harmonious and Pleasant Workplace
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	Create a Harmonious and Pleasant Workplace Corporate Governance
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employee Recruitment and Employment
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Recruitment and Employment
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Recruitment and Employment
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Recruitment and Employment
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Co-construct a Harmonious and Pleasant Community
	413-2 Operations with significant actual and potential negative impacts on local communities	



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GRI Standard	Disclosure	Location
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Procurement
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Relationship Management
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Customer Relationship Management
	417-3 Incidents of non-compliance concerning marketing communications	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection



Appendix I: Definitions of Proper Noun

Names of Terms in the Report	Explanation of Terms
AGV	Automated guided vehicle
CBAM	EU's Carbon Border Adjustment Mechanism
EAMS	Equipment asset management system
EMS	Electrical Monorail System
FMEA	Failure mode and effects analysis. It is a product reliability analysis method, by which one can analyze and list the failure modes, impacts, possible causes or mechanisms of the product, frequency of occurrence, and whether it can be monitored and, based on this, evaluate the risk level of the relevant problem.
FSC	Forest Stewardship Council. FSC issues certificates to forestry units after conducting independent audits in line with relevant principles and standards.
GPSNR	Global Platform for Sustainable Natural Rubber
Hbay	Bay-region Hydrogen. NMR hydrogen spectroscopy characterizes the aromaticity of vulcanized rubber by measuring the amount of "bay-region hydrogen" (Hbay protons) in the sample, with higher Hbay proton content indicating higher aromaticity. The content of Hbay (bay-region protons) produced by polycyclic aromatic hydrocarbon samples taken from different parts of finished automobile tires is not more than 0.35%.
MES	Manufacturing execution system
PAHs	Polycyclic Aromatic Hydrocarbons. PAHs are aromatic hydrocarbons containing two or more benzene rings that are toxic, genotoxic, mutagenic, and carcinogenic.
QMS	Quality management system
SVHC	Substances of Very High Concern. It is a hazardous substance specified in the framework of the EU-REACH Regulations. According to EU REACH Regulations, suppliers of an article containing SVHC in a concentration of more than 0.1% must provide related information to downstream.
VOCs	Volatile organic matter
Rolling Resistance	Rolling resistance is the energy loss between the tire and the road surface, which affects the rotation speed and fuel consumption of the tire.

Appendix II: List of Material Topics in 2023

Material topics	Topic Description	Relevant chapter	Topic boundary		
			Upstream suppliers	Group's own operations	Downstream customers
Energy Management	The Company's management system, measures, and achievements in energy management.	Energy Management	●	●	
Management of Raw Materials and Water Resources	The Company's management system, measures, and achievements in raw materials and water management.	Management of Raw Materials and Water Resources	●	●	
Emission and Waste Management	The Company's management system, measures and targets achievements for waste-water, waste gas, and waste in production and operation.	Emission and Waste Management		●	
Climate Change Mitigation and Adaptation	The Company's measures and progress in identifying, assessing, and managing climate-related risks and opportunities, formulating carbon peaking and carbon neutrality strategic plans, and promoting the implementation of the plans' goals with the consideration of the climate change impact on its operations and business.	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem Identification of climate change risks and opportunities	●	●	
Cleantech Opportunities	The Company's innovation capabilities, strategic development plans, and achievements of measures promotion in the development of clean technology.	Make Green Innovations to Empower Low-Carbon Travel	●	●	
Biodiversity Conservation	The Company's identification and management of its business activities' significant direct/indirect positive/negative impacts on biodiversity and ecosystems, and measures actively taken to protect the ecological environment and minimize the impact of its operations on biodiversity and the ecological environment.	Implement Green and Low-Carbon Practice to Fuel Sustainable Ecosystem		●	

Material topics	Topic Description	Relevant chapter	Topic boundary		
			Upstream suppliers	Group's own operations	Downstream customers
Product Quality Management	The Company's quality management system and relevant measures applied for ensuring that its products comply with laws, regulations, and industry standards and requirements.	Product Quality Management		●	●
Customer Relationship Management	The Company's mechanism for communication with customers, feedback, and complaints, and disclosure of data related to proper disposal, including customer satisfaction, customer service, and complaints.	Customer Relationship Management		●	●
Digital Transformation	The Company's use of digital technologies to transform the business processes, corporate culture, and customer experience of a business or organization and adapt to changes in the market and business environment.	Develop Intelligent Manufacturing to Advance Digital Transformation Develop Intelligent Retail to Improve Customer Satisfaction		●	●
Responsible Procurement	The Company's assessment and management of suppliers' environmental, labor, and social performance under its supplier access and evaluation system.	Responsible Procurement	●	●	
Intellectual Property Protection	The Company's management system, measures, and achievements in protecting its own intellectual property rights and not infringing on the intellectual property rights of others.	Innovation and IP Rights Protection		●	
Employee Training and Development	The Company's provision of professional training for employees to enhance their vocational skills, as well as the provision of opportunities for further study and financial assistance, etc. to ensure employee retention.	Create a Harmonious and Pleasant Workplace Employee Training and Development		●	

Appendix II: List of Material Topics in 2023

Material topics	Topic Description	Relevant chapter	Topic boundary		
			Upstream suppliers	Group's own operations	Downstream customers
Employees' Rights and Interests and Welfare	The Company's achievements in taking measures to prevent child labor and forced labor, ensure legal employment, protect the rights and interests of employees in remuneration and welfare, recruitment, working hours, and labor safety, and provide benefits to employees.	Create a Harmonious and Pleasant Workplace Employee Recruitment and Employment		●	
Occupational Health and Safety	The Company's management system for occupational safety and health, and the actions taken to protect the safety and health of employees and contractors, including accident prevention, occupational disease prevention, and health and safety education.	Occupational Health and Safety		●	
Workplace Diversity and Inclusion	The Company's management system, measures, and achievements in promoting equal employment and employee diversity.	Create a Harmonious and Pleasant Workplace		●	
Community Co-construction and Public Welfare Charity	The Company's plans, measures, and achievements in reducing social impacts on the community environment and supporting sustainable development in the community.	Co-construct a Harmonious and Pleasant Community		●	●
Corporate Governance	The Company's efforts in continuously improving its governance structure, enhancing the transparency of information disclosure, and protecting the legitimate rights and interests of its shareholders.	Corporate Governance		●	

Material topics	Topic Description	Relevant chapter	Topic boundary		
			Upstream suppliers	Group's own operations	Downstream customers
Business Ethics	The Company's measures and achievements in preventing commercial bribery, embezzlement, fraud, extortion, and conspiracy, including the development of related systems, anti-corruption education, and supervision mechanisms.	Business Ethics	●	●	
Compliant Operation	The Company's compliance with economic, environmental, and social laws and regulations in the course of its operations and management, and the development and achievements of its compliance and supervision management systems.	Compliant Operation	●	●	



VERIFICATION STATEMENT





ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 SUSTAINABILITY REPORT OF SHANDONG LINGLONG TYRE CO., LTD. SUBMITTED BY SHANDONG LINGLONG TYRE CO., LTD.

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by Shandong Linglong Tyre Co., Ltd. (hereinafter referred to as LINGLONG) to conduct an independent assurance of the Chinese version of 2023 Sustainability Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all LINGLONG's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the governing body and the management of LINGLONG. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all LINGLONG's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards, including:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
 - GRI 1: Foundation 2021, for report quality
 - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
 - GRI 3: Material Topics 2021, for organization's process of determining material topics, its list of material topics and how to manages each topic
- and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)

Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

- GRI Standards 2021 (Reference)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at headquarter, located at No. 777 Jinlong Road, Zhaoyuan City, Shandong, P.R. China, and online review and validation of documentation and records with relevant personnel of LINGLONG's employees of other subsidiaries as necessary.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The data related to carbon emissions in the Report was self-accounted by LINGLONG, and the carbon data audit was conducted on the sampling basis during the assurance process.

The on-site verification was only at the LINGLONG's head-office and did not involve other branches.

This verification only conducted interviews with staff of LINGLONG and access to relevant materials, did not involve external stakeholders.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in multiple countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from LINGLONG, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with CCAA registered ISO 9001, ISO 14001, ISO 45001, ISO37001, ISO37301 auditor and SGS recognized CSR/ESG lead auditor with knowledge of GRI, AA1000 etc.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

FINDINGS AND CONCLUSIONS

The assurance team is of the opinion that the Report was prepared with reference to GRI Standards 2021.

PRINCIPLES

Accuracy

LINGLONG's information in the Report was accurate and included both qualitative and quantitative information on multiple performance indicators for stakeholders.

Balance

LINGLONG has reported sustainability issues based on stakeholder expectations in a factual manner.

Clarity

The Report was presented in different formats, including text, figures, graphics and pictures, and contained case studies to make it easily understandable for stakeholders.

Comparability

The Report disclosed performance indicators of LINGLONG in 2023, most performance indicators were disclosed the historic information for comparison, which enables stakeholders to visually compare and understand the sustainability performance.

Completeness

The Report covered the identified material topics and boundaries that reflect significant environmental, social and governance impacts to enable stakeholders to assess the organization's performance during the reporting period.

Sustainability Context

The Report presented its sustainability efforts related to environmental, social and governance aspects and demonstrated its overall performance in the broader sustainability context.

Timeliness

The assurance process showed that the reported data and information was timely and effective within the reporting period. LINGLONG has published CSR/ESG reports for 7 consecutive years with good timeliness.

Verifiability

The data and information in the Report can be traced and verified.

Management Approach

The Report disclosed the management approach of identified material topics.

General Disclosures

The Report disclosed information on some indicators in accordance with GRI 2: General Disclosures 2021.

Topic-specific Disclosures

LINGLONG's selected topic-specific disclosures related to the material topics in environmental, social and governance areas were made in accordance with GRI Standards 2021.

Findings and Recommendations

Good practices and recommendations for the environmental, social and governance report and management processes were described in the internal management report which has been submitted to LINGLONG's management for continuous improvement.

Signed:

For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Apr. 9th, 2024
WWW.SGS.COM